



LU THAI TEXTILE CO., LTD.

THIRD QUARTER REPORT 2017

October 2017

Part I Important Statements

The board of directors (the “Board”), the supervisory board (the “Supervisory Board”) as well as the directors, supervisors and senior management of Lu Thai Textile Co., Ltd. (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

All the directors of the Company attended the board meeting for the review of this Report.

Liu Zibin, head of the Company, Zhang Hongmei, accounting head for this Report, and Zhang Keming, head of the accounting department (head of accounting) of the Company, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

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

Part II Company Fundamentals

I Key Consolidated Operating Results

Indicate by tick mark whether the Company needs to retrospectively restate any of its accounting data.

Yes No

	September 30, 2017	December 31, 2016	Change	
Total assets (RMB)	9,519,311,781.79	9,407,103,263.34	1.19%	
Equity attributable to owners of the parent (RMB)	7,039,665,999.44	6,937,985,729.19	1.47%	
	July-September 2017	YoY change	January-September 2017	YoY change
Net sales (RMB)	1,631,824,401.03	13.80%	4,622,284,097.46	8.37%
Net margin attributable to owners of the parent (RMB)	197,038,648.01	-16.69%	590,108,629.56	1.54%
Net margin attributable to owners of the parent before exceptional gains and losses (RMB)	179,229,437.40	-19.60%	564,310,595.85	1.47%
Net cash from operating activities (RMB)	--	--	834,029,908.57	-23.57%
Basic earnings per share (RMB/share)	0.21	-16.00%	0.64	3.23%
Diluted earnings per share (RMB/share)	0.21	-16.00%	0.64	3.23%
Weighted average return on equity (%)	2.83%	-0.72%	8.41%	-0.24%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	January-September 2017	Note
Gains/Losses on disposal of non-current assets (inclusive of offset asset impairment provisions)	1,850,570.54	
Governmental subsidy recorded into current gains/losses (exclusive of governmental subsidy closely relevant to business events, and quantified according to national unified standards)	30,745,322.67	
Gains/Losses on fair value changes of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities as well as financial assets available for sale (exclusive of effective hedges related to normal business operations of the Company)	3,567,478.35	
Non-operating income and expense other than above	555,382.08	
Less: Income tax effects	5,696,638.90	

Minority interests effects (after tax)	5,224,081.03	
Total	25,798,033.71	--

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

Applicable Not applicable

No such cases in the Reporting Period.

II Total Number of Shareholders and Shareholdings of Top 10 Shareholders at Period-End

1. Numbers of Common Shareholders and Preference Shareholders with Resumed Voting Rights, and Shareholdings of Top 10 Shareholders

Unit: share

Total number of common shareholders at period-end	57,584	Total number of preference shareholders with resumed voting rights at period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	Restricted shares held at period-end	Pledged or frozen shares	
					Status	Number
Zibo Lucheng Textile Investment Co., Ltd.	Domestic non-state-owned corporation	15.21%	140,353,583			
Tailun (Thailand) Textile Co., Ltd.	Foreign corporation	12.82%	118,232,400	118,232,400		
Hong Kong Securities Clearing Co. Ltd	Foreign corporation	2.71%	25,000,508			
Central Huijin Assets Management Co., Ltd.	State-owned corporation	2.20%	20,315,300			
T.Rowe Price Intl Discovery Fund	Foreign corporation	2.16%	19,948,219			
China Securities Finance Corporation Limited	State-owned corporation	1.70%	15,679,091			
Hua'an New Silk Road Theme Equity Securities Investment Fund	Domestic Non-stated-owned corporation	1.11%	10,200,000			
Hong Kong Monetary Authority — own funds	Foreign corporation	1.08%	9,978,984			

Lynas Asia Fund	Foreign corporation	0.90%	8,342,900			
BNP Paribas—own funds	Foreign corporation	0.80%	7,777,994			
Top 10 non-restricted shareholders						
Name of shareholder	Non-restricted shares held at period-end	Type of stock		Number		
		Type				
Zibo Lucheng Textile Investment Co., Ltd.	140,353,583	RMB stock	common			140,353,583
Hong Kong Securities Clearing Co. Ltd	25,000,508	RMB stock	common			25,000,508
Central Huijin Assets Management Co., Ltd.	20,315,300	RMB stock	common			20,315,300
T.Rowe Price Intl Discovery Fund	19,948,219	Domestically listed stock for foreign investors				19,948,219
China Securities Finance Corporation Limited	15,679,091	RMB stock	common			15,679,091
Hua'an New Silk Road Theme Equity Securities Investment Fund	10,200,000	RMB stock	common			10,200,000
Hong Kong Monetary Authority —own funds	9,978,984	Domestically listed stock for foreign investors				9,978,984
Lynas Asia Fund	8,342,900	Domestically listed stock for foreign investors				8,342,900
BNP Paribas—own funds	7,777,994	RMB stock	common			7,777,994
RBC Emerging Markets Small Cap Equity Fund	6,785,384	Domestically listed stock for foreign investors				6,785,384
Related or acting-in-concert parties among 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 common shareholders conducting securities margin trading (if any)	Naught
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Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted 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 Top 10 of Them at Period-End

Applicable Not applicable

Part III Significant Events

I Changes in Key Consolidated Financial Statement Items and Reasons for Such Changes

√ Applicable □ Not applicable

- (1) Construction in progress increased 91.17% from the December 31, 2016 amount to RMB295,683,932.33 on September 30, 2017, due primarily to new construction projects of Xinsheng Thermal Power and Xinjiang Lu Thai Textile arising in the period January through September 2017.
- (2) Financial liabilities at fair value through gains/losses increased 100.00% from the December 31, 2016 amount to RMB796,400.00 on September 30, 2017, due primarily to increase in trading financial liabilities.
- (3) Notes payable increased 100.00% from the December 31, 2016 amount to RMB5,850,646.86 on September 30, 2017, due primarily to increase in trade acceptance bills payable.
- (4) Taxes payable decreased 34.09% from the December 31, 2016 amount to RMB50,890,407.93 on September 30, 2017, due primarily to decrease in income taxes and urban maintenance tax payable.
- (5) Non-current liabilities due within one year increased 100.00% from the December 31, 2016 amount to RMB135,950,175.68 on September 30, 2017, due primarily to the reclassification of long-term borrowings that became due within one year in the period January through September 2017.
- (6) Long-term borrowings decreased 100.00% from the December 31, 2016 amount to RMB0.00 on September 30, 2017, due primarily to the reclassification of long-term borrowings that became due within one year as non-current liabilities due within one year in the period January through September 2017.
- (7) Other comprehensive income decreased 50.98% from the December 31, 2016 amount to RMB26,122,877.09 on September 30, 2017, due primarily to lower income from translation of foreign subsidiaries' financial statements presented in foreign currencies.
- (8) The year-over-year increase of 80.99% in taxes and surtaxes to RMB73,695,429.20 during the period January through September 2017 primarily resulted from the reclassification of the taxes sub-item under the administrative expense item as taxes and surtaxes as per Financial Accounting Document [2016] No. 22—Value Added Tax Accounting Rules during the period January through September 2017.
- (9) The year-over-year increase of 69.11% in finance costs to RMB44,572,889.12 during the period January through September 2017 primarily resulted from greater foreign exchange losses.
- (10) The year-over-year decrease of 30.54% in asset impairment losses to RMB3,350,210.60 during the period January through September 2017 primarily resulted from a lower amount of inventory valuation allowances.
- (11) The year-over-year decrease of 101.72% in gains on fair value changes to RMB-796,400.00 during the period January through September 2017 primarily resulted from lower income from changes in the fair value of financial liabilities.
- (12) The year-over-year increase of 111.18% in investment income to RMB4,803,678.35 during the period January through September 2017 primarily resulted from greater gains on derivative financial instruments invested in.
- (13) The year-over-year increase of 100.00% in other income to RMB30,565,322.67 during the period January through September 2017 primarily resulted from the reclassification of government subsidies arising from the Company's ordinary course of business (originally under non-operating income) as other income as per Accounting Standard No. 16 for Business Enterprises—Government Subsidies.
- (14) The year-over-year decrease of -70.64% in non-operating income to RMB9,846,350.62 during the period January through September 2017 primarily resulted from the reclassification of government subsidies arising from the Company's ordinary course of

business (originally under non-operating income) as other income as per Accounting Standard No. 16 for Business Enterprises—Government Subsidies.

(15) The year-over-year decrease of -41.52% in non-operating expense to RMB7,260,398.00 during the period January through September 2017 primarily resulted from decreased losses on disposal of non-current assets.

II Progress, Influence and Solutions Associated with Significant Events

Applicable Not applicable

III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company and Other Commitment Makers, Failed to Fulfill on Time during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV Forecast of 2017 Annual Operating Results

Warning of a possible loss on or a significant year-over-year change in accumulative net margin during the period the beginning of the current year through the end of the next reporting period, as well as the reasons:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

VI Investments in Derivative Financial Instruments

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	Non-re	No	Forward exchange	0	01/19/2017	09/29/2017	0	107,579.8	107,579.8		0		413.63

bank	lated		settlement										
Commer cial bank	Non-re lated	No	Foreign exchange option	0	01/03/2017	09/05/2017	0	58,953.81	41,953.81		17,000	2.26%	25.49
Commer cial bank	Non-re lated	No	Forward exchange transaction s	0	05/22/2017	07/14/2017	0	8,379.84	8,379.84		0		-7.49
Commer cial bank	Non-re lated	No	Foreign exchange swap	0	06/20/2017	06/30/2017	0	12,937.1	12,937.1		0		4.76
Total				0	--	--	0	187,850.55	170,850.55	0	17,000	2.26%	436.39
Capital source for derivative investment				Own funds									
Lawsuit (if applicable)				Naught									
Disclosure date of board of directors announcement on approval of derivative investment (if any)				04/28/2017									
Disclosure date of general meeting of shareholders announcement on approval of derivative investment (if any)													
Analysis on risks and control measures of derivative products held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				<p>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. 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. Risk control measures: the Company chose the</p>									

	<p>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 the Company for Derivative Transactions approved at the 7th Session of the 8th Board of Directors on April 26, 2017, 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. 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: since two years of "8•11 exchange rate reform", the central parity of RMB against US dollar gradually formed the current price mechanism of "closing price + overnight basket of currency changes + reverse cycle adjustment factor". The central parity has played a very good role in Price guideline, and the effect of exchange rate reform is remarkable. In the short term, China's economy has gradually stabilized and maintained high-speed growth. The internationalization of RMB is steadily advancing. Therefore, the RMB exchange rate has neither the basis for devaluation nor the need for devaluation. In the long run, the dollar index, customer trading behavior and market makers expectations are still key factors determining the future of RMB exchange rate. In the future, the RMB exchange rate elasticity will increase, and the two-way fluctuation will be obvious. Forward settlement and option business, which are greatly affected by exchange rate fluctuations, are important derivatives transactions of the Company. Risk control measures: Although a more flexible RMB exchange rate and the increased fluctuation range added to the operation difficulty, it provided a certain opportunity. Therefore, the relevant personnel of the Company will actively analyze market changes, carefully operate and hold positive opportunity, so as to try the best to reduce the market risks under the condition of increased market difficulty.</p>
<p>Changes of market prices or fair values in the Reporting Period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.</p>	<p>1. As of September 30, 2017, the Company held 7 undue financial derivatives contracts, with a total of USD26 million. The latest contract period will end in November 2017. Financial derivatives accounted for 2.26% of the Company's consolidated net assets at the end of the Reporting Period.</p> <p>2. During the period January through September 2017, the amount of the Company's due financial derivatives was equivalent to USD253,489,300, with proceeds of RMB4,363,900, of which due forward forex settlements amounted to USD157,881,800, with proceeds of RMB4,136,300; mature foreign exchange transactions were equivalent to USD12,307,500, with a loss of RMB74,900; mature foreign exchange swaps amounted to USD19 million, with proceeds of RMB47,600; and mature foreign currency options amounted to USD64.3</p>

	million, with proceeds of RMB254,900 after execution of contracts.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the Reporting Period compared to the previous Reporting Period	No significant changes
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors Xu Jianjun, Zhao Yao, Bi Xiuli, Pan Ailing and Wang Xinyu, concerning conducting derivatives business, have issued the following professional advice: We are of the opinion that it will strengthen the Company's competitiveness to use derivative transactions with focus on forward settlement and purchase as an effective tool to avoid foreign exchange risks, to strengthen the relevant internal control and to carry out the loss and risk prevention measures so as to improve the operation and management. In conducting derivative transactions with focus on forward settlement and purchase, the Company follows a legal approval procedure, has sound relevant institutions and keeps the risks relatively controllable. No harm has been done to the interests of the Company's shareholders.

VII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	About
08/30/2017	By phone	Institution	Company fundamentals

VIII Irregularities Arising from Provision of Guarantees for Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

IX Occupation of the Company's Funds by Its Controlling Shareholder or Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

X Targeted Measures Taken to Help People Lift Themselves out of Poverty

The Company did not take such measures in the third quarter of the year and has no such plans for now.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Prepared by Lu Thai Textile Co., Ltd.

September 30, 2017

Unit: RMB

Item	September 30, 2017	December 31, 2016
Current assets:		
Cash on hand and at bank	664,007,740.98	662,967,785.49
Derivative financial assets		
Notes receivable	65,749,428.30	84,161,909.91
Accounts receivable	304,887,703.37	293,129,727.93
Prepayments	152,861,983.08	212,487,501.51
Dividends receivable		
Other accounts receivable	34,474,400.36	46,262,835.47
Financial assets purchased under agreements to resell		
Inventories	1,890,682,210.49	1,816,700,441.85
Assets held for sale		
Non-current assets due within one year		
Other current assets	109,072,780.47	107,535,889.38
Total current assets	3,221,736,247.05	3,223,246,091.54
Non-current assets:		
Available-for-sale financial assets	24,660,000.00	24,660,000.00
Held-to-maturity investments		
Long-term accounts receivable	2,310,000.00	2,310,000.00
Long-term equity investments		
Investment property	24,880,799.48	25,844,090.56
Fixed assets	5,093,113,348.63	5,244,335,459.80
Construction in progress	295,683,932.33	154,668,358.96
Engineering materials	143,497,488.76	117,120,463.50
Disposal of fixed assets		
Productive living assets	1,314,468.02	1,381,292.75

Intangible assets	478,132,427.97	384,253,077.39
R&D expense		
Goodwill	20,613,803.29	20,613,803.29
Long-term deferred expense	109,049,747.27	114,227,364.54
Deferred income tax assets	65,472,398.37	63,183,792.63
Other non-current assets	38,847,120.62	31,259,468.38
Total non-current assets	6,297,575,534.74	6,183,857,171.80
Total assets	9,519,311,781.79	9,407,103,263.34
Current liabilities:		
Short-term borrowings	910,686,491.89	873,261,856.02
Financial liabilities at fair value through gains/losses	796,400.00	
Derivative financial liabilities		
Notes payable	5,850,646.86	
Accounts payable	229,123,171.10	252,538,563.06
Advances received	103,748,135.51	89,451,314.62
Payroll payable	262,209,359.08	315,618,449.91
Taxes payable	50,890,407.93	77,214,706.67
Interest payable	1,493,933.99	1,165,730.47
Dividends payable	441,113.64	441,113.64
Other accounts payable	67,489,447.00	69,365,641.15
Non-current liabilities due within one year	135,950,175.68	
Other current liabilities		
Total current liabilities	1,768,679,282.68	1,679,057,375.54
Non-current liabilities:		
Long-term borrowings		135,678,044.89
Long-term accounts payable		
Long-term payroll payable	97,673,785.15	79,122,422.89
Special payables		
Provisions		
Deferred income	116,197,415.99	95,990,489.79
Deferred income tax liabilities	2,223,839.09	2,341,089.87
Other non-current liabilities	1,840,000.00	1,840,000.00
Total non-current liabilities	217,935,040.23	314,972,047.44
Total liabilities	1,986,614,322.91	1,994,029,422.98

Owners' equity:		
Share capital	922,602,311.00	922,602,311.00
Capital reserve	753,484,021.82	753,440,557.83
Less: Treasury shares		
Other comprehensive income	26,122,877.09	53,293,544.89
Special reserve		
Surplus reserve	888,761,783.04	888,761,783.04
Provisions for general risks		
Retained earnings	4,448,695,006.49	4,319,887,532.43
Equity attributable to owners of the parent	7,039,665,999.44	6,937,985,729.19
Minority interests	493,031,459.44	475,088,111.17
Total owners' equity	7,532,697,458.88	7,413,073,840.36
Total liabilities and owners' equity	9,519,311,781.79	9,407,103,263.34

Legal representative: Liu Zibin

Accounting head for this Report: Zhang Hongmei

Head of the accounting department: Zhang Keming

2. Parent Company Balance Sheet

Unit: RMB

Item	September 30, 2017	December 31, 2016
Current assets:		
Cash on hand and at bank	355,862,616.24	177,016,859.63
Financial assets at fair value through gains/losses		
Derivative financial assets		
Notes receivable	42,675,045.56	64,421,665.52
Accounts receivable	303,674,683.83	297,026,110.33
Prepayments	16,702,256.58	139,013,057.80
Interest receivable		
Dividends receivable		
Other accounts receivable	342,525,340.59	340,458,208.20
Inventories	1,234,631,072.97	1,086,364,931.72
Assets held for sale		
Non-current assets due within one year		
Other current assets	66,326,536.53	1,126,006.88

Total current assets	2,362,397,552.30	2,105,426,840.08
Non-current assets:		
Available-for-sale financial assets	12,500,000.00	12,500,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	1,718,956,616.04	1,711,021,866.04
Investment property	14,319,423.87	14,829,443.58
Fixed assets	2,836,580,993.63	3,019,132,803.64
Construction in progress	74,083,869.81	25,796,329.33
Engineering materials	8,100,222.03	663,894.82
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	227,427,941.39	229,433,475.02
R&D expense		
Goodwill		
Long-term deferred expense		
Deferred income tax assets	58,069,929.44	62,042,513.61
Other non-current assets	32,021,313.12	8,831,098.34
Total non-current assets	4,982,060,309.33	5,084,251,424.38
Total assets	7,344,457,861.63	7,189,678,264.46
Current liabilities:		
Short-term borrowings	587,762,670.98	503,005,010.24
Financial liabilities at fair value through gains/losses	340,500.00	
Derivative financial liabilities		
Notes payable	2,660,000.00	
Accounts payable	152,492,638.17	158,737,347.81
Advances received	62,553,420.18	54,552,285.78
Payroll payable	195,928,957.34	240,389,712.34
Taxes payable	40,382,668.46	47,790,003.82
Interest payable	1,493,933.99	646,147.15
Dividends payable	441,113.64	441,113.64
Other accounts payable	25,377,074.63	19,309,386.42
Liabilities held for sale		

Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,069,432,977.39	1,024,871,007.20
Non-current liabilities:		
Long-term borrowings		
Long-term payables		
Long-term payroll payable	97,673,785.15	79,122,422.89
Special payables		
Provisions		
Deferred income	70,101,358.51	62,691,326.97
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	167,775,143.66	141,813,749.86
Total liabilities	1,237,208,121.05	1,166,684,757.06
Owners' equity:		
Share capital	922,602,311.00	922,602,311.00
Capital reserve	759,836,702.91	759,793,238.92
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	888,761,783.04	888,761,783.04
Retained earnings	3,536,048,943.63	3,451,836,174.44
Total owners' equity	6,107,249,740.58	6,022,993,507.40
Total liabilities and owners' equity	7,344,457,861.63	7,189,678,264.46

3. Consolidated Income Statement for July-September

Unit: RMB

Item	July-September 2017	July-September 2016
1. Operating revenue	1,631,824,401.03	1,433,914,063.96
Including: Net sales	1,631,824,401.03	1,433,914,063.96
2. Operating expenses	1,412,304,915.71	1,150,074,108.90
Including: Cost of sales	1,168,416,403.13	931,426,457.61
Taxes and surtaxes	22,197,277.47	15,917,689.81
Selling expense	36,919,797.86	35,754,052.90

Administrative expense	168,529,612.71	153,044,613.01
Finance costs	13,877,588.58	6,546,510.69
Asset impairment losses	2,364,235.96	7,384,784.88
Add: Gains on fair value changes (“-” for losses)	-1,907,100.00	15,450,886.80
Investment income (“-” for losses)	2,978,343.01	-9,313,278.13
Including: Share of gains/losses of associates and joint ventures		
Exchange gains (“-” for losses)		
Other income	19,984,685.38	
3. Operating margin (“-” for losses)	240,575,413.71	289,977,563.73
Add: Non-operating income	5,401,592.64	12,347,357.12
Including: Gains on disposal of non-current assets	4,964,497.03	343,842.01
Less: Non-operating expense	1,340,575.40	4,696,674.72
Including: Losses on disposal of non-current assets	1,141,689.35	2,530,749.32
4. Gross margin (“-” for losses)	244,636,430.95	297,628,246.13
Less: Income tax expense	34,958,315.84	48,157,938.49
5. Net margin (“-” for losses)	209,678,115.11	249,470,307.64
Attributable to owners of the parent	197,038,648.01	236,519,891.59
Attributable to minority interests	12,639,467.10	12,950,416.05
6. Other comprehensive income, net of tax	-12,385,575.90	4,893,753.80
Other comprehensive income, net of tax attributable to owners of the parent	-12,385,575.90	4,893,753.80
6.1 Other comprehensive income that will not be reclassified into gains/losses		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
6.2 Other comprehensive income to be subsequently reclassified into gains/losses	-12,385,575.90	4,893,753.80
6.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
6.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
6.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Currency translation differences	-12,385,575.90	4,893,753.80
6.2.6 Other		

Other comprehensive income, net of tax attributable to minority interests		
7. Total comprehensive income	197,292,539.21	254,364,061.44
Attributable to owners of the parent	184,653,072.11	241,413,645.39
Attributable to minority interests	12,639,467.10	12,950,416.05
8. Earnings per share		
8.1 Basic earnings per share	0.21	0.25
8.2 Diluted earnings per share	0.21	0.25

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

Legal representative: Liu Zibin

Accounting head for this Report: Zhang Hongmei

Head of the accounting department: Zhang Keming

4. Parent Company Income Statement for July-September

Unit: RMB

Item	July-September 2017	July-September 2016
1. Operating revenue	1,303,731,449.01	1,315,386,535.04
Less: Operating expenses	961,017,334.09	940,723,865.92
Taxes and surtaxes	17,222,805.08	11,201,820.01
Selling expense	24,575,700.30	21,763,178.49
Administrative expense	113,871,284.77	104,337,849.19
Finance costs	5,369,029.33	4,368,954.01
Asset impairment losses	-5,188,148.15	6,584,893.25
Add: Gains on fair value changes (“-” for losses)	-1,451,200.00	9,735,700.00
Investment income (“-” for loss)	2,993,963.01	8,176,633.62
Including: Share of gains/losses of associates and joint ventures		
Other income	14,886,733.13	
2. Operating margin (“-” for losses)	203,292,939.73	244,318,307.79
Add: Non-operating income	423,329.65	8,870,631.85
Including: Gains on disposal of non-current assets	59,955.79	157,408.00
Less: Non-operating expense	337,686.69	1,346,406.41
Including: Losses on disposal of non-current assets	273,302.41	966,221.16
3. Gross margin (“-” for losses)	203,378,582.69	251,842,533.23
Less: Income tax expense	31,561,713.67	32,559,112.92

4. Net margin (“-” for losses)	171,816,869.02	219,283,420.31
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified into gains and losses		
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 gains/losses under equity method		
5.2 Other comprehensive income to be subsequently reclassified into gains/losses		
5.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
5.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
5.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	171,816,869.02	219,283,420.31
7. Earnings per share		
7.1 Basic earnings per share	0.18	0.25
7.2 Diluted earnings per share	0.18	0.25

5. Consolidated Income Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Operating revenue	4,622,284,097.46	4,265,240,836.99
Including: Net sales	4,622,284,097.46	4,265,240,836.99
2. Operating expenses	3,926,259,381.41	3,560,005,447.57
Including: Cost of sales	3,218,355,617.76	2,868,826,048.69
Taxes and surtaxes	73,695,429.20	40,718,418.33
Selling expense	105,285,310.08	124,463,716.40
Administrative expense	480,999,924.65	494,816,568.17
Finance costs	44,572,889.12	26,357,253.37
Asset impairment losses	3,350,210.60	4,823,442.61
Add: Gains on fair value changes (“-” for losses)	-796,400.00	46,397,456.20

Investment income (“-” for losses)	4,803,678.35	-42,954,499.35
Including: Share of gains/losses of associates and joint ventures		
Exchange gains (“-” for losses)		
Other income	30,565,322.67	
3. Operating margin (“-” for losses)	730,597,317.07	708,678,346.27
Add: Non-operating income	9,846,350.62	33,540,794.44
Including: Gains on disposal of non-current assets	5,044,311.76	572,155.31
Less: Non-operating expense	7,260,398.00	12,415,314.62
Including: Losses on disposal of non-current assets	3,193,741.22	7,942,874.57
4. Gross margin (“-” for losses)	733,183,269.69	729,803,826.09
Less: Income tax expense	113,607,725.48	137,676,433.01
5. Net margin (“-” for losses)	619,575,544.21	592,127,393.08
Attributable to owners of the parent	590,108,629.56	581,161,076.32
Attributable to minority interests	29,466,914.65	10,966,316.76
6. Other comprehensive income, net of tax	-27,170,667.80	17,283,510.42
Other comprehensive income, net of tax attributable to owners of the parent	-27,170,667.80	17,283,510.42
6.1 Other comprehensive income that will not be reclassified into gains/losses		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
6.2 Other comprehensive income to be subsequently reclassified into gains/losses	-27,170,667.80	17,283,510.42
6.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
6.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
6.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Currency translation differences	-27,170,667.80	17,283,510.42
6.2.6 Other		
Other comprehensive income, net of tax attributable to minority interests		
7. Total comprehensive income	592,404,876.41	609,410,903.50
Attributable to owners of the parent	562,937,961.76	598,444,586.74

Attributable to minority interests	29,466,914.65	10,966,316.76
8. Earnings per share		
8.1 Basic earnings per share	0.64	0.62
8.2 Diluted earnings per share	0.64	0.62

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

6. Parent Company Income Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Operating revenue	3,786,055,037.81	3,684,048,403.41
Less: Operating expenses	2,727,698,358.16	2,635,365,848.72
Taxes and surtaxes	54,700,584.26	27,687,609.47
Selling expense	67,896,475.33	63,206,677.11
Administrative expense	324,306,711.39	344,966,347.49
Finance costs	13,738,799.16	21,307,487.42
Asset impairment losses	-4,926,016.45	34,867,799.94
Add: Gains on fair value changes (“-” for losses)	-340,500.00	39,527,800.00
Investment income (“-” for loss)	22,252,360.62	18,551,262.92
Including: Share of gains/losses of associates and joint ventures		
Other income	20,055,788.46	
2. Operating margin (“-” for losses)	644,607,775.04	614,725,696.18
Add: Non-operating income	2,710,209.13	17,060,151.08
Including: Gains on disposal of non-current assets	139,770.52	339,790.68
Less: Non-operating expense	4,596,651.72	2,854,467.72
Including: Losses on disposal of non-current assets	791,398.32	1,036,036.68
3. Gross margin (“-” for losses)	642,721,332.45	628,931,379.54
Less: Income tax expense	97,207,407.76	92,329,061.54
4. Net margin (“-” for losses)	545,513,924.69	536,602,318.00
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified into gains and losses		
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 gains/losses under equity method		

5.2 Other comprehensive income to be subsequently reclassified into gains/losses		
5.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
5.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
5.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	545,513,924.69	536,602,318.00
7. Earnings per share		
7.1 Basic earnings per share	0.59	0.58
7.2 Diluted earnings per share	0.59	0.58

7. Consolidated Cash Flow Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service	4,572,921,342.11	4,451,363,023.15
Tax rebates received	160,047,008.71	165,676,563.92
Cash generated by other operating activities	86,665,078.72	57,644,929.87
Subtotal of cash generated by operating activities	4,819,633,429.54	4,674,684,516.94
Cash paid for goods and services	2,296,716,476.86	1,978,778,368.73
Cash paid to and for employees	1,187,553,253.81	1,137,718,925.60
Taxes paid	270,659,130.79	281,057,146.80
Cash used in other operating activities	230,674,659.51	185,894,867.97
Subtotal of cash used in operating activities	3,985,603,520.97	3,583,449,309.10
Net cash from operating activities	834,029,908.57	1,091,235,207.84
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments		
Cash received as investment income	439,800.00	
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	11,449,301.27	842,448.48
Net cash generated by disposal of subsidiaries or other business units		

Cash generated by other investing activities	72,404,070.11	13,887,173.29
Subtotal of cash generated by investing activities	84,293,171.38	14,729,621.77
Cash paid to acquire fixed assets, intangible assets and other long-term assets	426,037,743.55	581,218,810.56
Cash paid for investments	50,000,000.00	
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		54,534,930.05
Subtotal of cash used in investing activities	476,037,743.55	635,753,740.61
Net cash from investing activities	-391,744,572.17	-621,024,118.84
3. Cash generated by or used in financing activities:		
Cash received as capital contributions	500,000.00	
Including: Cash received from minority shareholder investments by subsidiaries	500,000.00	
Cash received as borrowings	1,255,806,409.19	1,634,550,537.14
Cash generated by issuance of bonds		
Cash generated by other financing activities	13,000,000.00	29,805,722.42
Subtotal of cash generated by financing activities	1,269,306,409.19	1,664,356,259.56
Repayment of borrowings	1,197,843,204.46	1,550,854,947.76
Cash paid for interest expenses and distribution of dividends or profit	491,099,353.46	489,969,687.54
Including: dividends or profit paid by subsidiaries to minority interests		
Cash used in other financing activities		253,869,811.31
Sub-total of cash used in financing activities	1,688,942,557.92	2,294,694,446.61
Net cash from financing activities	-419,636,148.73	-630,338,187.05
4. Effect of foreign exchange rate changes on cash and cash equivalents	-13,870,445.11	6,874,499.12
5. Net increase in cash and cash equivalents	8,778,742.56	-153,252,598.93
Add: Opening balance of cash and cash equivalents	654,967,785.49	765,695,473.65
6. Closing balance of cash and cash equivalents	663,746,528.05	612,442,874.72

8. Parent Company Cash Flow Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service	3,755,654,197.80	3,650,560,016.13
Tax rebates received	111,127,591.41	133,011,154.02

Cash generated by other operating activities	34,568,683.53	18,157,684.20
Subtotal of cash generated by operating activities	3,901,350,472.74	3,801,728,854.35
Cash paid for goods and services	2,083,382,104.36	1,659,351,293.65
Cash paid to and for employees	850,651,997.04	834,261,504.20
Taxes paid	152,018,949.10	134,020,301.87
Cash used in other operating activities	116,969,182.67	101,580,257.81
Subtotal of cash used in operating activities	3,203,022,233.17	2,729,213,357.53
Net cash from operating activities	698,328,239.57	1,072,515,496.82
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments		
Cash received as investment income	17,976,433.62	55,177,682.68
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	1,452,306.27	637,067.58
Net cash generated by disposal of subsidiaries or other business units		
Cash generated by other investing activities	299,727,304.86	2,473,750.44
Subtotal of cash generated by investing activities	319,156,044.75	58,288,500.70
Cash paid to acquire fixed assets, intangible assets and other long-term assets	69,903,614.65	139,406,268.44
Cash paid for investments	57,934,750.00	137,814,270.00
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities	328,724,000.00	37,432,400.00
Subtotal of cash used in investing activities	456,562,364.65	314,652,938.44
Net cash from investing activities	-137,406,319.90	-256,364,437.74
3. Cash generated by or used in financing activities:		
Cash received as capital contributions		
Cash received as borrowings	961,360,949.88	1,246,734,806.62
Cash generated by issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities	961,360,949.88	1,246,734,806.62
Repayment of borrowings	873,419,137.33	1,252,422,309.64
Cash paid for interest expenses and distribution of dividends or profit	468,208,196.66	472,425,946.46
Cash used in other financing activities		430,854,881.31
Sub-total of cash used in financing activities	1,341,627,333.99	2,155,703,137.41
Net cash from financing activities	-380,266,384.11	-908,968,330.79
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,809,778.95	-1,843,889.67

5. Net increase in cash and cash equivalents	178,845,756.61	-94,661,161.38
Add: Opening balance of cash and cash equivalents	177,016,859.63	361,326,403.14
6. Closing balance of cash and cash equivalents	355,862,616.24	266,665,241.76

II Auditor's Report

Are the Q3 2017 financial statements audited?

Yes No

These financial statements are unaudited.

Board Chairman (signature): Liu Zibin

Lu Thai Textile Co., Ltd.

October 27, 2017