



LU THAI TEXTILE CO., LTD.

THIRD QUARTER REPORT 2016

October 2016

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 Financial Highlights & Shareholder Changes

I Highlights of accounting data and financial indicators

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

Yes No

	30 September 2016	31 December 2015	+/- (%)	
Total assets (RMB)	8,917,997,686.72	9,091,170,499.22	-1.90%	
Net assets attributable to shareholders of the Company (RMB)	6,694,781,216.36	6,837,113,075.58	-2.08%	
	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)
Operating revenues (RMB)	1,433,914,063.96	-8.64%	4,265,240,836.99	-5.46%
Net profit attributable to shareholders of the Company (RMB)	236,519,891.59	15.75%	581,161,076.32	5.88%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	222,917,425.85	18.00%	556,154,288.37	11.79%
Net cash flows from operating activities (RMB)	--	--	1,091,235,207.84	30.92%
Basic earnings per share (RMB/share)	0.25	19.05%	0.62	8.77%
Diluted earnings per share (RMB/share)	0.25	19.05%	0.62	8.77%
Weighted average return on equity (%)	3.55%	0.66%	8.65%	0.66%

Unit: RMB

Item	January-September 2016	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	-7,370,719.26	
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)	24,358,681.93	
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	3,442,956.85	
Non-operating incomes and expenses other than the above	4,137,517.15	
Less: Income tax effects	-2,576,445.85	

Minority interests effects (after tax)	2,138,094.57	
Total	25,006,787.95	--

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 and shareholdings of top 10 shareholders at the period-end

1. Total number of ordinary shareholders and preference shareholders who had resumed their voting right & shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	60,734	Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)	0			
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
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 Investment 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	Domestic non-state-owned corporation	1.70%	15,679,091			
LYNAS ASIA FUND	Foreign corporation	1.52%	14,000,000			
BNP Paribas SA - Self-owned funds	Foreign corporation	1.12%	10,330,698			
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND	Domestic non-state-owned	1.10%	10,110,000			

	corporation					
Remarkable Wealth Dividend Value Stock Products	Domestic non-state-owned corporation	1.06%	9,765,753			
FIRST STATE INVESTMENTS ICVC-FIRST STATE GREATER CHINA GROWTH FUND	Foreign corporation	0.87%	8,019,082			
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares		Number		
		Type				
Zibo Lucheng Textile Investment Co., Ltd.	140,353,583	RMB share	ordinary	140,353,583		
Central Huijin Investment Co., Ltd.	20,315,300	RMB share	ordinary	20,315,300		
T.ROWE PRICE INTL DISCOVERY FUND	19,948,219	Domestically listed share	foreign	19,948,219		
CHINA SECURITIES FINANCE CORPORATION LIMITED	15,679,091	RMB share	ordinary	15,679,091		
LYNAS ASIA FUND	14,000,000	Domestically listed share	foreign	14,000,000		
BNP Paribas SA - Self-owned funds	10,330,698	RMB share	ordinary	10,330,698		
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND	10,110,000	RMB share	ordinary	10,110,000		
Remarkable Wealth Dividend Value Stock Products	9,765,753	RMB share	ordinary	9,765,753		
FIRST STATE INVESTMENTS ICVC-FIRST STATE GREATER CHINA GROWTH FUND	8,019,082	Domestically listed share	foreign	8,019,082		
HTHK-MANULIFE CHINA VALUE FUND	6,858,138	Domestically listed share	foreign	6,858,138		
Related or act-in-concert parties among the shareholders above	Zibo Lucheng Textile Investment Co., Ltd. is the largest shareholder of the Company and the actual controller. Tailun (Thailand) Textile Co., Ltd. is the second largest shareholder as well as sponsor of foreign capital of the Company. All of other					

	shareholders are people holding circulating A share or circulating B share and the Company is not able to confirm whether there is associated relationship or concerted action among other shareholders.
Top 10 ordinary shareholders conducting securities margin trading (if any)	N/A

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary 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 10 of them at the period-end

Applicable Not applicable

Section III Significant Events

I Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

√ Applicable □ Not applicable

- (1) Notes receivable as at 30 September 2016 stood at RMB69,992,715.25, down 47.43% from the year-beginning amount, mainly because bank acceptance bills were endorsed and paid to others and due L/Cs were honored.
- (2) Interest receivable as at 30 September 2016 stood at RMB0.00, down 100.00% from the year-beginning amount, mainly because accrued interest income was received.
- (3) Other accounts receivable as at 30 September 2016 stood at RMB44,545,219.74, down 37.10% from the year-beginning amount, mainly because export tax rebates receivable were received.
- (4) Other current assets as at 30 September 2016 stood at RMB33,622,381.18, down 41.42% from the year-beginning amount, mainly because the prepayment for B-share buyback and the input VAT to be deducted decreased.
- (5) Construction in progress as at 30 September 2016 stood at RMB396,575,486.54, up 93.36% from the year-beginning amount, mainly because the inputs to the Lu Thai (Vietnam) yarn-dyed fabric project and the Lu An Garments project increased.
- (6) Engineering materials as at 30 September 2016 stood at RMB69,756,844.30, up 1003.79% from the year-beginning amount, mainly because the to-be-installed equipment of Lu Thai (Vietnam) increased.
- (7) Long-term deferred expenses as at 30 September 2016 stood at RMB113,055,639.73, up 32.81% from the year-beginning amount, mainly because the land rental expenses of Lu Thai (Vietnam) and Lu An Garments increased.
- (8) Financial liabilities at fair value through profit/loss as at 30 September 2016 stood at RMB0.00, down 100.00% from the year-beginning amount, mainly because financial liabilities were delivered upon maturity.
- (9) Notes payable as at 30 September 2016 stood at RMB1,242,220.00, down 60.05% from the year-beginning amount, mainly because bank acceptance bills payable by the Company decreased.
- (10) Long-term borrowings as at 30 September 2016 stood at RMB122,201,605.53, up 100.00% from the year-beginning amount, mainly because Lu Thai (Vietnam) secured long-term borrowings.
- (11) Treasury shares as at 30 September 2016 stood at RMB0.00, down 100.00% from the year-beginning amount, mainly because the Company cancelled the B-shares bought back.
- (12) Other comprehensive income as at 30 September 2016 stood at RMB34,374,282.73, up 101.13% from the year-beginning amount, mainly because currency translation profit increased due to exchange rate changes.
- (13) Finance costs for January-September 2016 stood at RMB26,357,253.37, up 68.77% year on year, mainly because net exchange loss increased due to exchange rate changes.
- (14) Asset impairment loss for January-September 2016 stood at RMB4,823,442.61, up 107.87% year on year, mainly because of the inventory falling price provision.
- (15) Profit on fair value changes for January-September 2016 stood at RMB46,397,456.20, up 387.50% year on year, mainly because financial liabilities were delivered upon maturity.
- (16) Return on investment for January-September 2016 stood at RMB-42,954,499.35, down 217.32% year on year, mainly because of a greater loss on derivative financial instruments.
- (17) Non-operating revenue for January-September 2016 stood at RMB33,540,794.44, down 36.28% year on year, mainly because governmental subsidies decreased.

(18) Non-operating expense for January-September 2016 stood at RMB12,415,314.62, up 137.08% year on year, mainly because of a greater loss on disposal of fixed assets.

(19) Corporate income tax for January-September 2016 stood at RMB137,676,433.01, up 37.04% year on year, mainly because the total profit increased and a change in the tax policy that the R&D expenses were not allowed for quarterly over-deduction in the calculation of the taxable income amount for the current period.

II Progress on significant events, as well as the influence and solutions

√ Applicable □ Not applicable

On 5 August 2015, the Company held the 2015 1st Extraordinary General Meeting, which reviewed and approved the Proposal on the Buy-back of Part of the A Shares and B Shares of the Company and issued the Report of the Buy -back of Part of the A Shares and B Shares of the Company on 10 October 2015, and as for their details please refer to the announcemet (Announcement No.: 2015-029) and the share buy-back report disclosed by the Company on www.cninfo.com.cn respectively on 6 August 2015 and 10 October 2015. The Company began to execute the buy-back proposal since 10 November 2015 and had accumulatively bought back the B shares of 33,156,185 shares up to the buy-back period expired on 4 August 2016 and as for the specific information, please refer to the announcement (Announcement No.: 2016-039) disclosed by the Company on www.cninfo.com.cn 5 August 2016. On 22 August 2016, the Company had completed the shares cancellation matters in Shenzhen Branch of CSDCC with the details on the announcement (Announcement No.: 2016-040) disclosed by the Company on www.cninfo.com.cn on 24 August 2016.

Overview of the significant event	Date of disclosure	Index to the relevant announcement disclosed on the website
On 5 August 2015, the Company held the 2015 1 st Extraordinary General Meeting, which reviewed and approved the Proposal on the Buy-back of Part of the A Shares and B Shares of the Company and issued the Report of the Buy -back of Part of the A Shares and B Shares of the Company on 10 October 2015, and as for their details please refer to the announcemet (Announcement No.: 2015-029) and the share buy-back report disclosed by the Company on www.cninfo.com.cn respectively on 6 August 2015 and 10 October 2015. The Company began to execute the buy-back proposal since 10 November 2015 and had accumulatively bought back the B shares of 33,156,185 shares up to the buy-back period expired on 4 August 2016 and as for the specific information, please refer to the announcement (Announcement No.: 2016-039) disclosed by the Company on www.cninfo.com.cn 5 August 2016. On 22 August 2016, the Company had completed the shares cancellation matters in Shenzhen Branch of CSDCC with the details on the announcement (Announcement No.: 2016-040) disclosed by the Company on www.cninfo.com.cn on 24 August 2016.	6 Aug. 2015	Announcement of No.: 2015-029 of the Company on www.cninfo.com.cn
	5 Aug. 2016	Announcement of No.:2016-039 of the Company on www.cninfo.com.cn
	24 Aug. 2016	Announcement of No.: 2016-040 of the Company on www.cninfo.com.cn

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

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents						
Commitments made in time of asset restructuring						
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders	Zibo Lucheng Textile Investment Co., Ltd. and the directors, supervisors and senior executives	Other commitments	The biggest shareholder Zibo Lucheng Textile Investment Co., Ltd. and the directors, supervisors and senior executives committed that the shares of the Company held by them would not be decreased from 10 July 2015 to the future six months	10 Jul. 2015	10 Jul. 2015 to 10 Jan. 2016	The major shareholder Zibo Lucheng Textile Investment Co., Ltd. and the directors, supervisors as well as senior executives of which had not decreased the shareholding of the Company from 10 July 2015 to 10 January 2016. The commitment had completed the execution.
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and	N/A					

plans for next step	
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IV Performance forecast for Y2016

Warning of possible loss or considerable YoY change in the accumulative net profit made during the year-beginning to the end of the next reporting period, as well as the reasons

Applicable Not applicable

V Securities investments

Applicable Not applicable

Variety of securities	Code of securities	Name of securities	Initial investment cost (RMB)	Opening number of shares held	Opening shareholding percentage	Closing number of shares held	Closing shareholding percentage	Closing book value (RMB)	Profit/loss in the Reporting Period (RMB)	Accounting title	Source of securities
Stock	01788	GTJA	27,978,491.20	12,100,000	0.17%	11,500,000	0.17%	29,110,410.00	2,406,495.00	Tradable financial assets	Buy-in
Stock	02883	ZHYT	15,454,818.00	2,450,000	0.05%	3,048,000	0.06%	17,661,727.44	527,278.50	Tradable financial assets	Buy-in
Stock	00980	LHCS	10,343,030.68	3,839,000	0.34%	5,468,000	0.49%	14,029,685.04	-1,146,802.75	Tradable financial assets	Buy-in
Stock	02006	JJJD	9,079,748.08	3,380,000	0.06%	3,380,000	0.06%	6,955,330.20	-2,560,958.40	Tradable financial assets	Buy-in
Stock	00116	ZSS	3,749,706.09	40,000	0.01%	350,000	0.05%	4,128,495.00	361,021.76	Tradable financial assets	Buy-in
Stock	01666	TRTKJ	3,177,673.80	300,000	0.02%	300,000	0.02%	3,874,500.00	588,924.00	Tradable financial assets	Buy-in
Stock	200056	HTB	1,945,028.80	200,000	0.02%	400,000	0.03%	1,907,976.00	-332,346.00	Tradable financial assets	Buy-in
Stock	200058	SSGB	493,908.10	100,000	0.01%	100,000	0.01%	485,604.00	3,444.00	Tradable financial assets	Buy-in
Stock	02355	BYJT	424,199.90	100,000	0.02%	100,000	0.02%	453,747.00	2,583.00	Tradable financial	Buy-in

										assets	
Stock	00525	GSTL	1,415,416.50	850,000	0.01%			0.00	-83,840.36	Tradable financial assets	Buy-in
Other securities investment held at the period-end			698,357.15	50,000	--		--	0.00	364,958.10	--	--
Total			74,760,378.30	23,409,000	--	24,646,000	--	78,607,474.68	130,756.85	--	--
Disclosure date of the announcement about the board's consent for the securities investment											
Disclosure date of the announcement about the general meeting's consent for the securities investment (if any)											

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 Company's closing net assets (%)	Actual gain/loss in reporting period
Commercial bank	Non-related	No	Forward exchange settlement	79,386.21	2015-01-26	2016-12-26	79,386.21	44.3	79,430.51	0	0	0.00%	-2,626.48
Commer	Non-rela	No	Option	104,300	2015-01	2016-08	104,300	10,007.	110,960	0	3,347.5	0.47%	-1,711.

cial bank	ted		portfoli o		-23	-29		5					89
Total				183,686	--	--	183,686	10,051.	190,390	0	3,347.5	0.47%	-4,338.
				.21			.21	8	.51				37
Capital source for derivative investment				Own funds									
Lawsuit (if applicable)				No lawsuits									
Disclosure date of board announcement on approval of derivative investment (if any)				2015-04-25									
				2016-05-19									
Disclosure date of board 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.)				<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 concerning 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>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.</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>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 2015 approved at the</p>									

	<p>20th Session of the 7th Board of Directors on 23 Apr. 2015 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.</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> <p>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.</p> <p>4. Market risk:</p> <p>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. 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. So far, the derivative product of the Company held was only USD5 million, the fluctuation of RMB exchange rate will had no significant influence to the Company's derivative transaction.</p> <p>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 hold positive opportunity, so as to try the best to reduce the market risks under the condition of increased market difficulty.</p>
<p>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</p>	<p>1. As of 30 September 2016, the Company held 1 undue financial derivative product contracts, totaling USD5 million, was foreign exchange option contracts which will due in December 2016. The financial derivative products above accounted for 0.47% of the closing net assets.</p> <p>2. From January- September 2016, the due financial derivative products of the Company</p>

parameters)	totally equaled to USD 336 million and the losses generated was RMB43.3837 million. To be specific, the due forward settlement was USD125.5 million, generating loss of RMB26.2648 million; the due foreign exchange options equaled to USD210.5 million, of which USD184.5 million was delivered on time upon satisfaction of the delivery conditions, generating loss of RMB17.1189 million, and USD26 million was undelivered due to dissatisfaction of the delivery conditions. .
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 Zhou Zhiji, Zhang Chengzhu, Wang Lei, Xu Jianjun and Zhao Yao, 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 for purposes of research, communication, interview, etc. during the Reporting Period

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	About
2016-08-31	By phone	Institution	Participate in GF Securities' teleconference meeting about the Semi-annual Report in 2016 of Lu Thai Textile communicating upon the basic situation of the Company with investors.

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 for non-operating purposes by the controlling shareholder and its related parties

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.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	612,520,306.98	795,501,196.07
Financial assets at fair value through profit/loss	78,607,474.68	71,696,678.70
Derivative financial assets		
Notes receivable	69,992,715.25	133,145,518.39
Accounts receivable	226,051,810.31	262,848,042.62
Accounts paid in advance	167,354,743.05	196,809,904.13
Interest receivable		653,075.08
Dividends receivable		
Other accounts receivable	44,545,219.74	70,821,406.28
Redemptory monetary capital for sale		
Inventories	1,592,533,570.18	1,743,963,973.24
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	33,622,381.18	57,391,316.34
Total current assets	2,825,228,221.37	3,332,831,110.85
Non-current assets:		
Available-for-sale financial assets	67,442,600.00	67,442,600.00
Held-to-maturity investments		
Long-term accounts receivable	4,980,998.00	4,980,998.00
Long-term equity investments		
Investment property	4,972,899,004.97	4,907,575,469.84
Construction in progress	396,575,486.54	205,094,029.50
Engineering materials	69,756,844.30	6,319,783.17
Disposal of fixed assets		

Productive living assets	1,087,692.43	1,177,113.89
Intangible assets	368,310,675.10	363,385,986.63
R&D expenses		
Goodwill	20,613,803.29	20,613,803.29
Long-term deferred expenses	113,055,639.73	85,124,145.25
Deferred tax assets	49,942,349.68	62,123,091.53
Other non-current assets	28,104,371.31	34,502,367.27
Total non-current assets	6,092,769,465.35	5,758,339,388.37
Total assets	8,917,997,686.72	9,091,170,499.22
Current liabilities:		
Short-term borrowings	798,317,048.28	802,766,318.90
Financial liabilities at fair value through profit/loss		46,695,875.00
Derivative financial liabilities		
Notes payable	1,242,220.00	3,109,149.48
Accounts payable	191,722,836.53	248,570,405.57
Accounts received in advance	93,314,754.67	95,077,531.32
Payroll payable	250,831,190.52	291,263,599.62
Taxes and fares payable	75,791,011.40	80,615,008.14
Interest payable	1,888,196.32	1,851,876.78
Dividends payable	441,113.64	441,113.64
Other accounts payable	66,523,504.89	62,514,814.53
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,480,071,876.25	1,632,905,692.98
Non-current liabilities:		
Long-term borrowings	122,201,605.53	
Long-term payables		
Long-term payroll payables	83,459,553.02	81,499,403.98
Specific payables		
Estimated liabilities		
Deferred income	94,962,717.25	96,135,077.91
Deferred income tax liabilities	2,253,413.51	2,192,694.35
Other non-current liabilities	1,840,000.00	1,840,000.00
Total non-current liabilities	304,717,289.31	181,667,176.24

Total liabilities	1,784,789,165.56	1,814,572,869.22
Owners' equity:		
Share capital	922,602,311.00	955,758,496.00
Capital reserves	753,440,557.83	1,007,146,166.97
Less: Treasury stock		11,610,721.68
Other comprehensive income	34,374,282.73	17,090,772.31
Specific reserves		
Surplus reserves	815,648,504.28	815,648,504.28
Provisions for general risks		
Retained profits	4,168,715,560.52	4,053,079,857.70
Total equity attributable to owners of the Company	6,694,781,216.36	6,837,113,075.58
Minority interests	438,427,304.80	439,484,554.42
Total owners' equity	7,133,208,521.16	7,276,597,630.00
Total liabilities and owners' equity	8,917,997,686.72	9,091,170,499.22

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	266,665,241.76	361,326,403.14
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable	46,742,262.40	100,449,603.66
Accounts receivable	326,900,119.96	235,128,453.94
Accounts paid in advance	57,876,500.19	194,884,351.36
Interest receivable		
Dividends receivable		
Other accounts receivable	174,777,627.10	33,540,540.54
Inventories	1,089,957,637.94	1,194,474,541.81
Assets held for sale		
Non-current assets due within one year		
Other current assets	6,735,741.21	20,665,251.54
Total current assets	1,969,655,130.56	2,140,469,145.99

Non-current assets:		
Available-for-sale financial assets	55,282,600.00	55,282,600.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	1,711,021,866.04	1,577,704,740.04
Investment property		
Fixed assets	3,032,680,867.50	3,086,026,962.51
Construction in progress	65,837,355.45	47,195,873.42
Engineering materials	1,677,629.27	4,752,722.48
Disposal of fixed assets		
Intangible assets	230,224,010.71	231,714,546.11
Deferred tax assets	52,113,687.29	56,039,573.79
Other non-current assets	18,322,489.31	25,733,137.67
Total non-current assets	5,167,160,505.57	5,084,450,156.02
Total assets	7,136,815,636.13	7,224,919,302.01
Current liabilities:		
Short-term borrowings	534,832,609.40	509,321,176.41
Financial liabilities at fair value through profit/loss		39,527,800.00
Derivative financial liabilities		
Notes payable	41,000,000.00	400,000.00
Accounts payable	270,012,787.64	156,939,081.65
Accounts received in advance	55,978,047.07	52,388,447.07
Payroll payable	188,932,221.14	225,146,911.56
Taxes and fares payable	45,778,002.03	44,647,234.36
Interest payable	1,888,196.32	830,073.23
Dividends payable	441,113.64	441,113.64
Other accounts payable	24,114,304.27	19,453,519.54
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,162,977,281.51	1,049,095,357.46
Non-current liabilities:		
Long-term borrowings		
Long-term payables		

Long-term payroll payable	83,459,553.02	81,499,403.98
Special payables		
Estimated liabilities		
Deferred income	61,915,763.75	61,687,374.76
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	145,375,316.77	143,186,778.74
Total liabilities	1,308,352,598.28	1,192,282,136.20
Owners' equity:		
Share capital	922,602,311.00	955,758,496.00
Capital reserves	759,793,238.92	1,013,498,848.06
Less: Treasury stock		11,610,721.68
Other comprehensive income		
Specific reserves		
Surplus reserves	815,648,504.28	815,648,504.28
Retained profits	3,330,418,983.65	3,259,342,039.15
Total owners' equity	5,828,463,037.85	6,032,637,165.81
Total liabilities and owners' equity	7,136,815,636.13	7,224,919,302.01

3. Consolidated income statement for the Reporting Period

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	1,433,914,063.96	1,569,500,236.21
Including: Sales income	1,433,914,063.96	1,569,500,236.21
2. Total operating costs	1,150,074,108.90	1,341,971,914.13
Including: Cost of sales	931,426,457.61	1,114,701,276.77
Business tax and surtaxes	15,917,689.81	14,608,146.65
Selling expenses	35,754,052.90	44,750,892.55
Administrative expenses	153,044,613.01	159,277,381.50
Financial costs	6,546,510.69	6,595,261.92
Asset impairment loss	7,384,784.88	2,038,954.74
Add: Profit/loss on fair value changes ("-" means loss)	15,450,886.80	-28,385,095.00
Profit/loss on investment ("-" means loss)	-9,313,278.13	7,753,914.81
Including: Share of profit in associates and joint ventures		

Foreign exchange profit (“-” means loss)		
3. Operating profit (“-” means loss)	289,977,563.73	206,897,141.89
Add: Non-operating income	12,347,357.12	42,515,503.14
Including: Profit on disposal of non-current assets	343,842.01	148,208.96
Less: Non-operating expense	4,696,674.72	991,351.38
Including: Loss on disposal of non-current assets	2,530,749.32	248,952.00
4. Total profit (“-” means loss)	297,628,246.13	248,421,293.65
Less: Corporate income tax	48,157,938.49	32,998,250.07
5. Net profit (“-” means loss)	249,470,307.64	215,423,043.58
Net profit attributable to owners of the Company	236,519,891.59	204,342,167.24
Minority shareholders’ income	12,950,416.05	11,080,876.34
6. After-tax net amount of other composite income	4,893,753.80	15,635,393.71
After-tax net amount of other composite income attributable to owners of the Company	4,893,753.80	15,635,393.71
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	4,893,753.80	15,635,393.71
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	4,893,753.80	15,635,393.71
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders		
7. Total composite income	254,364,061.44	231,058,437.29
Attributable to owners of the Company	241,413,645.39	219,977,560.95
Attributable to minority shareholders	12,950,416.05	11,080,876.34

8. Earnings per share		
8.1 Basic earnings per share	0.25	0.21
8.2 Diluted earnings per share	0.25	0.21

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 for the Reporting Period

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	1,315,386,535.04	1,278,909,332.19
Less: Operating costs	940,723,865.92	948,733,206.69
Business tax and surtaxes	11,201,820.01	12,428,849.05
Selling expenses	21,763,178.49	22,526,384.35
Administrative expenses	104,337,849.19	112,608,039.08
Finance costs	4,368,954.01	5,553,363.77
Asset impairment loss	6,584,893.25	-588,263.79
Add: profit on fair value changes (“-” means loss)	9,735,700.00	-25,523,190.00
Return on investment (“-” means loss)	8,176,633.62	206,830,114.81
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	244,318,307.79	358,954,677.85
Add: Non-operating revenue	8,870,631.85	31,432,158.72
Including: Profit on disposal of non-current assets	157,408.00	148,208.96
Less: Non-operating expense	1,346,406.41	306,073.71
Including: Loss on disposal of non-current assets	966,221.16	214,190.34
3. Total profit (“-” means loss)	251,842,533.23	390,080,762.86
Less: Corporate income tax	32,559,112.92	22,267,924.25
4. Net profit (“-” means loss)	219,283,420.31	367,812,838.61
5. Other comprehensive income net of tax		
5.1 Other comprehensive 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 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		

5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	219,283,420.31	367,812,838.61
7. Earnings per share		
7.1 Basic earnings per share	0.25	0.38
7.2 Diluted earnings per share	0.25	0.38

5. Consolidated income statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	4,265,240,836.99	4,511,336,133.37
Including: Sales income	4,265,240,836.99	4,511,336,133.37
2. Total operating costs	3,560,005,447.57	3,917,910,680.54
Including: Cost of sales	2,868,826,048.69	3,247,723,477.84
Business tax and surtaxes	40,718,418.33	39,252,858.89
Selling expenses	124,463,716.40	142,396,301.55
Administrative expenses	494,816,568.17	470,600,715.08
Financial costs	26,357,253.37	15,616,968.80
Asset impairment loss	4,823,442.61	2,320,358.38
Add: Profit/loss on fair value changes (“-” means loss)	46,397,456.20	-16,138,395.00
Profit/loss on investment (“-” means loss)	-42,954,499.35	36,614,480.69
Including: Share of profit in associates and joint ventures		
Foreign exchange profit (“-” means loss)		
3. Operating profit (“-” means loss)	708,678,346.27	613,901,538.52
Add: Non-operating income	33,540,794.44	52,636,297.85
Including: Profit on disposal of non-current assets	572,155.31	958,145.92

Less: Non-operating expense	12,415,314.62	5,236,765.44
Including: Loss on disposal of non-current assets	7,942,874.57	3,757,324.92
4. Total profit (“-” means loss)	729,803,826.09	661,301,070.93
Less: Corporate income tax	137,676,433.01	100,467,780.03
5. Net profit (“-” means loss)	592,127,393.08	560,833,290.90
Net profit attributable to owners of the Company	581,161,076.32	548,863,683.96
Minority shareholders’ income	10,966,316.76	11,969,606.94
6. After-tax net amount of other composite income	17,283,510.42	16,210,270.94
After-tax net amount of other composite income attributable to owners of the Company	17,283,510.42	16,210,270.94
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	17,283,510.42	16,210,270.94
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	17,283,510.42	16,210,270.94
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders		
7. Total composite income	609,410,903.50	577,043,561.84
Attributable to owners of the Company	598,444,586.74	565,073,954.90
Attributable to minority shareholders	10,966,316.76	11,969,606.94
8. Earnings per share		
8.1 Basic earnings per share	0.62	0.57
8.2 Diluted earnings per share	0.62	0.57

Where business mergers under the same control occurred in the current period, the 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.

6. Income statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	3,684,048,403.41	3,628,521,750.08
Less: Operating costs	2,635,365,848.72	2,707,477,419.03
Business tax and surtaxes	27,687,609.47	31,909,658.05
Selling expenses	63,206,677.11	67,900,356.82
Administrative expenses	344,966,347.49	332,216,122.64
Finance costs	21,307,487.42	8,928,427.29
Asset impairment loss	34,867,799.94	-722,593.45
Add: profit on fair value changes (“-” means loss)	39,527,800.00	-13,685,890.00
Return on investment (“-” means loss)	18,551,262.92	251,346,259.90
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	614,725,696.18	718,472,729.60
Add: Non-operating revenue	17,060,151.08	36,977,224.96
Including: Profit on disposal of non-current assets	339,790.68	535,631.91
Less: Non-operating expense	2,854,467.72	3,984,982.02
Including: Loss on disposal of non-current assets	1,036,036.68	3,630,036.75
3. Total profit (“-” means loss)	628,931,379.54	751,464,972.54
Less: Corporate income tax	92,329,061.54	72,010,844.91
4. Net profit (“-” means loss)	536,602,318.00	679,454,127.63
5. Other comprehensive income net of tax		
5.1 Other comprehensive 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 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		

5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	536,602,318.00	679,454,127.63
7. Earnings per share		
7.1 Basic earnings per share	0.58	0.71
7.2 Diluted earnings per share	0.58	0.71

7. Consolidated cash flow statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	4,451,363,023.15	4,664,920,573.83
Tax refunds received	165,676,563.92	148,262,497.13
Other operating cash received	57,644,929.87	70,996,236.91
Subtotal of operating cash inflow	4,674,684,516.94	4,884,179,307.87
Cash paid for goods and services	1,978,778,368.73	2,501,134,045.38
Cash paid to and for employees	1,137,718,925.60	1,067,413,577.72
Taxes and fares paid	281,057,146.80	289,646,768.69
Other operating cash payments	185,894,867.97	192,474,784.29
Subtotal of operating cash outflow	3,583,449,309.10	4,050,669,176.08
Net operating cash flow	1,091,235,207.84	833,510,131.79
2. Investment cash flow:		
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	842,448.48	2,105,031.35
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities	13,887,173.29	39,921,863.49
Subtotal of investment cash inflow	14,729,621.77	42,026,894.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets	581,218,810.56	251,589,688.97
Net cash paid to acquire subsidiaries and other business units		

Other investment cash payments	54,534,930.05	0.00
Subtotal of investment cash outflow	635,753,740.61	251,589,688.97
Net investment cash flow	-621,024,118.84	-209,562,794.13
3. Financing cash flow:		
Cash received from capital contributions		500,000.00
Including: dividends or profit paid by subsidiaries to minority interests		
Cash received as borrowings	1,634,550,537.14	1,269,421,740.31
Cash received from issuance of bonds		
Cash paid for other financing activities	29,805,722.42	139,444,128.91
Sub-total of cash outflows from financing activities	1,664,356,259.56	1,409,365,869.22
Repayment of borrowings	1,550,854,947.76	1,075,891,350.84
Cash paid for interest expenses and distribution of dividends or profit	489,969,687.54	497,621,895.25
Including: dividends or profit paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	253,869,811.31	89,026,946.69
Sub-total of financing cash outflow	2,294,694,446.61	1,662,540,192.78
Net financing cash flow	-630,338,187.05	-253,174,323.56
4. Effect of foreign exchange rate changes on cash and cash equivalents	6,874,499.12	9,752,853.01
5. Net increase in cash and cash equivalents	-153,252,598.93	380,525,867.11
Add: Opening balance of cash and cash equivalents	765,695,473.65	649,393,798.30
6. Closing balance of cash and cash equivalents	612,442,874.72	1,029,919,665.41

8. Cash flow statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,650,560,016.13	3,590,700,117.90
Tax refunds received	133,011,154.02	110,604,855.86
Cash received from other operating activities	18,157,684.20	35,871,142.11
Subtotal of cash inflows from operating activities	3,801,728,854.35	3,737,176,115.87
Cash paid for goods and services	1,659,351,293.65	1,957,819,052.08
Cash paid to and for employees	834,261,504.20	811,587,279.87

Taxes and fares paid	134,020,301.87	130,598,955.75
Cash paid for other operating activities	101,580,257.81	121,812,679.96
Subtotal of cash outflows from operating activities	2,729,213,357.53	3,021,817,967.66
Net cash flows from operating activities	1,072,515,496.82	715,358,148.21
2. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received as return on investments	55,177,682.68	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	637,067.58	1,623,821.35
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	2,473,750.44	35,312,645.63
Subtotal of cash inflows from investing activities	58,288,500.70	36,936,466.98
Cash paid to acquire fixed assets, intangible assets and other long-term assets	139,406,268.44	112,186,277.99
Cash paid for investment	137,814,270.00	352,757,288.38
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	37,432,400.00	
Subtotal of cash outflows from investing activities	314,652,938.44	464,943,566.37
Net cash flows from investing activities	-256,364,437.74	-428,007,099.39
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings	1,246,734,806.62	752,717,733.96
Cash received from issuance of bonds		
Cash received from other financing activities		61,013,728.00
Subtotal of cash inflows from financing activities	1,246,734,806.62	813,731,461.96
Repayment of borrowings	1,252,422,309.64	347,320,254.96
Cash paid for interest expenses and distribution of dividends or profit	472,425,946.46	479,370,646.28
Cash paid for other financing activities	430,854,881.31	61,013,728.00
Sub-total of cash outflows from financing activities	2,155,703,137.41	887,704,629.24
Net cash flows from financing activities	-908,968,330.79	-73,973,167.28
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,843,889.67	745,617.72
5. Net increase in cash and cash equivalents	-94,661,161.38	214,123,499.26
Add: Opening balance of cash and cash equivalents	361,326,403.14	249,509,717.93

6. Closing balance of cash and cash equivalents	266,665,241.76	463,633,217.19
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II Auditor's report

Is this Report audited?

Yes No

This Report is unaudited.

Board Chairman: Liu Zibin

Lu Thai Textile Co., Ltd.

28 October 2016