



Lu Thai Textile Co., Ltd.

Report for the First Quarter of 2013

April 2013

Section I. Important Reminders

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.

Liu Shizhen, 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.

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

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. Financial Highlights & Change of Shareholders

I. Financial highlights

Does the Company adjust retrospectively or restate any accounting data of previous years?

Yes No

	Jan.-Mar. 2013	Jan.-Mar. 2012	+/- (%)
Operating revenues (RMB Yuan)	1,501,664,061.00	1,320,451,250.50	13.72%
Net profit attributable to shareholders of the Company (RMB Yuan)	192,567,560.95	115,194,435.22	67.17%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	188,001,855.13	106,051,635.51	77.27%
Net cash flows from operating activities (RMB Yuan)	105,086,762.40	99,375,806.73	5.75%
Basic EPS (RMB Yuan/share)	0.2	0.11	81.82%
Diluted EPS (RMB Yuan/share)	0.2	0.11	81.82%
Weighted average ROE (%)	3.59%	2.24%	1.35%
	31 Mar. 2013	31 Dec. 2012	+/- (%)
Total assets (RMB Yuan)	7,837,915,665.27	8,153,279,084.33	-3.87%
Net assets attributable to shareholders of the Company (RMB Yuan)	5,463,486,856.24	5,268,701,258.26	3.7%

Items and amounts of extraordinary gains and losses

√ Applicable □ Inapplicable

Unit: RMB Yuan

Item	1 Jan. 2013-31 Mar. 2013	Explanation
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	276,699.46	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	9,914,397.96	
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	-1,169,831.00	
Non-operating income and expense other than the above	504,629.84	
Income tax effects	3,088,372.43	
Minority interests effects (after tax)	1,871,818.01	
Total	4,565,705.82	--

II. Total number of shareholders at the period-end and shareholdings of top 10 shareholders

Unit: share

Total number of shareholders at the period-end	105,702					
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	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	12.22%	123,314,700	0		
Tailun (Thailand) Textile Co., Ltd.	Foreign corporation	11.72%	118,232,400	118,232,400		
DBS VICKERS (HONG KONG) LTD A/C CLIENTS	Foreign corporation	4.02%	40,528,642			
Bank of China—Franklin Templeton Sealand Potential Portfolio Stock Fund	Other	0.97%	9,810,288			
ICBC—GF Strategy Selected Mixed Type Fund	Other	0.86%	8,666,661			
China Life Insurance Co., Ltd.- dividend-	Other	0.77%	7,763,464			

individual dividend-005L-FH002 Shen						
HTHK-MANULIFE CHINA VALUE FUND	Foreign corporation	0.51%	5,177,416			
Agricultural Bank of China—Franklin Templeton Sealand Deepening Value Stock Fund	Other	0.41%	4,185,867			
Construction Bank of China—China Income Stock Fund	Other	0.36%	3,639,157			
Agricultural Bank of China—New China Fund Selected Dividend Mixed Type Fund	Other	0.33%	3,377,346			
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder		Number of non-restricted shares held	Variety of shares			
			Variety	Number		
Zibo Lucheng Textile Investment Co., Ltd.		123,314,700	RMB ordinary shares	123,314,700		
DBS VICKERS (HONG KONG) LTD A/C CLIENTS		40,528,642	Domestically listed foreign shares	40,528,642		
Bank of China—Franklin Templeton Sealand Potential Portfolio Stock Fund		9,810,288	RMB ordinary shares	9,810,288		
ICBC—GF Strategy Selected Mixed Type Fund		8,666,661	RMB ordinary shares	8,666,661		
China Life Insurance Co., Ltd.- dividend- individual dividend-005L-FH002 Shen		7,763,464	RMB ordinary shares	7,763,464		
HTHK-MANULIFE CHINA VALUE FUND		5,177,416	Domestically listed foreign shares	5,177,416		
Agricultural Bank of China—Franklin Templeton Sealand Deepening Value Stock Fund		4,185,867	RMB ordinary shares	4,185,867		
Construction Bank of China—China Income Stock Fund		3,639,157	RMB ordinary shares	3,639,157		
Agricultural Bank of China—New China Fund Selected Dividend Mixed Type Fund		3,377,346	RMB ordinary shares	3,377,346		
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS		3,292,186	Domestically listed foreign shares	3,292,186		
Explanation on associated relationship or persons acting in concert among the above-mentioned 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 sponsor of foreign capital as well as the second largest shareholder of the Company. All of other shareholders are ones holding circulating A share or circulating B share and the Company is not able to confirm whether there exists associated relationship or concerted action among other shareholders.
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Section III. Significant Events

I. Significant changes of the major accounting statement items and financial indicators for the reporting period, as well as the reasons for these changes

1. Monetary funds stood at RMB 602,230,271.64 as at 31 Mar. 2013, down 34.52% over the opening amount, which was mainly because the Company used monetary funds to repay the loans of bank.
2. Transactional financial assets stood at RMB 11,570,060.00 as at 31 Mar. 2013, down 37.08% over the opening amount, which was mainly because the fair value of transactional financial assets was changed.
3. Notes receivable stood at RMB 89,183,187.02 as at 31 Mar. 2013, down 43.82% over the opening amount, which was mainly because the Company indorsed the received bank acceptance bills, and transferred them to pay for the materials.
4. Prepayments stood at RMB 162,581,203.19 as at 31 Mar. 2013, up 68.98% over the opening amount, which was mainly because the prepayment for raw materials increased.
5. Engineering materials stood at RMB 1,612,741.92 as at 31 Mar. 2013, down 86.62% over the opening amount, which was mainly because the special equipments were transferred to fixed assets.
6. Payroll payable stood at RMB 232,328,260.13 as at 31 Mar. 2013, down 33.16% over the opening amount, which was mainly because year-end bonuses withdrawn in 2012 were paid in this period.
7. Interest payable stood at RMB 1,682,293.18 as at 31 Mar. 2013, down 37.00% over the opening amount, which was mainly because the accrued interest was decreased.
8. Non-current liabilities due within one year stood at RMB 0.00 as at 31 Mar. 2013, down 100.00% over the opening amount, which the non-current liabilities due within one year were repaid for maturity.
9. Business taxes and surcharges stood at RMB 5,571,295.31 in the reporting period, up 336.39% over the same period of last year, which was mainly because the urban maintenance & construction tax and education surcharge, etc. increased.
10. Financial expense stood at RMB 13,430,601.61 in the reporting period, down 30.65% over the same period of last year, which was mainly because the interest expenses decreased in the reporting period.
11. Assets impairment losses stood at RMB -3,325,479.95 in the reporting period, down 493.41% over the same period of last year, which was mainly because the accounts receivable and other receivables decreased, and the corresponding withdrawal amount of provision for bad debts decreased.
12. Investment income stood at RMB 5,648,750.00 in the reporting period, down 57.91% over the same period of last year, which was mainly because the investment income gained from disposal of transactional financial assets decreased over the same period of last year.
13. Income taxes expenses stood at RMB 38,120,330.75 in the reporting period, up 68.94% over the same period of last year, which was mainly because the taxable income increased in the year.

II. Commitments made by the Company or any shareholder with a shareholding over 5% in the reporting period or such commitments carried down into the reporting period

Commitment	Party making the commitment	Content of commitment	Date of making commitment	Term for acceptance	Fulfillment of commitment
Commitments made in a share reform	Zibo Lucheng Textile Investment Co., Ltd.	Zibo Lucheng will not reduce its shareholding within 60 months after reform of non-tradable shares and, within 24 months after the term of 60 months, the price of selling holding shares shall not be lower than RMB 15 per share (if the share capital changes, ex-rights and ex-dividend will be conducted); it proposed and voted for a cash distribution not lower than 50% of the profit available for distribution in the year at the 2006 Shareholders' General Meeting and 2007 Shareholders' General Meeting; it will increase the LU THAI A shares held by it through trading at the secondary market with the dividends received in 2005 and 2006, and the increase of the LU THAI A shares held shall be accomplished within 12 months after the dividend is transferred to its account. In 2008, the total profit increased by not less than 30% compared with that in 2005.	12 June 2006	Not reduce the shareholding within 60 months after reform of non-tradable shares and, within 24 months after the term of 60 months, the price of selling holding shares shall not be lower than RMB 15 per share (if the share capital changes, ex-rights and ex-dividend will be conducted)	Increase of bonus share for 2005 and 2006 has been fulfilled. The total profit of 2008 increased by 58.06% compared to that of 2005. Till 12 June 2011, the non-tradable term of 9835.80 ten thousand shares held by Lu Cheng Company came to an end and the above shares came into market on 24 June 2011 and are not reduced at present.
Commitments made in acquisition reports or report on changes	None	None		None	None

in equity					
Commitments made at the time of assets reorganization	None	None		None	None
Commitments at the time of initial public issuance or re-financing	Lu Thai Textile Co., Ltd.	Investment project of raised funds	19 Dec. 2008		Investment projects of raised funds including project on 150 thousand ingots of high-end combed yarn, project on production line of 50 thousand ingots of two-for-one twisting, project on complementing circulating funds of the company, project on production line of 10 million meters of high-end jacquard for female garments have already been fulfilled. On 18 Oct. 2011, the 3 rd temporary shareholders' general meeting approved that RMB 140 million raised funds of this project were transferred into project on increasing 40 million meters of high-end yarn-dyed fabric production line. Till the end of the reporting period, this project has already been finished. And project on network construction of brand and marketing is under the implementation.
Other commitments made for medium and small shareholders of	None	None		None	None

the Company					
Whether commitments were fulfilled in time	Yes				
Specific reasons of unfinished fulfillment and further plan	None				
Whether commitments about horizontal competition and related transactions were made	No				
Term of settling commitments	None				
Methods of settlement	None				
Fulfillment of commitments	None				

III. Derivative investments

<p>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>	<p>The Company conducted derivatives products transaction in order for hedging. And the forward settlement hedging was operated by installments, with the relevant amount not more than the planned derivatives products transactions. And all derivatives products transaction was zero-deposit. Meanwhile, the Company had a complete risk control system for sufficient analysis and prevention of possible risks such as risk of laws and regulations, credit risk, operation risk and market risk.</p> <p>1. Risk of laws and regulations:</p> <p>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.</p> <p>Precautionary 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.</p> <p>2. Credit risk and liquidity risk:</p> <p>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.</p> <p>Precaution measure: 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 Plan for Derivative Transactions in 2012 approved at the First Special Session of the Shareholders' General Meeting for 2012 on 5 Mar. 2012, 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.</p> <p>3. Operation risk:</p> <p>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.</p>
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	<p>Precaution measure: 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.</p> <p>4. Market risk:</p> <p>The forward settlement of exchange is an important derivative products transaction, which was significantly affected by the exchange rate fluctuation due to its large amount. The Central Bank decided to expand the fluctuation range of RMB exchange rate from bidirectional 0.5% to bidirectional 1% since 16 Apr. 2012, which would increase the difficulty in the operation of forward settlement of exchange. Besides, 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 signed by the Company.</p> <p>Risk analysis and precaution measure: Renminbi appreciated significantly compared with that before the exchange rate reform, but Renminbi internationalization would be a long-term goal, which decided that Renminbi would not depreciated significantly. Although the increased fluctuation range added the operation difficulty, it provided a certain opportunity, which required relevant personnel of the Company actively master the market trend, carefully operate and hold positive opportunity, so as to try the best to reduce the market risks under the condition of increased market difficulty.</p>
<p>Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.</p>	<p>1. Up to 31 Mar. 2013, the Company held 31 undue financial derivative product contracts, totaling US\$ 299 million, with all being forward settlement contracts (all due before Apr. 2014). The above financial derivative products accounted for 32.18% of the closing net assets.</p> <p>2. From Jan. 2013 to Mar. 2013, the due financial derivative products of the Company totally equaled to US\$ 143.50 million, all of them were forward exchange settlement; of which US\$ 103.50 million was actually delivered and the gain generated was RMB 5.6488 million, US\$ 40 million was extended.</p>
<p>Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous reporting period</p>	<p>Unchanged</p>
<p>Specific opinion from independent directors on the Company's derivatives investment and risk control</p>	<p>Concerning the Company's derivative transactions, the Company's independent directors Zhou Zhiji, Hong Xiaobin, Qi Haodong, Bi Xiuli and Wang Lei issued their professional opinions as follows:</p> <p>1. Up to 31 Mar. 2013, the Company held 31 undue financial derivative product contracts, totaling US\$ 299 million, with all being forward settlement contracts (all due before Apr. 2014). The above financial derivative products accounted for 32.18% of the closing net</p>

	<p>assets.</p> <p>2. From Jan. 2013 to Mar. 2013, the due financial derivative products of the Company totally equaled to US\$ 143.50 million, all of them were forward exchange settlement; of which US\$ 103.50 million was actually delivered and the gain generated was RMB 5.6488 million, US\$ 40 million was extended.</p> <p>3. 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 Plan for Derivative Transactions in 2012 approved at the First Special Session of the Shareholders' General Meeting for 2012 on 5 Mar. 2012</p> <p>4. The Company has formulated and improved the organizational structure, business operation flow chart, approval flow chart and other internal control rules for derivative transactions, which are executed effectively.</p> <p>5. On the basis of its normal operation, the Company used its own funds to conduct derivative investment transactions, which could help the Company avoid the risk of RMB exchange rate changes and improve the Company's resistance ability to exchange rate fluctuations. Such a move of the Company would do no harm to the interest of the Company and its shareholders.</p> <p>6. When making derivative investments in the reporting period, the Company strictly abided by relevant laws, regulations, the Company's Articles of Association and the "Management Rules of Lu Thai Textile for Derivative Trading", with the operation process in line with laws and regulations.</p> <p>7. In accordance with the Article 26 of the Memorandum of the Shenzhen Stock Exchange for Information Disclosure - Derivative Investment, the Company performed the relevant information disclosure duty in the Report for First Quarter of 2013.</p> <p>To sum up, we were of the opinion that it would 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, which was good for the Company to display its competitive advantage. The Company conducted derivative transactions with focus on forward settlement and purchase has legal approval procedures, perfect institution and controllable risks, and no harm was done to interests of the Company's shareholders.</p>
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Position holdings of derivative investments at the end of the reporting period:

√ Applicable □ Inapplicable

Type of contract	Opening contract amount (RMB Yuan)	Closing contract amount (RMB Yuan)	Gain or loss in the reporting period	Proportion of the closing contract amount in the closing net assets of the Company (%)
Forward settlement contracts	954,842,259.00	1,884,782,100.00	5,648,750.00	32.18%
Total	954,842,259.00	1,884,782,100.00	--	32.18%

Note

IV. Researches, visits and interviews received in the reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Hua Xiaowei and Yang Lan from China Galaxy Securities Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Lv Liping from First Capital Securities Co.,Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Weng Di from Shanghai Milestone Asset Management Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Su Linhao from Sealand Securities Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Tang Shuangshuang from HuaChuang Securities Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Liu Yang from Da Cheng Fund Management Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Fu Fangbao from Tianhong Asset Management Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Zhang Hao from Harvest Fund Management Co., Ltd.	Basic information about the Company
23 Jan. 2013	Reception Room of the Company	Field research	Institution	Chen Yao from Beijing Star Rock Investment Management Co., Ltd.	Basic information about the Company
20 Feb. 2013	Reception Room of the Company	Field research	Institution	Li Yiguang from Haitong International	Basic information about the Company
20 Feb. 2013	Reception Room of the Company	Field research	Institution	Lyhas capital:Jon Ogden and David N.Devine	Basic information about the Company

Section IV. Financial Statements

I. Financial statements

1. Consolidated balance sheet

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	602,230,271.64	919,734,646.13
Transactional financial assets	11,570,060.00	18,388,641.00
Notes receivable	89,183,187.02	158,739,877.01
Accounts receivable	195,924,230.27	228,133,619.46
Accounts paid in advance	162,581,203.19	96,214,664.63
Dividend receivable		
Other accounts receivable	44,920,839.81	63,051,887.49
Financial assets purchased under agreements to resell		
Inventories	1,761,122,094.67	1,684,292,327.27
Non-current assets due within 1 year		
Other current assets	60,655,356.77	68,068,385.18
Total current assets	2,928,187,243.37	3,236,624,048.17
Non-current assets:		
Long-term accounts receivable		
Long-term equity investment	67,442,600.00	67,442,600.00
Investing property		
Fixed assets	4,141,938,689.60	4,186,294,298.29
Construction in progress	293,069,521.80	242,436,748.42
Engineering materials	1,612,741.92	12,057,574.11
Disposal of fixed assets		
Intangible assets	316,405,580.85	319,013,492.53
R&D expense		
Goodwill	20,613,803.29	20,613,803.29

Long-term deferred expenses	1,782,609.37	1,806,377.50
Deferred income tax assets	58,972,185.07	59,099,452.02
Other non-current assets	7,890,690.00	7,890,690.00
Total of non-current assets	4,909,728,421.90	4,916,655,036.16
Total assets	7,837,915,665.27	8,153,279,084.33
Current liabilities:		
Short-term borrowings	1,028,148,001.90	1,415,078,463.05
Transactional financial liabilities		
Notes payable	11,060,968.65	9,512,094.30
Accounts payable	277,349,279.50	327,495,627.56
Accounts received in advance	94,786,182.44	115,544,995.57
Employee's compensation payable	232,328,260.13	347,614,652.54
Tax payable	47,157,951.01	50,873,887.19
Interest payable	1,682,293.18	2,670,262.59
Dividend payable	441,966.54	441,966.54
Other accounts payable	145,955,684.06	135,800,195.70
Non-current liabilities due within 1 year		12,851,550.00
Other current liabilities		
Total current liabilities	1,838,910,587.41	2,417,883,695.04
Non-current liabilities:		
Long-term borrowings	62,689,000.00	
Bonds payable		
Long-term payables	9,735,560.00	9,735,560.00
Special payables		
Estimated liabilities		
Deferred income tax liabilities	3,849,163.77	4,880,456.83
Other non-current liabilities	65,752,774.69	66,087,352.65
Total non-current liabilities	142,026,498.46	80,703,369.48
Total liabilities	1,980,937,085.87	2,498,587,064.52
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	1,008,894,800.00	1,008,894,800.00
Capital reserves	1,232,592,355.16	1,230,191,471.42
Less: Treasury stock	272,794,496.52	272,794,496.52
Specific reserves		

Surplus reserves	579,274,370.26	579,274,370.26
Provisions for general risks		
Retained profits	2,921,745,711.35	2,729,178,150.40
Foreign exchange difference	-6,225,884.01	-6,043,037.30
Total equity attributable to owners of the Company	5,463,486,856.24	5,268,701,258.26
Minority interests	393,491,723.16	385,990,761.55
Total owners' (or shareholders') equity	5,856,978,579.40	5,654,692,019.81
Total liabilities and owners' (or shareholders') equity	7,837,915,665.27	8,153,279,084.33

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

2. Balance sheet of the Company

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	351,059,405.74	561,697,936.17
Transactional financial assets	10,965,500.00	18,388,641.00
Notes receivable	69,220,398.86	126,547,171.09
Accounts receivable	201,564,620.76	227,340,296.02
Accounts paid in advance	165,961,268.59	93,344,833.30
Interest receivable		
Dividend receivable		
Other accounts receivable	25,252,464.98	33,841,380.59
Inventories	1,085,542,379.62	957,461,111.10
Non-current assets due within 1 year		
Other current assets	35,270,837.79	35,410,586.78
Total current assets	1,944,836,876.34	2,054,031,956.05
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	1,101,936,804.88	1,101,936,804.88

Investing property		
Fixed assets	2,474,706,697.40	2,502,972,171.82
Construction in progress	170,108,040.27	131,087,397.75
Engineering materials	1,612,741.92	11,825,529.11
Disposal of fixed assets		
Intangible assets	190,873,226.87	192,517,510.55
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	34,922,703.81	35,551,956.91
Other non-current assets	7,890,690.00	7,890,690.00
Total of non-current assets	3,982,050,905.15	3,983,782,061.02
Total assets	5,926,887,781.49	6,037,814,017.07
Current liabilities:		
Short-term borrowings	455,153,749.75	674,742,046.27
Transactional financial liabilities		
Notes payable	4,460,968.65	6,436,997.30
Accounts payable	136,656,841.38	140,562,402.98
Accounts received in advance	40,619,615.68	40,842,302.85
Employee's compensation payable	196,315,217.27	285,681,845.09
Tax payable	27,578,891.76	31,703,094.57
Interest payable	509,392.71	766,191.29
Dividend payable	441,966.54	441,966.54
Other accounts payable	18,227,104.67	15,414,367.82
Non-current liabilities due within 1 year		12,851,550.00
Other current liabilities		
Total current liabilities	879,963,748.41	1,209,442,764.71
Non-current liabilities:		
Long-term borrowings	62,689,000.00	
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	1,644,825.01	2,758,296.16

Other non-current liabilities	31,654,961.54	31,819,761.55
Total non-current liabilities	95,988,786.55	34,578,057.71
Total liabilities	975,952,534.96	1,244,020,822.42
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	1,008,894,800.00	1,008,894,800.00
Capital reserves	1,238,945,036.25	1,236,544,152.51
Less: Treasury stock	272,794,496.52	272,794,496.52
Specific reserves		
Surplus reserves	579,274,370.26	579,274,370.26
Provisions for general risks		
Retained profits	2,396,615,536.54	2,241,874,368.40
Foreign exchange difference		
Total owners' (or shareholders') equity	4,950,935,246.53	4,793,793,194.65
Total liabilities and owners' (or shareholders') equity	5,926,887,781.49	6,037,814,017.07

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

3. Consolidated income statement

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2013	Jan.-Mar. 2012
I. Total operating revenues	1,501,664,061.00	1,320,451,250.50
Including: Sales income	1,501,664,061.00	1,320,451,250.50
Interest income		
II. Total operating cost	1,273,001,103.95	1,193,798,438.42
Including: Cost of sales	1,096,398,693.44	1,000,747,047.42
Business taxes and surcharges	5,571,295.31	1,276,690.00
Selling and distribution expenses	39,212,494.00	36,212,191.36
Administrative expenses	121,713,499.54	135,351,624.89
Financial expenses	13,430,601.61	19,365,581.81
Asset impairment loss	-3,325,479.95	845,302.94
Add: Gain/(loss) from change in fair value ("-" means loss)	-6,818,581.00	-9,651,288.00
Gain/(loss) from investment ("-" means loss)	5,648,750.00	13,419,818.93

Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	227,493,126.05	130,421,343.01
Add: non-operating income	11,241,617.21	9,285,558.91
Less: non-operating expense	545,889.95	347,257.62
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	238,188,853.31	139,359,644.30
Less: Income tax expense	38,120,330.75	22,563,948.27
V. Net profit (“-” means loss)	200,068,522.56	116,795,696.03
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	192,567,560.95	115,194,435.22
Minority shareholders’ income	7,500,961.61	1,601,260.81
VI. Earnings per share	--	--
(I) Basic earnings per share	0.2	0.11
(II) Diluted earnings per share	0.2	0.11
VII. Other comprehensive incomes	-182,846.71	-4,858.67
VIII. Total comprehensive incomes	199,885,675.85	116,790,837.36
Attributable to owners of the Company	192,384,714.24	115,189,576.55
Attributable to minority shareholders	7,500,961.61	1,601,260.81

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

4. Income statement of the Company

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2013	Jan.-Mar. 2012
I. Total sales	994,738,948.52	1,038,784,250.03
Less: cost of sales	713,356,254.80	820,205,626.80
Business taxes and surcharges	3,467,691.96	155,448.50
Selling and distribution expenses	14,705,391.98	13,562,941.24
Administrative expenses	82,748,786.16	98,549,542.30
Financial expenses	3,359,144.47	7,446,875.58
Assets impairment loss	-923,303.50	-2,250,649.59
Add: gain/(loss) from change in fair value (“-” means	-7,423,141.00	-6,375,800.00

loss)		
Gain/(loss) from investment (“-” means loss)	6,706,800.00	10,234,314.93
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	177,308,641.65	104,972,980.13
Add: non-business income	4,627,596.83	8,130,595.54
Less: non-business expense	511,337.48	125,591.17
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	181,424,901.00	112,977,984.50
Less: income tax expense	26,683,732.86	17,170,646.95
IV. Net profit (“-” means loss)	154,741,168.14	95,807,337.55
V. Earnings per share	--	--
(I) Basic earnings per share	0.16	0.09
(II) Diluted earnings per share	0.16	0.09
VI. Other comprehensive income	0.00	0.00
VII. Total comprehensive income	154,741,168.14	95,807,337.55

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

5. Consolidated cash flow statement

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2013	Jan.-Mar. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,599,080,890.04	1,456,420,223.96
Tax refunds received	39,897,008.72	28,523,996.28
Other cash received relating to operating activities	17,970,037.27	19,377,836.60
Subtotal of cash inflows from operating activities	1,656,947,936.03	1,504,322,056.84
Cash paid for goods and services	1,022,143,727.10	893,244,544.74
Cash paid to and for employees	394,916,573.82	354,247,844.79
Various taxes paid	72,203,491.75	79,507,445.63
Other cash payment relating to operating activities	62,597,380.96	77,946,414.95
Subtotal of cash outflows from operating activities	1,551,861,173.63	1,404,946,250.11
Net cash flows from operating activities	105,086,762.40	99,375,806.73
II. Cash flows from investing activities:		

Cash received from withdrawal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	965,305.77	454,634.61
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	6,713,891.52	14,701,870.91
Subtotal of cash inflows from investing activities	7,679,197.29	15,156,505.52
Cash paid to acquire fixed assets, intangible assets and other long-term assets	81,985,283.89	302,821,161.36
Cash paid for investment		
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	81,985,283.89	302,821,161.36
Net cash flows from investing activities	-74,306,086.60	-287,664,655.84
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	116,174,262.46	426,456,463.65
Cash received from issuance of bonds		
Other cash received relating to financing activities	58,155,266.00	3,000,000.00
Subtotal of cash inflows from financing activities	174,329,528.46	429,456,463.65
Repayment of borrowings	452,259,927.15	485,354,018.19
Cash paid for interest expenses and distribution of dividends or profit	12,030,189.31	18,273,388.58
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	43,600,000.00	2,000,000.00
Sub-total of cash outflows from financing activities	507,890,116.46	505,627,406.77
Net cash flows from financing activities	-333,560,588.00	-76,170,943.12
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-569,196.29	211,932.13
V. Net increase in cash and cash equivalents	-303,349,108.49	-264,247,860.10
Add: Opening balance of cash and cash equivalents	900,182,215.72	811,148,146.93

VI. Closing balance of cash and cash equivalents	596,833,107.23	546,900,286.83
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Legal representative: Liu Shizhen Chief of the accounting work: Zhang Hongmei Chief of the accounting organ: Zhang Keming

6. Cash flow statement of the Company

Prepared by Lu Thai Textile Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Mar. 2013	Jan.-Mar. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,029,762,995.99	1,158,877,824.70
Tax refunds received	20,355,786.53	14,717,959.54
Other cash received relating to operating activities	6,464,969.62	8,521,921.72
Subtotal of cash inflows from operating activities	1,056,583,752.14	1,182,117,705.96
Cash paid for goods and services	699,236,727.34	683,733,808.35
Cash paid to and for employees	301,098,089.29	272,635,652.05
Various taxes paid	35,190,400.05	26,075,086.58
Other cash payment relating to operating activities	20,387,689.65	37,753,664.65
Subtotal of cash outflows from operating activities	1,055,912,906.33	1,020,198,211.63
Net cash flows from operating activities	670,845.81	161,919,494.33
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	965,305.77	54,634.61
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	7,243,650.28	11,150,450.71
Subtotal of cash inflows from investing activities	8,208,956.05	11,205,085.32
Cash paid to acquire fixed assets, intangible assets and other long-term assets	45,717,783.74	203,643,320.12
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities	1,100,000.00	
Subtotal of cash outflows from investing activities	46,817,783.74	203,643,320.12
Net cash flows from investing activities	-38,608,827.69	-192,438,234.80

III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	62,798,000.00	194,228,287.02
Cash received from issuance of bonds		
Other cash received relating to financing activities	155,266.00	
Subtotal of cash inflows from financing activities	62,953,266.00	194,228,287.02
Repayment of borrowings	232,031,184.42	326,354,018.19
Cash paid for interest expenses and distribution of dividends or profit	3,647,506.73	10,792,723.51
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	235,678,691.15	337,146,741.70
Net cash flows from financing activities	-172,725,425.15	-142,918,454.68
IV. Effect of foreign exchange rate changes on cash and cash equivalents	180,142.60	66,400.41
V. Net increase in cash and cash equivalents	-210,483,264.43	-173,370,794.74
Add: Opening balance of cash and cash equivalents	559,095,505.76	443,347,389.73
VI. Closing balance of cash and cash equivalents	348,612,241.33	269,976,594.99

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

II. Audit report

Is this report audited?

Yes No

Lu Thai Textile Co., Ltd.

Chairman of the Board: Liu Shizhen

25 Apr. 2013