

Shenzhen Zhongheng Huafa Co., Ltd.

First Quarterly Report 2013

(Full Text)

April 2013

Section I. Important Notes

Board of Directors and the Supervisory Committee of Shenzhen Zhongheng Huafa Co., Ltd (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

Li Zhongqiu, person in charge of the Company, Jiang Yanjun, person in charge of accounting works and Wu Ai'jie, person in charge of accounting organ (accounting officer) hereby confirm that the Financial Statement of this Quarterly Report is authentic, accurate and complete.

All Directors are attended the Board Meeting for Quarterly Report deliberation.

Section II. Main financial data and changes of shareholders

I. Main financial data

Whether has retroactive adjustment or re-statement on financial data of previous' period in this report or not

Yes No

	Jan. – March 2013	Jan. – March 2012	Changes of this period over same period of last year (%)
Operating income (RMB)	154,372,188.50	214,990,907.87	-28.2%
Net profit attributable to shareholders of the listed company(RMB)	818,247.01	4,728,832.80	-82.7%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	414,773.12	4,714,624.11	-91.2%
Net cash flow arising from operating activities(RMB)	-71,011,893.48	-90,160,095.82	21%
Basic earnings per share (RMB/Share)	0.0029	0.0167	-82.63%
Diluted earnings per share (RMB/Share)	0.0029	0.0167	-82.63%
Weighted average ROE (%)	0.07%	0.42%	0.35 percentage points down
	2013-3-31	2012-12-31	Changes of this period-end over same period-end of last year (%)
Total assets (RMB)	712,714,599.06	683,694,932.73	4.24%
Net assets attributable to shareholder of listed company (RMB)	280,999,297.92	280,181,050.91	0.29%

Items and amount of non-recurring gains and losses

Applicable Not applicable

Unit: RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	327,104.97	
Tax refund or exemption out of authorization, with absence of official approval document or accidentally	0.00	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to	200,000.00	

national standards, which are closely relevant to enterprise's business)		
Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses	0.00	
Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units	0.00	
Gains and losses from exchange of non-monetary assets	0.00	
Gains and losses from entrusted investment or management assets	0.00	
Various asset impairment reserve provided for force majeure, such as natural disaster;	0.00	
Gains/losses from debt reorganization	0.00	
Reorganization expenses, such as expenditure for allocation of employees and integration fee	0.00	
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value	0.00	
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date	0.00	
Gains and losses from contingent events which has no relation with normal business of the Company	0.00	
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	0.00	
Reversal of impairment reserve for account receivable with separate impairment testing	0.00	
gains/ losses from external entrustment loans	0.00	
Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value	0.00	
Affect upon current gains/losses arising from the one-off adjustment in subject to requirement of laws and rules in relation to taxation and accounting	0.00	
Income from entrusted custody operation	0.00	
Other non-operating income and expenditure except for the aforementioned items	0.00	
Other item that satisfied the definition of non-recurring gains and losses	0.00	
Income of liquidated damages	18,974.00	
Impact on income tax	142,605.08	
Impact on minority shareholders' equity (post-tax)	0.00	
Total	403,473.89	--

II. Total number of shareholders at the end of this report period and top ten shareholders

Unit: Share

Total number of shareholders	27,407
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at the end of report period						
Top ten shareholders						
Shareholder's name	Nature of shareholder	Proportion of shares held (%)	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Domestic non-state-owned legal person	41.14%	116,489,894	116,489,894	Pledged	116,489,894
					Frozen	0
SEG (HONG KONG) CO., LTD.	Foreign legal persons	5.58%	16,569,560	0	Pledged/frozen	0
GOOD HOPE CORNER INVESTMENTS LTD	Foreign legal persons	4.91%	13,900,000	0	Pledged/frozen	0
Jia Wenjun	Domestic natural persons	0.38%	1,075,214	0	Pledged/frozen	0
Zeng Ying	Domestic natural persons	0.35%	1,000,000	0	Pledged/frozen	0
BINGHUA LIU	Foreign natural persons	0.31%	876,213	0	Pledged/frozen	0
Li Jianfeng	Domestic natural persons	0.29%	831,300	0	Pledged/frozen	0
Zhu Ming	Domestic natural persons	0.22%	611,348	0	Pledged/frozen	0
Lin Song	Domestic natural persons	0.18%	503,000	0	Pledged/frozen	0
Wu Ying	Domestic natural persons	0.17%	489,320	0	Pledged/frozen	0
Top ten shareholders with unrestricted shares held						
Shareholder's name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560			
GOOD HOPE CORNER INVESTMENTS LTD	13,900,000	Domestically listed foreign shares	13,900,000			
Jia Wenjun	1,075,214	RMB common shares	1,075,214			

Zeng Ying	1,000,000	Domestically listed foreign shares	1,000,000
BINGHUALIU	876,213	Domestically listed foreign shares	876,213
Li Jianfeng	831,300	Domestically listed foreign shares	831,300
Zhu Ming	611,348	Domestically listed foreign shares	611,348
Lin Song	503,000	Domestically listed foreign shares	503,000
Wu Ying	489,320	RMB common shares	489,320
Yuan Chuanzheng	487,529	RMB common shares	487,529
Note of related relationship among the above shareholders and concerted actors	Among the top ten shareholders with unrestricted shares held, the Company did not know whether there exists associated relationship among other tradable shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. Among the top ten shareholders, Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. neither bears associated relationship with other shareholders, nor belongs to the consistent actor that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

Unit: RMB

Item	Balance at period-end	Balance at period-begin	Ratio	Reasons of changes
Monetary fund	61,643,871.99	112,834,841.39	-45.37%	Industry stands in a production peak season, raw material procurement increased
Account paid in advance	31,241,359.31	14,168,016.74	120.51%	Part of the raw material has more supply, needs to order with account paid in advance
Inventory	73,257,926.90	42,771,061.45	71.28%	Prepare goods for the production and sales for peak season
Short-term loans	180,210,718.62	109,694,640.00	64.28%	Short-term trade finance facilities increased in order to reduce the capital cost
Account payable	26,314,309.05	48,952,915.87	-46.25%	Account paid in advance for procurement of raw materials increased
Account received in advance	1,435,814.41	764,493.92	87.81%	Account paid in advance from clients
Wages payable	3,193,791.66	4,609,188.91	-30.71%	Employees' salary paid
Taxes payable	11,276,689.91	16,502,523.22	-31.67%	Income tax in this period declined
Item	Amount at this period	Amount of last period	Ratio	Reasons of changes
Assets impairment losses	0	1,209,844.95	-100.00%	No new assets impairment in this period
Operation profit	588,537.24	6,234,328.26	-90.56%	Income from property rental decreased
Non-operation income	570,420.31	18,971.59	2906.71%	Income from waste disposal
Total profit	1,134,616.21	6,253,279.85	-81.86%	Income from property rental decreased
Income tax	316,369.20	1,524,447.05	-79.25%	Profit declined than the income tax decreased correspondingly
Cash received from sales of goods and labor service providing	98,409,713.17	181,805,841.22	-45.87%	Due to the decrease of operation income
Taxes return received	0	4,573,164.35	-100.00%	No export rebates occurred in this period
Cash paid for procurement of goods and labor service receiving	137,598,899.95	242,631,332.16	-43.29%	Procurement of raw materials decreased over same period of last year
Taxes paid	3,047,232.17	1,853,723.56	64.38%	Conscience money for property tax, land use right tax and income tax

Cash paid for purchasing fixed assets, intangible assets and other long-term assets	1,736,681.20	457,566.69	279.55%	Purchased production equipment for injection molding business
Cash received from loans	85,847,355.46	124,421,788.40	-31.00%	Less loans over same period of last year
Cash paid for debt settling	44,791,034.20	83,505,724.65	-46.36%	Less repayment over same period of last year
Effect on cash and cash equivalent from changes of exchange rate	-978,113.21	-74,570.61	1211.66%	Changes of exchange rate

II. Analysis and explanation of significant events and their influence and solutions

The self-owned property, 1/F to 3/F property of Huafa Building was re-planning layout due to the rental contract expired in third quarterly of 2012, and property still in decoration and stage of attract tenants and business since September 2012; part of the shops are open in succession but the works of attracting tenants and business for whole sites still in process; approximately RMB 3 million decreased for income of property rental for 1st quarter of 2013 due to the adjustment gap period, and to some extent, affects the operation performance for year of 2013; the Company has published the "Risk Reminder Notice" dated 30 January 213 for the above event. Presently, the Company make pointed references to adjusted the strategy of attract business, attempt to introduce main business match the surrounding electronic circle and life supporting, expected to have a favorable interaction with other commercial tenant, making up the rent losses as soon as possible.

III. Commitments make within the report period or persisted to the period by the Company or shareholder with over 5 percent shares held

Item of Commitments	Promisee	Content of commitments	Date	Term	Implementation
Commitments for Share Merger Reform	Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Promised that the holding non-circulating shares of the Company won't be traded on the market within 36 months since they acquired listed trading right.	2006-10-20	36 months in total from 18 May 2007 to 17 May 2010	The commitment has been implemented on May 18, 2010; Till end of recently, Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. applied no release procedures on restricted shares to Shenzhen Stock Exchange due to the 116,489,894 shares of the Company held in mortgaged status.
Commitments made in acquisition report or equity change report	Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Within one year after ownership transfer for equity purchased: 1. Related assets of injection business in-put to the Company; 2. 70 percent equity of Wuhan Hengsheng Photoelectricity Industry Co., Ltd. held in-put to the Company.	2007-03-29	2007 - 4 - 12 to 2008 - 4 - 11	1. On Jun. 5, 2008, with examination and approval from the 3 rd temporary meeting of the Board for 2008, the Company took cash RMB 27 million buying relevant assets concerning production of injection products from Wuhan Zhongheng Group, and thus the commitment had been finished; 2. In early of May, 2008, the Company officially started off the significant asset

					restructures work of purchasing the 70% equities of Wuhan Hengsheng Photoelectricity Industry Co., Ltd.; engaged financial consultant and law consultant to carry out earnest investigation on the restructure assets that may be involved, and negotiated with relevant departments which were in charge of this. However, due to that relevant condition was not mature, there were obstacles in material asset restructure.
Commitments in assets reorganization	N/A				
Commitments in initial public offering or refinancing	N/A				
Other commitments to minority shareholders of the Company	N/A				
Completed on time or not	No				
Detail reasons for un-complement and further plan	"Found more in "Implementation"				
Whether made a promise to horizontal competition and related transactions that resulted or not	No				
Solution term promised	N/A				
Solution way	N/A				
Complementation	N/A				

IV. Registration form for receiving research, communication and interview in the report period

Date	Place	Method	Type	Reception object	Contents discussed and materials supplied
From Jan. to Mar. 2013	Headquarters in Shenzhen	Telephone communication	Individual	Individual investor	Operation condition and assets status of the Company and progress of urban renewal projects ect.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by Shenzhen Zhongheng Huafa Co., Ltd

Unit: RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	61,643,871.99	112,834,841.39
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	41,726,691.96	43,000,217.81
Accounts receivable	195,997,975.62	161,782,907.79
Accounts paid in advance	31,241,359.31	14,168,016.74
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	14,142,337.92	11,613,343.77
Purchase restituted finance asset		
Inventories	73,257,926.90	42,771,061.45
Non-current asset due within one year		
Other current assets		
Total current assets	418,010,163.70	386,170,388.95
Non-current assets:		
Granted loans and advances		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		

Long-term equity investment		
Investment property	33,470,488.63	33,784,177.90
Fixed assets	200,192,721.47	202,743,248.34
Construction in progress	2,556,437.08	2,043,356.00
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	50,280,519.47	50,538,067.80
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	595,299.95	806,724.98
Deferred income tax asset	7,608,968.76	7,608,968.76
Other non-current asset		
Total non-current asset	294,704,435.36	297,524,543.78
Total assets	712,714,599.06	683,694,932.73
Current liabilities:		
Short-term loans	180,210,718.62	109,694,640.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	27,696,606.87	34,511,327.39
Accounts payable	26,314,309.05	48,952,915.87
Accounts received in advance	1,435,814.41	764,493.92
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	3,193,791.66	4,609,188.91
Taxes payable	11,276,689.91	16,502,523.22
Interest payable		
Dividend payable		
Other accounts payable	16,738,956.52	23,330,378.41

Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	266,866,887.04	238,365,467.72
Non-current liabilities:		
Long-term loans	163,418,800.00	163,718,800.00
Bonds payable		
Long-term account payable		
Special accounts payable		
Projected liabilities	1,429,614.10	1,429,614.10
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	164,848,414.10	165,148,414.10
Total liabilities	431,715,301.14	403,513,881.82
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	283,161,227.00	283,161,227.00
Capital public reserve	109,496,837.33	109,496,837.33
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-189,050,359.66	-189,868,606.67
Balance difference of foreign currency translation		
Total owner's equity attributable to parent company	280,999,297.92	280,181,050.91
Minority interests		
Total owner's equity (or shareholders' equity)	280,999,297.92	280,181,050.91
Total liabilities and owner's equity(or shareholders' equity)	712,714,599.06	683,694,932.73

Legal representative: Li Zhongqiu

Person in charge of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

2. Balance sheet of parent company

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

Unit: RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	10,047,683.16	10,555,114.25
Transaction finance asset		
Notes receivable	139,935.89	1,790,000.00
Accounts receivable	45,131,007.87	45,179,657.87
Accounts paid in advance	3,776,103.62	3,576,103.62
Interest receivable		
Dividend receivable		
Other receivables	73,648,314.08	64,735,528.50
Inventories	14,806.50	14,806.50
Non-current asset due within one year		
Other current assets		
Total current assets	132,757,851.12	125,851,210.74
Non-current assets:		
Finance asset available for sales		
Held-to-maturity securities		
Long-term account receivable		
Long-term equity investment	184,708,900.00	184,708,900.00
Investment property	33,470,488.63	33,784,177.90
Fixed assets	107,357,981.76	108,512,126.65
Construction in progress	2,043,356.00	2,043,356.00
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	5,532,092.85	5,568,329.28
Expense on Research and Development		

Goodwill		
Long-term expenses to be apportioned	504,733.31	710,933.33
Deferred income tax asset	8,137,647.85	8,137,647.85
Other non-current asset		
Total non-current asset	341,755,200.40	343,465,471.01
Total assets	474,513,051.52	469,316,681.75
Current liabilities:		
Short-term loans	227,500.00	250,000.00
Transaction financial liabilities		
Notes payable		
Accounts payable	11,627,697.44	11,719,031.31
Accounts received in advance	986,549.41	332,823.92
Wage payable	667,119.57	667,119.57
Taxes payable	12,072,814.95	11,766,728.78
Interest payable		
Dividend payable		
Other accounts payable	15,225,615.22	11,143,036.79
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	40,807,296.59	35,878,740.37
Non-current liabilities:		
Long-term loans	163,418,800.00	163,718,800.00
Bonds payable		
Long-term account payable		
Special accounts payable		
Projected liabilities	1,429,614.10	1,429,614.10
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	164,848,414.10	165,148,414.10
Total liabilities	205,655,710.69	201,027,154.47
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	283,161,227.00	283,161,227.00

Capital public reserve	109,496,837.33	109,496,837.33
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-201,192,316.75	-201,760,130.30
Balance difference of foreign currency translation		
Total owner's equity(or shareholders' equity)	268,857,340.83	268,289,527.28
Total liabilities and owner's equity(or shareholders' equity)	474,513,051.52	469,316,681.75

Legal representative: Li Zhongqiu

Person in charge of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

3. Consolidated Profit Statement

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

Unit: RMB

Items	Amount at this period	Amount at last period
I. Total operating income	154,372,188.50	214,990,907.87
Including: Operating income	154,372,188.50	214,990,907.87
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	153,783,651.26	208,756,579.61
Including: Operating cost	134,382,466.54	188,935,971.87
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	664,519.22	838,415.68

Sales expenses	2,238,764.11	1,748,619.61
Administration expenses	10,947,611.34	10,859,762.08
Financial expenses	5,550,290.05	5,163,965.42
Losses of devaluation of asset		1,209,844.95
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	588,537.24	6,234,328.26
Add: Non-operating income	570,420.31	18,971.59
Less: Non-operating expense	24,341.34	20.00
Including: Disposal loss of non-current asset		
IV. Total Profit (Loss is listed with “-”)	1,134,616.21	6,253,279.85
Less: Income tax	316,369.20	1,524,447.05
V. Net profit (Net loss is listed with “-”)	818,247.01	4,728,832.80
Including: Net profit achieved by the merged party before the merger		
Net profit attributable to owner’s equity of parent company	818,247.01	4,728,832.80
Minority shareholders’ gains and losses		
VI. Earnings per share	--	--
i. Basic earnings per share	0.0029	0.0167
ii. Diluted earnings per share	0.0029	0.0167
VII. Other consolidated income		
VIII. Total consolidated income	818,247.01	4,728,832.80
Total consolidated income attributable to owners of parent company	818,247.01	4,728,832.80
Total consolidated income attributable to minority shareholders		

Legal representative: Li Zhongqiu

Person in charge of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

4. Profit statement of parent company

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

Unit: RMB

Items	Amount at this period	Amount at last period
I. Operating income	9,290,642.73	12,437,637.38
Less: Operating income	1,213,259.76	1,950,845.21
Operating tax and extras	649,908.59	808,754.72
Sales expenses		
Administration expenses	5,310,912.12	5,177,251.62
Financial expenses	1,378,451.52	3,021,998.84
Losses of devaluation of asset		1,209,844.95
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")		
Including: Investment income on affiliated company and joint venture		
II. Operating profit (Loss is listed with "-")	738,110.74	268,942.04
Add: Non-operating income	18,974.00	12,339.00
Less: Non-operating expense		20.00
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with "-")	757,084.74	281,261.04
Less: Income tax	189,271.19	70,320.26
IV. Net profit (Net loss is listed with "-")	567,813.55	210,940.78
V. Earnings per share	--	--
i. Basic earnings per share	0.002	0.0007
ii. Diluted earnings per share	0.002	0.0007
VI. Other consolidated income		
VII. Total consolidated income	567,813.55	210,940.78

Legal representative: Li Zhongqiu

Person in charger of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

5. Consolidated cash flow statement

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

Unit: RMB

Items	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	98,409,713.17	181,805,841.22
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		4,573,164.35
Other cash received concerning operating activities	5,680,914.86	7,445,859.45
Subtotal of cash inflow arising from operating activities	104,090,628.03	193,824,865.02
Cash paid for purchasing commodities and receiving labor service	137,598,899.95	242,631,332.16
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		

Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	12,732,300.18	12,426,383.59
Taxes paid	3,047,232.17	1,853,723.56
Other cash paid concerning operating activities	21,724,089.21	27,073,521.53
Subtotal of cash outflow arising from operating activities	175,102,521.51	283,984,960.84
Net cash flows arising from operating activities	-71,011,893.48	-90,160,095.82
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	1,736,681.20	457,566.69
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,736,681.20	457,566.69
Net cash flows arising from investing activities	-1,736,681.20	-457,566.69
III. Cash flows arising from financing activities		
Cash received from absorbing		

investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	85,847,355.46	124,421,788.40
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	85,847,355.46	124,421,788.40
Cash paid for settling debts	44,791,034.20	83,505,724.65
Cash paid for dividend and profit distributing or interest paying	5,856,935.51	4,923,449.09
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	50,647,969.71	88,429,173.74
Net cash flows arising from financing activities	35,199,385.75	35,992,614.66
IV. Influence on cash due to fluctuation in exchange rate	-978,113.21	-74,570.61
V. Net increase of cash and cash equivalents	-38,527,302.14	-54,699,618.46
Add: Balance of cash and cash equivalents at the period -begin	100,248,503.42	
VI. Balance of cash and cash equivalents at the period -end	61,721,201.28	-54,699,618.46

Legal representative: Li Zhongqiu

Person in charge of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

6. Cash flow statement of parent company

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

Unit: RMB

Items	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	7,535,732.33	9,763,542.25

Write-back of tax received		
Other cash received concerning operating activities	12,270,914.86	5,583,804.31
Subtotal of cash inflow arising from operating activities	19,806,647.19	15,347,346.56
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	1,216,260.84	1,580,385.10
Taxes paid	1,587,054.19	1,669,741.65
Other cash paid concerning operating activities	13,724,089.21	5,662,476.76
Subtotal of cash outflow arising from operating activities	16,527,404.24	8,912,603.51
Net cash flows arising from operating activities	3,279,242.95	6,434,743.05
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	277,629.50	7,450.00
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	277,629.50	7,450.00
Net cash flows arising from investing activities	-277,629.50	-7,450.00

III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash outflow from financing activities		
Cash paid for settling debts	322,500.00	6,115,200.00
Cash paid for dividend and profit distributing or interest paying	3,185,424.40	3,073,346.60
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	3,507,924.40	9,188,546.60
Net cash flows arising from financing activities	-3,507,924.40	-9,188,546.60
IV. Influence on cash due to fluctuation in exchange rate	-1,120.14	496.24
V. Net increase of cash and cash equivalents	-507,431.09	-2,760,757.31
Add: Balance of cash and cash equivalents at the period -begin	10,555,114.25	
VI. Balance of cash and cash equivalents at the period -end	10,047,683.16	-2,760,757.31

Legal representative: Li Zhongqiu

Person in charge of accounting works: Jiang Yanjun

Person in charge of accounting organ: Wu Ai'jie

II. Audit report

Whether the 1st quarterly report has been audited or not

Yes No

Board of Directors of
Shenzhen Zhongheng Huafa Co., Ltd.

April 24, 2013