

Stock Code: 000020 200020
Short Form of the Stock: SHEN HUAFA-A, SHEN HUAFA- B

Public Notice No.: 2016-21

Shenzhen Zhongheng Huafa Co., Ltd. Summary of Annual Report 2015

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Name	Position	Content and reason
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Statement

Prompt of non-standard audit opinion

Applicable Inapplicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

Applicable Inapplicable

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Inapplicable

Company Profile

Short form of the stock	SHEN HUAFA-A, SHEN HUAFA- B	Stock code	000020 200020
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Yang Bin	Niu Yuxiang	
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Fax.	0755-86360206	0755-86360206	
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II. Main business or product introduction in the reporting period

After years of development, the company has gradually formed two main businesses in industry and property management. Among them, the industrial business mainly includes injection molding, foam pieces (light-weight packaging materials), and complete machine production and sales of liquid crystal display, property management business is mainly the lease of its own property.

The company's industrial business mainly provides auxiliary products and services for the home appliance industry. With the acceleration of new urbanization process in China and upgrading and updating of household appliance consumption, the home appliance industry will continue to maintain a relatively fast growth; the development of home appliances and other downstream industries provides broad markets for the upstream auxiliary products. By virtue of years of industry resources and technology accumulation, the company conforms to the market demand and optimizes the product structure and performance, and the company's products and

services have accepted by the downstream manufacturers such as Gree, Haier, TCL, etc. and possess certain competitiveness in the industry. But it also should be noted that the current injection molding, foam pieces and liquid crystal display business are facing fierce market competition and cost pressures, the company's profitability in industrial business is weaker than expectation, the company needs to further enhance the level of research and development, develop new products, expand downstream channels and cultivate its own brand so as to further enhance the profitability in industrial business. The transformation and upgrading of industrial business requires a lot of financial supports.

On the other hand, the transformation and upgrading and profitability of industrial business are weaker than expectation in recent years, under this circumstance, the company has actively developed the property management business, liquidized the remnant assets, and carried out the decoration and investment promotion of its own property Huafa Building, the property management business has made good profits for the company and became an important strategic business of the company. In order to enhance the profitability, the company intends to further strengthen the professionalism of the company's property business, explore diversified property management model, and timely expand the scale of property lease.

III. Main accounting data and financial indexes

1. Main accounting data and financial indexes for recently three years

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

In RMB

	2015	2014	Changes over last year	2013
Operating income	499,455,781.11	694,839,760.10	-28.12%	626,821,044.64
Net profit attributable to shareholders of the listed company	-6,731,513.11	7,687,620.27	-187.56%	-6,517,401.44
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-31,741,774.80	2,322,082.33	-1,466.95%	-5,934,309.10
Net cash flow arising from operating activities	173,486,015.99	119,492,159.01	45.19%	-69,353,440.38
Basic earnings per share (RMB/Share)	-0.0238	0.0271	-187.82%	-0.0230
Diluted earnings per share (RMB/Share)	-0.0238	0.0271	-187.82%	-0.0230
Weighted average ROE	-2.27%	2.77%	-5.04%	-2.35%
	End of 2015	End of 2014	Changes over end of last year	End of 2013
Total assets	1,155,089,236.67	1,162,740,984.93	-0.66%	731,348,499.86
Net assets attributable to shareholder of listed company	311,406,562.20	281,351,269.74	10.68%	273,663,649.47

2. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	117,513,081.51	131,221,548.35	140,688,910.96	110,032,240.29
Net profit attributable to shareholders of the listed company	511,851.85	13,665,459.18	5,817,241.98	-26,726,066.12
Net profit attributable to shareholders of the listed company after deducting non-recurring gains	174,494.55	-8,415,206.76	-16,478,039.21	-7,023,023.38

and losses				
Net cash flow arising from operating activities	-2,165,279.32	19,193,873.05	31,031,444.53	125,425,977.73

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

IV. Shares and shareholders

1. Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	36,044	Total common stock shareholders at end of last month before annual report disclosed	36,061	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0
Top ten shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen		
					State of share	Amount	
WUHAN ZHONGHENG GROUP	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.	Overseas legal person	5.85%	16,569,560	0	Pledged	0	
					Frozen	0	
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.91%	13,900,000	0	Pledged	0	
					Frozen	0	
CHANGJIANG securities BROKERAGE (HONGKONG) Co., Ltd.	Overseas legal person	1.04%	2,942,449	0	Pledged	0	
					Frozen	0	
Xu Dongdong	Domestic nature person	0.60%	1,690,307	0	Pledged	0	
					Frozen	0	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.33%	934,974	0	Pledged	0	
					Frozen	0	
BINGHUA LIU	Overseas nature person	0.30%	839,013	0	Pledged	0	
					Frozen	0	
Wang Jianxin	Domestic nature person	0.23%	660,000	0	Pledged	0	
					Frozen	0	
SHENWAN HONGYUANG SECURITIES(HONGKONG) CO., LTD.	Overseas legal person	0.22%	633,888	0	Pledged	0	
					Frozen	0	

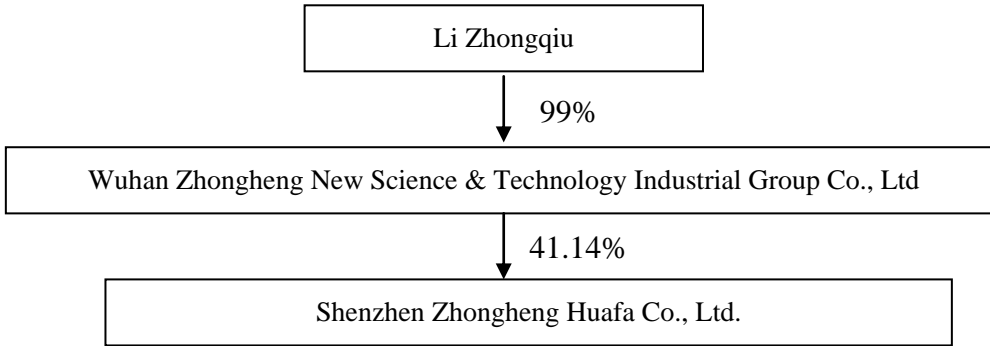
Zhu Ming	Domestic nature person	0.22%	611,348	0	Pledged	0
					Frozen	0
Explanation on associated relationship among the aforesaid shareholders		Among the top ten shareholders, Wuhan Zhongheng Group neither bears associated relationship with other shareholders, nor belongs to the consistent actor that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. The Company neither knew whether there exists associated relationship among the 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.				
Explanation on involving margin business (if applicable)		N/A				

2. Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Inapplicable

The Company had no shareholders with preferred stock held in the reporting.

3. Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



V. Discussion and analysis by the Management Team

1. Introduction of operation in the reporting period

In 2015, the company has achieved operating income of 499,455,800 yuan, a decrease of 28.12% compared with the same period of last year; operating profits of 33,960,300 yuan, an increase of 615.48% compared with the same period of last year, net profits of 33,529,200 yuan, an increase of 336.14% compared with the same period of last year.

2. Whether the main business had major change in the reporting period

Yes No

3. About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

Applicable Inapplicable

In RMB

Name	Operating revenue	Operating profit	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Display	186,838,010.48	175,126,608.78	6.27%	-29.26%	-29.04%	-0.30%
Plastic injection hardware	192,872,402.89	177,046,690.61	8.21%	-30.01%	-29.35%	-0.86%
Foam	61,245,929.61	55,230,894.39	9.82%	-18.64%	-17.65%	-1.08%

4. Whether the characteristics of management seasonal or cyclical need special attention

Yes No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit

attributable to common stock shareholders of listed company or composing the previous reporting period

Applicable Inapplicable

Compared with the previous period, the investment income in the current period became an important part of the total net profit attributable to common shareholders of listed companies. The main investment income is shown as follows:

(1) Explanation on the Financing Income from T2 Class Trust Product for "CITICQianjing - Collective Trust Plan for Green Star City Investment Fund"

CITICQianjing - Collective Trust Plan for Green Star City Investment Fund (hereinafter referred to as "CITICQianjing Trust Plan") was founded on August 15, 2011, with a term of three (3) years. Once the trust term expires, if all or part of the trusted property has not been converted into capital, the beneficiary shall entrust, by carte blanche, the trustee to carry out disposal and realization of the trusted property, and the trust term may prolong for not more than one (1) year.

According to the contract agreement of T2 Class Trust Plan, the trustee, CITIC Trust LLC, will carry out investment in specific projects as agreed on in the "Trust Order Letter" issued by the trustor ZhonghengHuafa Co., LTD. and ZhonghengHuafa Co., LTD. will assume full responsibility and risks. The expected annual return of the T2 Class Trust Unit is 12%. If the trust plan appears risks in the operational process and cannot achieve the expected goal, such investment risks shall be undertaken by ZhonghengHuafa Co., LTD.

The dates for distributing trust income of the T2 Class Trust Unit above are March 20, June 20, September 20 and December 20; In addition, the T2 Class trusted property does not undertake the remuneration of fund managers, but trust remuneration, which is calculated based on the following formula: 0.5% of the principal of corresponding trust fund every time * Quantity of existence days of the current settlement period for trust unit / 360. The dates for paying fixed compensation are the same as those for distributing trust income.

ZhonghengHuafa Co., LTD. paid the subscription fund of RMB 50 million Yuan to CITIC Trust LLC. on December 26, 2014, and recovered the principal of RMB 50 million Yuan on September 8, 2015, and received a total of RMB 42,833,333.35 Yuan, respectively on March 20, 2015, September 7, 2015 and September 8, 2015 respectively, which was recognized as financing income.

(2) Explanation on Financing Income from Shenzhen Vanke Financial Consulting Co., LTD.

ZhonghengHuafa Co., LTD. paid RMB 50 million Yuan to Shenzhen Vanke Financial Consulting Co., LTD. (hereinafter referred to as "Vanke Consulting Company") on September 8, 2015, and recovered it on December 31, 2015, and also recognized RMB 19.2 million Yuan, received from Vanke Consulting Company on December 31, 2015, as financing income.

ZhonghengHuafa Co., LTD. and Shenzhen Vanke Financial Consulting Co., LTD. did not conclude a business contract hereto.

6. Particular about suspended and delisting

Applicable Inapplicable

VI. Relevant items involving financial report

1. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Inapplicable

No particulars about the changes in aspect of accounting policy, estimates or calculation method in Period.

2. Major accounting errors within reporting period that needs retrospective restatement

Applicable Inapplicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

3. Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Inapplicable

Compared with last year, the Company sold Yutian Henghua Company.

4. Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors and Supervisory Committee

Applicable Inapplicable

1、Opinions of the Board of Directors

On the basis of relevant information, based on the principle of strictness and cautiousness, ShineWing Certified Public Accountants (Special Ordinary Partnership) issued the report indicating inability to express audit opinion. The Board of Directors expressed the understanding hereto. The Report conforms to the *Auditing Standards of Certified Public Accountants of the People's Republic of China* and other relevant laws and regulations, and cautiously reflects the Company's financial situation. The Board of Directors will take effective measures to eliminate the influence of the abovementioned uncertainty on the Company as soon as possible.

2、Opinions of the Board of Supervisors

The report indicating inability to express audit opinion, issued by ShineWing Certified Public Accountants (Special Ordinary Partnership), fully reveals the Company's financial risks. We recognize the matters for which the Audit Report is unable to express opinions, and at the same time also agree on the special explanation made by the Board of Directors of the Company relating to these. We hope the Board of Directors and management to take effective measures as soon as possible, to eliminate and improve the content mentioned in the passages for those matters unable to express opinions and to safeguard the interests of the vast investors in a timely manner.

3、Opinions of the Independent Directors

The explanation made by the Board of Directors of the Company on the matters related to the audit opinions is objective and true, and in accordance with the Company's actual situation. Independent directors agree with the special explanation made by the Board of Directors of the Company on the matters related to the audit report indicating inability to express audit opinion issued by ShineWing Certified Public Accountants (Special Ordinary Partnership); Independent directors hope the Board of Directors and management to eliminate and improve the matters unable to express opinions in an active, effective and steady manner according to the relevant solutions set by the Board of Directors and management, timely perform the information disclosure according to clearing situation, and take necessary measures to make the Company maintain sustainable, stable and healthy development, and safeguard the interests of the company and the vast investors.