



**Lu Thai Textile Co., Ltd.**

**Report for the First Quarter of 2016**

**April 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 Results and Changes in Shareholders

### 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 2016	January-March 2015	+/-%
Operating revenues (RMB)	1,282,806,624.05	1,428,557,406.74	-10.20%
Net profit attributable to shareholders of the Company (RMB)	150,268,522.21	152,714,080.35	-1.60%
Net profit attributable to shareholders of the Company after deducting exceptional profit and loss (RMB)	137,542,633.98	131,929,166.88	4.25%
Net operating cash flow (RMB)	183,258,282.60	-97,329,127.52	-288.29%
Basic earnings per share (RMB/share)	0.16	0.16	0.00%
Diluted earnings per share (RMB/share)	0.16	0.16	0.00%
Weighted average return on equity	2.15%	2.29%	-0.14%
	31 March 2016	31 December 2015	+/-%
Total assets (RMB)	9,059,317,160.04	9,091,170,499.22	-0.35%
Net assets attributable to shareholders of the Company (RMB)	6,865,658,300.17	6,837,113,075.58	0.42%

Exceptional profit and loss

Applicable  Not applicable

Unit: RMB

Item	January-March 2016	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	-119,596.26	
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)	4,596,057.87	
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	4,700,743.33	
Non-operating incomes and expenses other than the above	2,954,115.86	
Less: Income tax effects	-1,211,324.23	
Minority interests effects (after tax)	616,756.80	
Total	12,725,888.23	--

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	69,043	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	Shareholding 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	14.69%	140,353,583			
Tailun Textile Co., Ltd.	Foreign corporation	12.37%	118,232,400	118,232,400		
Central Huijin Investment Co., Ltd.	State-owned corporation	2.13%	20,315,300			
T.ROWE PRICE INTL DISCOVERY FUND	Foreign corporation	2.09%	19,948,219			
CHINA SECURITIES FINANCE CORPORATION LIMITED	State-owned corporation	1.64%	15,679,091			
LYNAS ASIA FUND	Foreign corporation	1.51%	14,413,375			
FIRST STATE INVESTMENTS ICVC-FIRST STATE GREATER CHINA GROWTH FUND	Foreign corporation	1.12%	10,714,368			
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	1.06%	10,110,000			
VALUE PARTNERS CLASSIC FUND	Foreign	0.85%	8,156,383			

	corporation				
First State China A Share Fund	Foreign corporation	0.82%	7,881,381		
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	140,353,583		
Central Huijin Investment Co., Ltd.	20,315,300	RMB common shares	20,315,300		
T.ROWE PRICE INTL DISCOVERY FUND	19,948,219	Domestically listed foreign shares	19,948,219		
CHINA SECURITIES FINANCE CORPORATION LIMITED	15,679,091	RMB common shares	15,679,091		
LYNAS ASIA FUND	14,413,375	Domestically listed foreign shares	14,413,375		
FIRST STATE INVESTMENTS ICVC-FIRST STATE GREATER CHINA GROWTH FUND	10,714,368	Domestically listed foreign shares	10,714,368		
HUA AN NEW SILK ROAD THEME EQUITY SECURITIES INVESTMENT FUND	10,110,000	RMB common shares	10,110,000		
VALUE PARTNERS CLASSIC FUND	8,156,383	Domestically listed foreign shares	8,156,383		
First State China A Share Fund	7,881,381	RMB common shares	7,881,381		
HTHK-MANULIFE CHINA VALUE FUND	6,858,138	Domestically listed foreign shares	6,858,138		
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				

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 accounting statement items and financial indicators for the Reporting Period, as well as reasons for such changes

Applicable  Not applicable

- (1) Notes receivable stood at RMB87,564,218.01 on 31 March 2016, down 34.23% from the opening amount, mainly because letters of credit became due.
- (2) Interest receivable stood at RMB0.00 on 31 March 2016, down 100.00% from the opening amount, mainly because savings became due and interest was collected.
- (3) Other accounts receivable stood at RMB44,055,162.39 on 31 March 2016, down 37.79% from the opening amount, mainly because export rebates were received.
- (4) Engineering materials stood at RMB19,909,444.99 on 31 March 2016, up 215.03% from the opening amount, mainly because equipment to be installed increased.
- (5) Other non-current assets stood at RMB47,372,488.77 on 31 March 2016, up 37.30% from the opening amount, mainly because prepayments for equipment increased.
- (6) Financial liabilities measured at fair value with fair value changes charged to the current profit and loss stood at RMB19,928,030.00 on 31 March 2016, down 57.32% from the opening amount, mainly because financial liabilities became due and loss on the fair value changes decreased.
- (7) Payroll payable stood at RMB181,404,630.78 on 31 March 2016, down 37.72% from the opening amount, mainly because the year-end bonuses for employees for 2015 were paid in the current period.
- (8) Interest payable stood at RMB988,920.36 on 31 March 2016, down 46.60% from the opening amount, mainly because interest payable decreased.
- (9) Treasury shares stood at RMB131,096,061.14 on 31 March 2016, up 1029.09% from the opening amount, mainly because repurchased shares increased.
- (10) Asset impairment loss stood at RMB-870,101.65 for January-March 2016, down 175.08% from the same period of last year, mainly because accounts receivable decreased.
- (11) Profit on fair value changes stood at RMB21,750,839.63 for January-March 2016, up 281.23% from the same period of last year, mainly because of the profit on fair value changes in due financial liabilities and the fair value changes in the current period.
- (12) Investment profit stood at RMB-17,050,096.30 for January-March 2016, down 225.14% from the same period of last year, mainly because loss on investment in financial derivative instruments increased.
- (13) Non-operating income stood at RMB8,337,965.06 for January-March 2016, up 73.10% from the same period of last year, mainly because governmental subsidies increased.

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

√ Applicable □ Not applicable

On 5 August 2015, the Company held the 2015 1<sup>st</sup> Extraordinary General Meeting, which reviewed and approved the Proposal on Repurchasing Part of the Share A and Share B of the Company, and had published the Report about Repurchasing Part of the Share A and Share B of the Company on 10 October 2015 and as for the details of the above, please refer to the announcement of the Company (No.: 2015-029) and the report about repurchasing the shares that respectively disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 6 August 2015 and 10 October 2015. The Company began to execute the repurchase proposal since 10 November 2015 and up to 31 March 2016, the Company had accumulatively repurchased the Share B of 15,318,707 shares and as for the detailed situation, please refer to the announcement of the Company (No.: 2016-016) that disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 6 April 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 <sup>st</sup> Extraordinary General Meeting, which reviewed and approved the Proposal on Repurchasing Part of the Share A and Share B of the Company, and had published the Report about Repurchasing Part of the Share A and Share B of the Company on 10 October 2015 and as for the details of the above, please refer to the announcement of the Company (No.: 2015-029) and the report about repurchasing the shares that respectively disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on 6 August 2015 and 10 October 2015. The Company began to execute the repurchase proposal since 10 November 2015 and up to 31 March 2016, the Company had accumulatively repurchased the Share B of 15,318,707 shares and as for the detailed situation, please refer to the announcement of the Company (No.: 2016-016) that disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on 6 April 2016.	6 Aug. 2015	Announcement on the Resolution of the 2015 1 <sup>st</sup> Extraordinary General Meeting (No.: 2015-029), which disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
	10 Oct. 2015	Report about Repurchasing Part of the Share A and Share B of the Company, which disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
	11 Nov. 2015	Announcement on the Execution of Repurchasing the Shares (No.: 2015-047), which disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
	6 Apr. 2016	Announcement on the Progress of Repurchasing the Shares (No.: 2016-016), which disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## 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 Jul. 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 Jul. 2015 to 10 Jan. 2016. The commitment had completed the execution.
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	N/A					

#### IV Operating result forecast for January-June 2016

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

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	27,521,014.00	12,100,000	0.17%	12,100,000	0.17%	27,425,569.60		Tradable financial assets	Buy-in
Stock	02883	ZHYT	17,255,412.00	2,450,000	0.05%	3,000,000	0.06%	15,149,394.00	-1,294,179.90	Tradable financial assets	Buy-in
Stock	00980	LHCS	12,625,586.00	3,839,000	0.34%	4,574,000	0.41%	10,138,627.77	-2,443,171.44	Tradable financial assets	Buy-in
Stock	02006	JJJD	9,242,184.00	3,380,000	0.06%	3,380,000	0.06%	8,900,310.64	-309,820.94	Tradable financial assets	Buy-in
Stock	00116	ZSS	3,964,789.00	40,000	0.01%	377,000	0.06%	3,675,602.97	-275,435.65	Tradable financial assets	Buy-in
Stock	01666	TRTKJ	3,190,939.00	300,000	0.02%	300,000	0.02%	3,114,875.40	-64,997.40	Tradable financial assets	Buy-in
Stock	200056	HTB	2,175,792.00	200,000	0.03%	200,000	0.03%	1,906,590.40	-261,656.20	Tradable financial assets	Buy-in
Stock	00525	GSTL	2,750,680.00	850,000	0.01%	500,000	0.01%	1,387,444.50	-293,634.92	Tradable financial assets	Buy-in
Stock	200053	SJDB	830,765.00	50,000	0.02%	50,000	0.02%	684,555.95	-143,327.60	Tradable financial assets	Buy-in
Stock	200058	SSGB	468,272.00	100,000	0.01%	100,000	0.01%	484,147.30	17,499.30	Tradable financial assets	Buy-in
Other securities investment held at the period-end			524,000.00	100,000	--	100,000	--	415,816.71	-20,831.92	--	--
Total			80,549,433.00	23,409,000	--	24,681,000	--	73,282,935.24	-5,089,556.67	--	--
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)	
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## 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	2016-07-18	79,386.21	18.35	28,157.11	0	51,247.45	7.01%	-915.2
Commercial bank	Non-related	No	Option portfolio	104,300	2015-01-23	2016-07-10	104,300	0	53,650	0	50,650	6.93%	-782.55
Total				183,686.21	--	--	183,686.21	18.35	81,807.11	0	101,897.45	13.94%	-1,697.75
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									
Disclosure date of general meeting announcement on approval of derivative investment (if any)													
Risk analysis and risk control measures for derivative				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									

<p>products held in reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk, etc.)</p>	<p>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 20<sup>th</sup> Session of the 7<sup>th</sup> Board of Directors on 23 Apr. 2015, 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</p>
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	<p>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.</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>
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)	<p>1. Up to 31 March 2016, the Company held 32 undue financial derivative product contracts, totaling USD179 million, including 17 forward settlement contracts worth USD81 million and 15 foreign exchange option contracts worth USD98 million (the latest expiration before July 2016). The financial derivative products above accounted for 13.94% of the closing net assets.</p> <p>2. From January- March 2016, the due financial derivative products of the Company totally equaled to USD121 million, and the losses generated was RMB16.9775 million. To be specific, the due forward settlement was USD44.5 million, generating loss of RMB9.152 million; the due foreign exchange options equaled to USD76.5 million, of which USD50.5 million was delivered on time upon satisfaction of the delivery conditions, generating loss of RMB7.8255 million, and USD26 million was undelivered due to dissatisfaction of the delivery conditions.</p>
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 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
2016-03-30	Telephone communication	Institution	The basic situation of the Company

### **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.

31 March 2016

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	757,125,291.06	795,501,196.07
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	73,282,935.24	71,696,678.70
Derivative financial assets		
Notes receivable	87,564,218.01	133,145,518.39
Accounts receivable	242,898,968.12	262,848,042.62
Accounts paid in advance	153,556,443.90	196,809,904.13
Interest receivable		653,075.08
Dividends receivable		
Other accounts receivable	44,055,162.39	70,821,406.28
Redemptory monetary capital for sale		
Inventories	1,850,443,068.61	1,743,963,973.24
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	52,011,125.79	57,391,316.34
Total current assets	3,260,937,213.12	3,332,831,110.85
Non-current assets:		
Loans by mandate and advances granted	67,442,600.00	67,442,600.00
Available-for-sale financial assets		
Held-to-maturity investments	4,980,998.00	4,980,998.00
Long-term accounts receivable		
Long-term equity investment		
Investing real estate	4,921,961,771.97	4,907,575,469.84
Fixed assets	201,483,905.91	205,094,029.50

Construction in progress	19,909,444.99	6,319,783.17
Engineering materials		
Disposal of fixed assets	1,068,865.76	1,177,113.89
Production biological assets		
Oil-gas assets	369,986,301.37	363,385,986.63
Intangible assets		
R&D expense	20,613,803.29	20,613,803.29
Goodwill	84,305,783.02	85,124,145.25
Long-term deferred expenses	59,253,983.84	62,123,091.53
Deferred income tax assets	47,372,488.77	34,502,367.27
Other non-current assets	5,798,379,946.92	5,758,339,388.37
Total of non-current assets	9,059,317,160.04	9,091,170,499.22
Total assets		
Current liabilities:	869,165,093.98	802,766,318.90
Short-term borrowings	19,928,030.00	46,695,875.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities	2,300,000.00	3,109,149.48
Notes payable	264,475,432.90	248,570,405.57
Accounts payable	89,006,303.92	95,077,531.32
Accounts received in advance	181,404,630.78	291,263,599.62
Payroll payable	57,191,543.12	80,615,008.14
Tax payable	988,920.36	1,851,876.78
Interest payable	441,113.64	441,113.64
Dividend payable	78,561,029.90	62,514,814.53
Other accounts payable		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,563,462,098.60	1,632,905,692.98
Non-current liabilities:		
Long-term borrowings	7,970,031.94	
Long-term payables		
Long-term payroll payables	81,499,403.98	81,499,403.98
Specific payables		

Estimated liabilities		
Deferred income	96,307,172.17	96,135,077.91
Deferred income tax liabilities	2,180,916.93	2,192,694.35
Other non-current liabilities	1,840,000.00	1,840,000.00
Total non-current liabilities	189,797,525.02	181,667,176.24
Total liabilities	1,753,259,623.62	1,814,572,869.22
Owners' equity:		
Share capital	955,758,496.00	955,758,496.00
Capital reserves	1,007,146,773.32	1,007,146,166.97
Less: Treasury stock	131,096,061.14	11,610,721.68
Other comprehensive income	14,852,207.80	17,090,772.31
Specific reserves		
Surplus reserves	815,648,504.28	815,648,504.28
Provisions for general risks		
Retained profits	4,203,348,379.91	4,053,079,857.70
Total equity attributable to owners of the Company	6,865,658,300.17	6,837,113,075.58
Minority interests	440,399,236.25	439,484,554.42
Total owners' equity	7,306,057,536.42	7,276,597,630.00
Total liabilities and owners' equity	9,059,317,160.04	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	358,212,852.99	361,326,403.14
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	66,141,481.70	100,449,603.66
Accounts receivable	251,935,646.63	235,128,453.94
Accounts paid in advance	106,757,033.01	194,884,351.36
Interest receivable		
Dividend receivable		

Other accounts receivable	13,810,189.50	33,540,540.54
Inventories	1,305,148,972.22	1,194,474,541.81
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	25,332,530.65	20,665,251.54
Total current assets	2,127,338,706.70	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 investment	1,683,749,200.04	1,577,704,740.04
Investing real estate		
Fixed assets	3,086,129,936.02	3,086,026,962.51
Construction in progress	44,807,924.43	47,195,873.42
Engineering materials	18,934,121.93	4,752,722.48
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	229,752,878.60	231,714,546.11
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	52,085,653.51	56,039,573.79
Other non-current assets	38,129,486.47	25,733,137.67
Total of non-current assets	5,208,871,801.00	5,084,450,156.02
Total assets	7,336,210,507.70	7,224,919,302.01
Current liabilities:		
Short-term borrowings	636,353,507.06	509,321,176.41
Financial liabilities measured at fair value of which changes are recorded in current profits and losses	17,367,500.00	39,527,800.00
Derivative financial liabilities		
Notes payable	600,000.00	400,000.00
Accounts payable	213,677,601.12	156,939,081.65
Accounts received in advance	74,434,610.74	52,388,447.07

Payroll payable	138,159,972.27	225,146,911.56
Tax payable	31,977,367.00	44,647,234.36
Interest payable	948,367.87	830,073.23
Dividend payable	441,113.64	441,113.64
Other accounts payable	34,369,973.68	19,453,519.54
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,148,330,013.38	1,049,095,357.46
Non-current liabilities:		
Long-term borrowings		
Long-term payables		
Long-term payroll payables	81,499,403.98	81,499,403.98
Specific payables		
Estimated liabilities		
Deferred income	62,364,637.31	61,687,374.76
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	143,864,041.29	143,186,778.74
Total liabilities	1,292,194,054.67	1,192,282,136.20
Owners' equity:		
Share capital	955,758,496.00	955,758,496.00
Capital reserves	1,013,499,454.41	1,013,498,848.06
Less: Treasury stock	131,096,061.14	11,610,721.68
Other comprehensive income		
Specific reserves		
Surplus reserves	815,648,504.28	815,648,504.28
Retained profits	3,390,206,059.48	3,259,342,039.15
Total owners' equity	6,044,016,453.03	6,032,637,165.81
Total liabilities and owners' equity	7,336,210,507.70	7,224,919,302.01

### 3. Consolidated income statement

Unit: RMB Yuan

Item	January-March 2016	January-March 2015
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1. Operating revenues	1,282,806,624.05	1,428,557,406.74
Including: Sales income	1,282,806,624.05	1,428,557,406.74
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs	1,104,882,243.72	1,265,704,564.06
Including: Cost of sales	875,523,212.12	1,044,182,982.58
Business tax and surtaxes	12,382,148.81	13,321,763.49
Selling expenses	42,056,002.44	51,797,009.15
Administrative expenses	172,095,558.59	152,338,682.02
Financial costs	3,695,423.41	2,905,274.94
Asset impairment loss	-870,101.65	1,158,851.88
Add: Profit/loss on fair value changes (“-” means loss)	21,750,839.63	5,705,400.00
Profit/loss on investment (“-” means loss)	-17,050,096.30	13,625,143.33
Including: Share of profit in associates and joint ventures		
Foreign exchange profit (“-” means loss)		
3. Operating profit (“-” means loss)	182,625,123.66	182,183,386.01
Add: Non-operating income	8,337,965.06	4,816,916.15
Including: Profit on disposal of non-current assets	12,908.07	367,515.59
Less: Non-operating expense	907,387.59	412,123.84
Including: Loss on disposal of non-current assets	132,504.33	10,363.14
4. Total profit (“-” means loss)	190,055,701.13	186,588,178.32
Less: Corporate income tax	38,872,497.09	34,583,647.04
5. Net profit (“-” means loss)	151,183,204.04	152,004,531.28
Net profit attributable to owners of the Company	150,268,522.21	152,714,080.35
Minority shareholders’ income	914,681.83	-709,549.07
6. After-tax net amount of other composite income	-2,238,564.51	215,117.44
After-tax net amount of other composite income attributable to owners of the Company	-2,238,564.51	215,117.44
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	-2,238,564.51	215,117.44
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	-2,238,564.51	215,117.44
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders		
7. Total composite income	148,944,639.53	152,219,648.72
Attributable to owners of the Company	148,029,957.70	152,929,197.79
Attributable to minority shareholders	914,681.83	-709,549.07
8. Earnings per share		
8.1 Basic earnings per share	0.16	0.16
8.2 Diluted earnings per share	0.16	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 2016	January-March 2015
1. Operating revenues	1,041,199,143.68	1,092,837,005.97
Less: Operating costs	741,786,374.54	842,767,486.89
Business tax and surtaxes	9,396,186.31	10,401,216.67
Selling expenses	19,170,957.71	23,672,458.92
Administrative expenses	124,915,990.74	107,394,185.74
Financial costs	1,604,951.15	-582,535.37
Asset impairment loss	-68,701.41	-965,962.31

Add: profit/loss on fair value changes (“-” means loss)	22,160,300.00	5,474,200.00
Profit/loss on investment (“-” means loss)	-13,525,100.00	12,628,943.33
Including: Income from investment on associates and joint ventures		
2. Operating profit (“-” means loss)	153,028,584.64	128,253,298.76
Add: Non-operating income	6,099,909.65	4,528,078.79
Including: Profit on disposal of non-current assets		367,515.59
Less: Non-operating expense	690,342.86	172,420.29
Including: Loss on disposal of non-current assets	68,673.15	10,363.14
3. Total profit (“-” means loss)	158,438,151.43	132,608,957.26
Less: Corporate income tax	27,574,131.10	21,185,790.55
4. Net profit (“-” means loss)	130,864,020.33	111,423,166.71
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	130,864,020.33	111,423,166.71
7. Earnings per share		
7.1 Basic earnings per share	0.14	0.12
7.2 Diluted earnings per share	0.14	0.12

## 5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2016	January-March 2015
<b>1. Operating cash flow:</b>		
Cash received from sale of commodities and rendering of service	1,278,929,580.62	1,409,322,323.45
Tax refunds received	52,257,190.85	36,086,459.45
Other operating cash received	21,967,477.09	12,607,023.84
Subtotal of operating cash inflow	1,353,154,248.56	1,458,015,806.74
Cash paid for goods and services	555,862,207.46	925,879,104.51
Cash paid to and for employees	460,266,802.62	434,927,450.28
Taxes and fares paid	93,712,854.89	119,315,613.30
Other operating cash payments	60,054,100.99	75,222,766.17
Subtotal of operating cash outflow	1,169,895,965.96	1,555,344,934.26
Net operating cash flow	183,258,282.60	-97,329,127.52
<b>2. Investment cash flow:</b>		
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	61,480.59	1,209,136.18
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities	3,114,875.02	14,349,088.60
Subtotal of investment cash inflow	3,176,355.61	15,558,224.78
Cash paid to acquire fixed assets, intangible assets and other long-term assets	151,893,510.28	77,688,786.57
Cash paid for investment		
Net increase amount of the pledge loan		
Net cash paid to acquire subsidiaries and other business units		
Other investment cash payments	19,737,711.64	
Subtotal of investment cash outflow	171,631,221.92	77,688,786.57
Net investment cash flow	-168,454,866.31	-62,130,561.79
<b>3. Financing cash flow:</b>		
Cash received from capital contributions		
Of which: cash from capital contributions of investment of minority shareholder of the subsidiary		
Cash received as borrowings	548,488,279.74	499,500,745.26
Cash received from issuance of bonds		
Other financing cash received	29,807,847.03	16,000,000.00

Subtotal of financing cash inflow	578,296,126.77	515,500,745.26
Repayment of borrowings	474,258,464.63	420,419,094.09
Cash paid for interest expenses and distribution of dividends or profit	4,231,003.95	6,336,269.66
Of which: cash paid for distribution of dividends or profit to the minority shareholders by the subsidiary		
Other cash payments relating to financing activities	123,932,529.74	61,299,156.00
Sub-total of financing cash outflow	602,421,998.32	488,054,519.75
Net financing cash flow	-24,125,871.55	27,446,225.51
4. Effect of foreign exchange rate changes on cash and cash equivalents	752,272.67	2,953,649.57
5. Net increase in cash and cash equivalents	-8,570,182.59	-129,059,814.23
Add: Opening balance of cash and cash equivalents	765,695,473.65	649,393,798.30
6. Closing balance of cash and cash equivalents	757,125,291.06	520,333,984.07

## 6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2016	January-March 2015
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	1,030,554,055.06	1,157,272,756.12
Tax refunds received	40,236,082.65	32,062,208.83
Other operating cash received	6,893,946.59	3,218,883.40
Subtotal of operating cash inflow	1,077,684,084.30	1,192,553,848.35
Cash paid for goods and services	474,970,450.47	779,155,896.02
Cash paid to and for employees	341,902,663.96	327,538,401.62
Taxes and fares paid	38,303,825.59	45,531,121.17
Other operating cash payments	32,549,009.04	100,393,923.38
Subtotal of operating cash outflow	887,725,949.06	1,252,619,342.19
Net operating cash flow	189,958,135.24	-60,065,493.84
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	53,980.59	1,209,136.18
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities	172,839.48	12,999,351.78
Subtotal of investment cash inflow	226,820.07	14,208,487.96

Cash paid to acquire fixed assets, intangible assets and other long-term assets	74,409,219.69	44,996,274.50
Cash paid for investment	106,044,460.00	36,160,983.67
Net cash paid to acquire subsidiaries and other business units		
Other investment cash payments	14,394,100.00	
Subtotal of investment cash outflow	194,847,779.69	81,157,258.17
Net investment cash flow	-194,620,959.62	-66,948,770.21
3. Financing cash flow:		
Cash received from capital contributions		
Cash received as borrowings	357,544,665.12	256,245,018.34
Cash received from issuance of bonds		
Other financing cash received		
Subtotal of financing cash inflow	357,544,665.12	256,245,018.34
Repayment of borrowings	230,361,852.75	98,059,135.07
Cash paid for interest expenses and distribution of dividends or profit	1,968,099.25	1,369,866.44
Other cash payments relating to financing activities	123,932,529.74	61,299,156.00
Sub-total of financing cash outflow	356,262,481.74	160,728,157.51
Net financing cash flow	1,282,183.38	95,516,860.83
4. Effect of foreign exchange rate changes on cash and cash equivalents	267,090.85	957,466.97
5. Net increase in cash and cash equivalents	-3,113,550.15	-30,539,936.25
Add: Opening balance of cash and cash equivalents	361,326,403.14	249,509,717.93
6. Closing balance of cash and cash equivalents	358,212,852.99	218,969,781.68

## II Auditor's report

Is this Report audited?

Yes  No

This Report is not audited.

Chairman of the Board: Liu Zibin

Lu Thai Textile Co., Ltd.

27 April 2016