

GLAUCUS RESEARCH GROUP

格勞克斯研究

“Any man can make a mistake, but only an idiot persists in his error” - **Cicero**

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COMPANY: Fullshare Holdings Ltd. | HK: 0607
INDUSTRY: Property Development

Price (as of 4/24/2017):
HKD 2.86

Market Cap:
HKD 56.4 billion

Daily Volume:
47.7 million
shares (avg. 30 day)

Glaucus
Valuation:
HKD 0.55 (adj P/E) -
HKD 0.77 (adj P/B)



We believe that Fullshare Holdings Ltd. (HK: 0607) (“Fullshare” or the “Company”), a 2013 reverse merger, is one of the largest stock manipulation schemes trading on any exchange anywhere in the world. In our opinion, Fullshare resembles [Tech Pro Technology](#) (HK: 3823), [Huishan Dairy](#) (HK: 6863), and [Hanergy](#) (HK: 0566), schemes whose stock price collapsed in spectacular fashion.

In this report, we present independent evidence from intraday trading patterns indicating, in our opinion, that Fullshare’s share price has been manipulated. We believe that insiders have used the smokescreen of a rising stock price to secretly transfer some of the Company’s most valuable assets to the chairman and his family.

Fullshare is supposedly a commercial and residential property developer, but this business is tiny compared to its market capitalization. In FY 2016, Fullshare generated a paltry RMB 132 million in EBIT from continuing operations, meaning it currently trades at 431x recurring operating profits. This is a ludicrous valuation. Even if we ignore all evidence of corruption or embezzlement, Fullshare’s operating business is so insignificant that if we value Fullshare at the median multiple for HSCIPC companies (either on an adjusted P/E or adjusted P/B ratio), we would expect Fullshare’s stock price to decrease by 70-80%. However, given the evidence of multiple undisclosed related party acquisitions and dispositions, we believe that Fullshare’s management displays such a blatant disregard for shareholders and Hong Kong securities rules that the Company is simply uninvestible.

1. **Intraday Trading Patterns Indicate Stock Manipulation.** We analyzed intraday trading patterns and found that just like [Hanergy](#) and [Tech Pro](#), the inexplicable appreciation of Fullshare’s stock price is due to unusual gains posted in the final hour of trading.
 - a. **Fullshare’s Stock Price Rises Inexplicably in the Final Hour.** If an investor bought and held Fullshare’s stock from November 14, 2016, through April 21, 2017, it would have generated a **loss of -34%**. But if an investor bought Fullshare’s stock at the beginning of the last trading hour and sold at the close of the trading day (and reinvested the proceeds the next day in the same manner), **Fullshare’s stock would have returned an inexplicable 76% over that same period!** The difference between the returns in trading Fullshare’s stock with a last-hour trading strategy and a buy-and-hold strategy was **110%** over this period. This staggering difference is highly unusual when compared to other Hong Kong stocks, and in our opinion, strong evidence of manipulation.
 - b. **Manipulation of Zall’s Stock Artificially Inflates Fullshare’s Reported Income.** Fullshare’s operating business is immaterial. Rather, 108% of Fullshare’s FY 2016 net income was derived from unrealized gains due to the appreciation in the stock price of its 2015 investment in another Hong Kong listed company: Zall Group Ltd. (“[Zall](#)”) (HK: 2098). The year that Fullshare invested in Zall, Zall was a deeply troubled company: it was not in compliance with its debt covenants, its revenues declined 48% **and it was losing RMB 1.4 billion in cash from its operations.** Yet almost as soon as Fullshare purchased 8.2% of Zall and Zall received 4.8% of Fullshare, the stock prices of both companies began to mysteriously soar. An analysis of the intraday trading pattern of Zall’s stock also shows strong evidence of manipulation. If an investor bought and held Zall’s stock from November 14, 2016, through April 21, 2017, it would have generated a **loss of -9%**. But if the same investor bought Zall’s shares at the start of the last hour and sold at the close of the trading day (and reinvested the proceeds the next day in the same manner), **Zall’s stock would have returned a staggering 58% over that same period.** Such an unusual pattern of stock price appreciation in the final hour of trading not only suggests that Zall’s stock is being manipulated, but that the appreciation of Zall’s stock artificially inflates Fullshare’s reported income.

- c. **Poised to Crash.** Because of the significant cross-holdings between the two companies, the manipulation of Fullshare's and Zall's stocks has the perverse effect of enabling each company to recognize unrealized gains, which artificially inflates their respective net income, sending each company's stock higher still. As a result, both Fullshare's and Zall's share prices wildly exceed the value of their respective underlying businesses. Worryingly, Fullshare and Zall appear to have pledged their cross-holdings as collateral to take out short term loans. This creates a highly unstable situation where banks hold two absurdly overvalued stocks as collateral. If share prices fall, which inevitably they must, banks may be forced to sell the shares held as collateral to secure their loans. This will cause the share prices to fall further, prompting banks to sell more. In our opinion, this is the exact scenario which caused a sudden, dramatic collapse in the price of Tech Pro and Hanergy's shares.
2. **Secret Dispositions of Valuable Assets and Subsidiaries to Undisclosed Related Parties.** In our opinion, Fullshare has used to smokescreen of its rising stock price to transfer many of the Company's most valuable assets and subsidiaries to entities which are secretly owned by or connected to the chairman or his family.
- a. **Highest Profit-Margin Subsidiary Secretly Sold to Chairman's Brothers.** In June 2016, Fullshare [sold](#) Fullshare Green Building and its subsidiaries (together, the "[Green Energy Group](#)") to a supposedly independent third party, Jiasheng Construction Group Co Ltd ("[JCC](#)"), for a total consideration of RMB 240 million. Fullshare Green Building was the Company's only material subsidiary in its Green Building Services segment, which boasted a 44% profit margin and accounted for **63% of Fullshare's FY 2015 operating profits**. Fullshare said that JCC was an independent third party, yet SAIC filings reveal that Fullshare's chairman's brothers were major shareholders of the buyer. In sum, we believe that Fullshare sold its only material subsidiary in its highest profit-margin segment to an undisclosed related party at a significantly discounted price. In our opinion, this transaction represents a brazen violation of shareholder rights and (we presume) Hong Kong securities laws. This alone justifies a significant regulatory investigation and renders Fullshare simply uninvestible.
- b. **Property Development Business Too.** On November 27, 2015, Fullshare sold a property development and a parcel of land to a supposedly independent third party, Nanjing Dongzhou, for RMB 524 million. SAIC filings reveal that prior to the transaction, the buyer's parent company (Nanjing Yuanqing) secretly pledged all of Nanjing Dongzhou's equity to Jiasheng Property Development Company Limited ("[JPD](#)"), an entity owned in part by Fullshare's chairman, in exchange for a RMB 152.6 million loan. This loan was sufficient to make the initial payment on the acquisition. Put simply, SAIC filings reveal that an **entity owned in part by the chairman secretly financed the acquisition of a property development and land from Fullshare**. SAIC filings also reveal that immediately prior to the transaction, Nanjing Chuang Su Investment ("[Nanjing Sue](#)"), another entity which we believe is secretly connected to or controlled by the chairman, acquired control of the buyer's parent company. We therefore infer that Fullshare's chairman was the ultimate beneficiary of the transaction, but routed it through a complicated web of interconnected entities to mask his role in the transaction.
- c. **Chairman's Brother Secretly Financed Another Disposition.** In June 2015, Fullshare sold its subsidiary, Jiangsu Fullshare Property Ltd ("[Jiangsu Fullshare](#)"), for RMB 467 million. The Company claimed that the buyer was an independent third party. However, SAIC filings show that prior to the acquisition, Fullshare's chairman's brother lent the buyer 81% of the cash necessary to acquire Jiangsu Fullshare from the Company. Given that Fullshare failed to disclose this secret related party involvement, and that the chairman's brother appears to have financed the transaction, we infer that the chairman or his family were the ultimate beneficiaries of the deal. In our view, this is yet another example of assets being secretly looted by the chairman or his family to the detriment of shareholders.
- d. **Marine Business Also Secretly Sold to JCC.** In December 2016, Fullshare acquired 74% of China High Speed Transmission Equipment Group Co., Ltd ("[CHS](#)"), listed on the Hong Kong Stock Exchange under the ticker (HK: 0658), for a total consideration of RMB 10.9 billion. Consideration was paid in Fullshare's stock. Three months later, CHS sold its marine equipment business for RMB 607 million. Fullshare **did not reveal the identity of the buyer, but claimed that it was an "independent third party."** However, SAIC filings revealed that the buyer was JCC. This was the same related party to which Fullshare sold its highest profit-margin business, the Green Energy Group, in June 2016. The chairman and his brothers were longtime employees and shareholders of JCC. The chairman's private conglomerate not only discloses a long-term partnership with JCC, but also guarantees JCC's bank loans. In our opinion, the evidence indicates that this was another example of insiders secretly selling assets and businesses from the publicly listed vehicle to entities controlled by or connected to the chairman or his family.

- e. **Singapore Sling.** In December 2016, Fullshare sold its 51% equity interest in a Singapore joint venture, Fudaksu Pte. Ltd. and its subsidiaries (the “Fudaksu JV”), to Chinafair Investment Limited (“Chinafair”), for cash consideration of RMB 120 million. As usual, Fullshare claimed that the buyer was an independent third party. The evidence suggests otherwise. Chinafair’s directors serve as the general manager, executive director and board supervisor of Nanjing Saiteng, which according to Fullshare Trade’s website, is a subsidiary of Nanjing Fullshare Industrial Holding Group Co. Limited, the chairman’s privately owned conglomerate (“Fullshare Private”). Furthermore, Chinafair’s directors are also the shareholder, legal representative, chairman, director, and general manager of Fullshare Leisure Agricultural, a company which represents to job applicants that it is also subsidiary of Fullshare Private. Very little information is disclosed regarding the assets or business that were sold, but given that Fullshare concealed the related party nature of the disposition, we suspect that the transaction was at a price highly dilutive to the Company’s shareholders.
3. **Undisclosed Related Party Acquisitions.** We have also uncovered instances where Fullshare acquired businesses or assets from parties secretly connected to or controlled by its chairman or his family. Like undisclosed related party dispositions, we believe that these undisclosed related party acquisitions signify a complete disregard for shareholder rights and Hong Kong securities laws and call into question the value of the acquired assets.
- a. **Tianyun Hustle.** In October 2014, Fullshare bought 80% of Nanjing Tianyun for RMB 500 million, supposedly from an independent third party named Tonglu. Yet according to SAIC filings, Tonglu was only incorporated three months before the transaction. Shortly after it was formed, Tonglu acquired Nanjing Tianyun from an entity owned by Fullshare’s chairman’s brother. Fullshare claimed to have acquired Nanjing Tianyun at a major discount, and recognized RMB 238 million as a non-cash “gain on bargain purchase” in its FY 2014 financial statements. Such gains would, even under normal circumstances, look dubious. Why would a seller transfer an entity to Fullshare at below its market value? But in this case, such gains are even more suspect, because records show that the chairman’s brother owned Nanjing Tianyun before selling it to the Company through a newly-formed shell entity. Are investors really supposed to believe that the chairman’s family sold an asset to the public Company at a price significantly below its market value? We think not.
- b. **Zhonghe Hustle.** In September 2016, Fullshare bought 35% of Nanjing Jiansheng from a claimed independent third party, Nanjing Zhonghe, for RMB 17.5 million. Yet SAIC filings show that the chairman’s brother was a shareholder and sole legal representative of Nanjing Zhonghe until July 2015. At that point, he transferred it to another entity, which we believe is also secretly connected to the chairman and his family. We think the evidence clearly indicates that the chairman or his family secretly sold the asset to the public company. In our view, the fact that Fullshare concealed such connections suggests that shareholders were ripped off.

Valuation. In this report, we present intraday trading data which indicates, in our opinion, that both Fullshare’s and Zall’s share prices are being manipulated upwards in the final hour of trading. Because of the significant cross-holdings between the two companies, such manipulation has the perverse effect of creating significant unrealized non-cash gains from the appreciation of their respective stock prices. In FY 2016, gains from the appreciation of Zall’s stock accounted for a staggering 108% of Fullshare’s net income. Such gains, by artificially inflating net income, in turn artificially inflate each company’s respective stock price.

In our view, this perverse cycle has caused the stock price of Zall and Fullshare to soar. Evidence suggests that both companies then pledged their respective cross-shareholdings to take out short term loans. This creates a highly unstable situation where banks hold two absurdly overvalued stocks as collateral. If share prices fall, which inevitably they must, banks could be forced to sell the shares held as collateral to secure their loans. This will cause the share prices to fall further, prompting banks to sell more. In our opinion, this is the exact scenario which caused a sudden, dramatic decrease in the price of Tech Pro’s, Huishan Dairy’s and Hanergy’s respective shares.

In this report, we also present evidence that Fullshare has used to smokescreen of its rising stock price to transfer many of the Company’s most profitable assets to entities which are secretly owned by or connected to the chairman or his family. In our years of examining Hong Kong stocks, we have never seen as many undisclosed related party transactions as we have discovered with Fullshare. Such transactions evince a complete disregard for Hong Kong securities laws and shareholder rights and render Fullshare’s stock simply uninvestible.

Fullshare is so overvalued that even if we ignore any evidence of corruption, we would expect a 76% downside in Fullshare’s stock price. Investors do not typically give credit for non-recurring, one-time gains, especially if they occur outside of the

core business. If we adjust Fullshare's income statement to remove such gains, we calculate that the Company's earnings from its continuing operations were only RMB 303 million in FY 2016.

As a basis of comparison, Fullshare is included in the Hang Seng Composite Properties and Construction Index ("HSCIPC") along with 105 other Hong Kong listed companies. The median Hong Kong company in the HSCIPC trades at a multiple of 11.8x price to trailing twelve months earnings from continuing operations. If Fullshare simply traded at the same multiple for TTM earnings from continuing operations as the median company in the HSCIPC, it would imply a share price of HKD 0.21 per share.

Nor does the inclusion of any recent acquisitions make Fullshare's share price look any more appropriate. If we give full credit to Fullshare's 74% investment in CHS, at CHS's current market capitalization, it adds only HKD 0.47 per share to Fullshare's valuation.

Accordingly, even including the value of CHS, if Fullshare traded at the median multiple of earnings for other HSCIPC companies, Fullshare's stock would be worth only HKD 0.68 per share, implying an 76% downside in the Company's stock.

Measured on a price to book ratio, Fullshare's shares appear similarly overvalued. We calculate that on an adjusted basis, if Fullshare simply traded at the HSCIPC median, it would be valued at HKD 0.97 per share, a 66% downside from its current price.¹

But of course, we think that Fullshare should trade far below an index median, given the evidence presented in this report of ubiquitous undisclosed related party dealings and the unusual intraday trading pattern of its stock. Applying a 20% corruption discount yields a Glaucus valuation of HKD 0.55 per share (on an adjusted P/E multiple) or HKD 0.77 (on an adjusted P/B multiple).

GRG Valuation		
<i>HK\$</i>	P/E	P/B
Fullshare Share Price	2.88	2.88
GRG Valuation	0.68	0.97
Corruption Discount	20%	20%
GRG Value Per Share	0.55	0.77
% Downside	-81%	-73%

Source: Company Filings, Bloomberg, Glaucus Calculation

Note: Both valuation methodologies give full credit to Fullshare's interest in CHS.

Ultimately, in this report, we present evidence that the Company's stock is manipulated and that its chairman and his family have engaged in a number of undisclosed related party transactions to loot the Company's best businesses. Such behavior by the Company's inner circle is so reprehensible and untrustworthy that we believe that Fullshare is simply uninvestible.

¹ Refer to the valuation section at the end of this report for a more detailed explanation of the adjustments we made to calculate the value of Fullshare's stock. Glaucus calculations are based on the price of Fullshare's stock at the close of trading on Friday April 21, 2017, of HKD 2.88 per share.

INTRADAY TRADING PATTERNS INDICATE STOCK MANIPULATION

Fullshare Holdings Ltd (“Fullshare” or the “Company”)’s operating business went public in December 2013 via a reverse merger on the Hong Kong Stock Exchange. Since then, Fullshare’s market capitalization has grown at a 541% CAGR from HKD 287 million to a high of HKD 76 billion in 3 years! Despite a **264x** increase in market capitalization since the reverse merger, Fullshare’s cash flows from its recurring operations (before working capital adjustments) has increased a paltry 28%.²

Fullshare went from losing over RMB 1.1 billion in 2014, to generating RMB 3.1 billion in net income in 2016, which on paper appears to be an impressive trajectory. Yet dig deeper and such reported profits are not generated from any operating business or recurring source of revenues, but derived primarily from unrealized non-cash gains from the appreciation of an investment in another public company: Zall Group Ltd. (HK: 2098) (“Zall”).

In April 2015, Zall issued HKD 781 million in stock to Fullshare’s chairman Ji. At the time, Zall was so heavily indebted that it was not in compliance under the debt covenants of a USD 100 million convertible bond issuance to Pacific Alliance Group. The proceeds from the issuance of stock to Fullshare’s chairman helped Zall pay off these bonds and presumably avoid a default on this debt.

In June 2015, Zall acquired a 4.8% equity interest in Fullshare for HKD 1.35 per share. In November 2015, Fullshare’s chairman Ji [sold](#) his stake in Zall (869 million shares, 8.2% of total shares outstanding) to Fullshare at a price of HKD 1.2 per share, for a total consideration of HKD 1.04 billion.

Far from being an attractive investment, Zall was and remains a deeply troubled company. The year of Fullshare’s investment, Zall lost RMB 1.4 billion in cash from its operations. From FY 2010 to FY 2016, Zall lost a total of RMB 6.5 billion in cash from operations.

Zall’s Cash Losses from Operations

<i>RMB mm</i>	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
CFO	357	(478)	(1,214)	(1,968)	(1,474)	(1,440)	(289)	(6,506)
CFI	(1)	(480)	(122)	(90)	162	248	(1,596)	(1,879)
Cash Burned	356	(958)	(1,335)	(2,058)	(1,312)	(1,192)	(1,885)	(8,385)

Source: Zall Annual Reports

Nor did Zall show any signs of improvement. The year that Fullshare invested, Zall’s revenue declined 48% and Zall was unable to generate enough EBITDA from its operating business to even cover its interest payments.

Zall’s Interest Payments to EBITDA Ratio

<i>RMB mm</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Interest Payment	20	63	162	361	543	352	621
EBITDA	295	1,544	863	326	676	(7)	88
% Interest Payment/EBITDA	7%	4%	19%	111%	80%	n/a	703%

Source: Zall Annual Reports

Note: EBITDA=Profit from operations before changes in FV of investment properties + Depreciation & Amortization – Other income

As one would expect from a deeply troubled company, Zall’s failure to generate profits or cash from operations resulted in non-compliance with the debt covenants on a substantial portion of its borrowings.

² Based on the FY 2016 cash flow statement.

At 31 December 2014, bank loans of the Group totalling RMB857,000,000 (2013: RMB1,662,670,000) were not in compliance with the imposed covenants. The directors of the Company are of the view that such bank loans are non-current liabilities at 31 December 2014 as the Group has obtained notices from the corresponding banks dated 31 December 2014, which confirmed that the subsidiaries would not be regarded as having breached the covenants and the banks would not demand early repayment from the subsidiaries.

At 31 December 2015, bank loans of the Group totalling RMB2,134,025,000 (2014: RMB857,000,000) were not in compliance with the imposed covenants. The directors of the Company are of the view that such bank loans are non-current liabilities at 31 December 2015 as the Group has obtained notices from the corresponding banks dated 31 December 2015, which confirmed that the subsidiaries would not be regarded as having breached the covenants and the banks would not demand early repayment from the subsidiaries.

At 31 December 2016, bank loans of the Group totalling RMB2,612,535,000 (2015: RMB2,134,025,000) were not in compliance with the imposed covenants. The Group has obtained notices from the corresponding banks, which confirmed that the subsidiaries would not be regarded as having breached the covenants and the banks would not demand early repayment from the subsidiaries.

Source: Zall Annual Reports, 2014, 2015, and 2016

Zall's Debt Not in Compliance with Covenants

<i>RMB mm</i>	FY2012	FY2013	FY2014	FY2015	FY2016
Loans not in compliance with covenants	330	1,663	857	2,134	2,613

Source: Zall Annual Reports

In 2015, Zall's revenues fell by 48%, its continuing operations resulted in huge cash losses, and Zall was unable (and remains unable) to generate sufficient EBITDA from its operating business to service its debts.

Zall's Revenue Decline

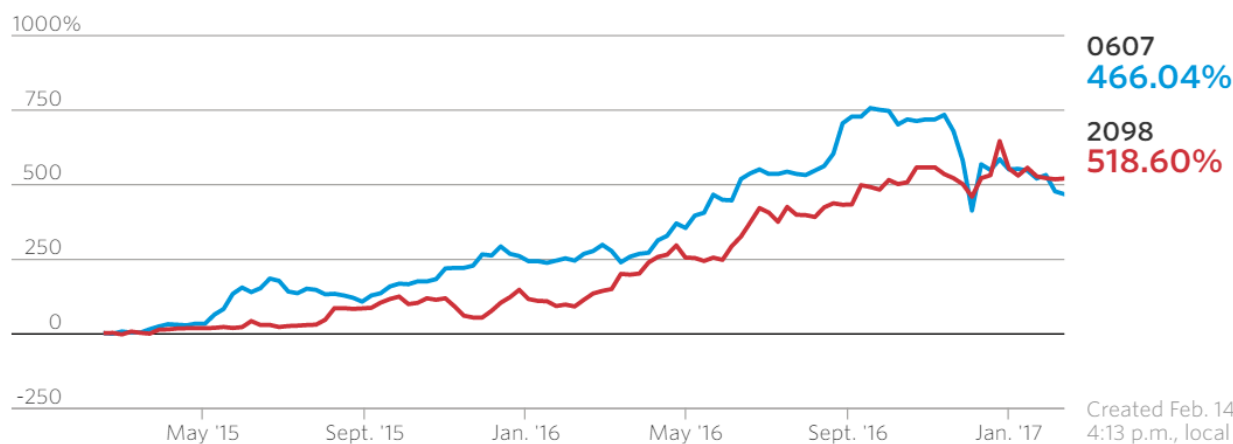
<i>RMB mm</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenue	770	2,454	1,490	1,581	1,986	1,029	1,213
<i>Revenue Growth Rate</i>		219%	-39%	6%	26%	-48%	18%

Source: Zall Annual Reports

Zall was not in compliance with its debt covenants, and presumably the only reason it was not thrown into bankruptcy was that its creditors waived the default. It was at this time that Fullshare acquired 8.2% of Zall.

Since then, share prices of both Zall's and Fullshare's stocks have mysteriously surged, despite little justification for such appreciation from their underlying businesses. The share prices of Fullshare and Zall jumped 466% and 519%, respectively, in the last two years.

Share price performance of Fullshare (0607) and Zall Group (2098)



Source: WSJ Market Data Group

Source: ³<https://www.wsj.com/articles/another-10-billion-hong-kong-stock-market-mystery-1474871462>

Some might counter that both stocks have appreciated in price due to increased profitability. However, these profits are predominantly non-cash gains from the appreciation of each other's stock price. **In FY 2016, unrealized gains from Fullshare's investment in Zall represented 108% of Fullshare's net income.**

Fullshare's Gains from Appreciation of Zall's Shares

RMB'000	2014	2015	2016
Fair value change gain on Zall shares	-	620,676	3,276,615
Net income	(1,064,743)	1,219,922	3,033,005
Gains from Zall shares as % of net income	-	51%	108%

Source: Fullshare 2015 and 2016 Annual Reports

Similarly, Zall has booked non-cash gains from the price appreciation of Fullshare's stock. In 2016, Zall booked over RMB 1.1 billion in unrealized non-cash gains from its 680 million share investment in Fullshare's stock, accounting for 54% of Zall's total net income last year.

Zall's Gains from Appreciation of Fullshare's Shares

RMB'000	2014	2015	2016
Fair value change gain on Fullshare shares	-	348,358	1,120,304
Net income	1,610,724	2,046,988	2,056,571
Gains from Fullshare shares as % of net income	-	17%	54%

Source: Zall [2015](#) and [2016](#) Annual Reports

The appreciation of Fullshare's and Zall's respective stock prices is so detached from the fundamental value of their operating businesses, that in our opinion, the likely explanation for the surge in their stock prices is market manipulation.

Evidence of manipulation can be found in intraday trading patterns, particularly the appreciation of a company's stock in the last hour of trading. Gains throughout the trading day, over time, should be uniform. Yet market commentators such as the Wall Street Journal and the Financial Times have pointed out that other Hong Kong stocks which were likely stock manipulations, such as [Hanergy](#) and [Tech Pro](#) (which Glaucus exposed in a report published July 2016), posted unusual gains in the last hour or minutes of the trading day.

For example, the Wall Street Journal [reported](#) that in the year before March 2016, "Tech Pro's stock returned 43%. But if an investor had bought shares an hour before trading closed, sold them at the end of Hong Kong's trading session, and then reinvested the proceeds the next day in the same manner, the return would be a remarkably high

³ This chart was taken from a WSJ article on Feb 14, 2017.

791%.” The same pattern of unusual gains in the last hour of trading, which was indicative of market manipulation in Tech Pro and Hanergy, is evident in the trading of Fullshare’s shares.

Bloomberg maintains intraday trading data for Hong Kong securities for the past 140 trading days. Manipulated stocks are typically manipulated upwards in the last hour of the trading day. So we compared the returns generated from two different trading strategies over the period from November 14, 2016, through April 21, 2017. First, we calculated the returns if an investor simply purchased the shares on day 1 of the period and sold them at the end of the period. We refer to this as the **buy-and-hold strategy**.

We compared this to the returns of a **last-hour trading strategy**. With the **last-hour trading strategy**, we modeled the **compounded returns** if, each day, an investor bought the subject stock at 3:00 pm (Hong Kong time), sold the stock an hour later at the close of the market, and then reinvested the proceeds in the same manner the following day.

As is evident in the table below, for Hong Kong’s top 15 traded stocks (measured by highest average dollars traded over the last six months), there is little difference in an investor’s returns between a buy-and-hold strategy versus a last-hour trading strategy. In the period from November 14, 2016, through April 21, 2017,⁴ the median return for an investor who bought and held Hong Kong’s most actively traded stocks was 7.8%. A last-hour trading strategy for those same stocks would have generated a median return of 3.5%.

Top Traded Names in HKEX

Ticker	Buy and Hold Strategy	Compounded Last Hour Trading Strategy	Δ in Buy and Hold versus Compounded Last Hour Trading Strategy
388 HK Equity	-6.8%	3.7%	10.5%
883 HK Equity	-4.7%	2.3%	7.0%
857 HK Equity	7.8%	12.4%	4.6%
5 HK Equity	2.5%	3.9%	1.4%
941 HK Equity	-0.4%	1.0%	1.3%
1928 HK Equity	3.6%	3.9%	0.3%
1299 HK Equity	3.9%	3.5%	-0.3%
2318 HK Equity	4.2%	-0.3%	-4.5%
939 HK Equity	12.8%	6.6%	-6.2%
1398 HK Equity	8.8%	1.4%	-7.4%
3988 HK Equity	8.6%	0.2%	-8.4%
27 HK Equity	29.2%	13.0%	-16.2%
2628 HK Equity	18.8%	2.6%	-16.2%
700 HK Equity	20.7%	2.8%	-17.9%
175 HK Equity	51.1%	31.8%	-19.4%
Sample Median	7.8%	3.5%	-4.5%

Source: Bloomberg Historical Intraday Trading Data

Note: Trading Data for the Period from Nov. 14, 2016, through April 21, 2017.

For the top 15 stocks trading on the Hong Kong Stock Exchange by dollar volume, there was little difference in the median returns over this period between a buy-and-hold strategy and a last-hour trading strategy. This is what we would expect for non-manipulated stocks. Indeed, our analysis shows that investors were punished in 9 of 15 cases with lower returns for only trading the last hour, as opposed to buying and holding throughout the same period.

But the results were much different for Fullshare, and its largest investment, Zall. Over the same period, a buy-and-hold strategy of Fullshare’s stock would have resulted in a **loss of -34%! By comparison, a compounded last-hour trading strategy for Fullshare generated returns of 76%! That is the equivalent of 72 bps per trading day. The difference between the returns for a last-hour trading strategy and a buy-and-hold strategy was a staggering 110%.**

⁴ This is as far back as the Bloomberg intraday trading data was available for all of the companies we compared.

Top Traded Names in HKEX vs. Fullshare and Investment Businesses

Ticker	Buy and Hold Strategy	Compounded Last Hour Trading Strategy	Δ in Buy and Hold versus Compounded Last Hour Trading Strategy
Sample Median	7.8%	3.5%	-4.5%
Fullshare - 607 HK	-33.8%	75.8%	109.6%
	Difference	21x	
Zall - 2098 HK	-9.0%	58.4%	67.4%
	Difference	17x	

Source: Bloomberg Historical Intraday Trading Data

Note: Trading Data for the Period from Nov. 14, 2016, through April 21, 2017.

Similarly, Zall's shares experienced a decline of -9.0% over the same period, but if an investor used a compounded last-hour strategy to trade Zall's shares, the return would have been a highly unusual **58%**.

Put another way, a last-hour trading strategy in Fullshare's stock generated **21x** the amount of returns than the median return for the last-hour trading strategy of Hong Kong's top 15 actively traded stocks. Just like in Hanergy and Tech Pro, we believe that this trading pattern of highly unusual gains in the final hour of trading is indicative of stock manipulation.

A comparison of the intraday returns for the top 30 Hong Kong listed companies in the HSCIPC index⁵ shows a similar anomaly in the trading of Fullshare's and Zall's stocks.

⁵ Measured by average daily dollar amount traded over the last six months.

Top Traded Sample Real Estate/Property HKEX Stocks

Ticker	Buy and Hold Strategy	Compounded Last Hour Trading Strategy	Δ in Buy and Hold versus Compounded Last Hour Trading Strategy
10 HK Equity	14.1%	44.7%	30.6%
390 HK Equity	0.8%	14.9%	14.2%
2202 HK Equity	-0.7%	12.4%	13.2%
83 HK Equity	11.8%	23.6%	11.8%
1186 HK Equity	-2.1%	6.5%	8.7%
688 HK Equity	-1.1%	0.5%	1.6%
1113 HK Equity	5.8%	5.9%	0.1%
1 HK Equity	0.2%	-1.4%	-1.6%
17 HK Equity	9.9%	7.2%	-2.7%
12 HK Equity	16.1%	11.9%	-4.2%
3311 HK Equity	13.5%	6.9%	-6.6%
1800 HK Equity	18.4%	10.4%	-8.0%
4 HK Equity	22.0%	13.5%	-8.5%
16 HK Equity	14.4%	5.6%	-8.9%
1813 HK Equity	31.6%	21.9%	-9.7%
813 HK Equity	23.7%	13.4%	-10.3%
101 HK Equity	19.9%	9.3%	-10.6%
1109 HK Equity	15.2%	2.9%	-12.3%
3323 HK Equity	31.5%	17.9%	-13.6%
914 HK Equity	19.6%	2.2%	-17.4%
20 HK Equity	39.1%	19.4%	-19.8%
1313 HK Equity	31.3%	10.6%	-20.7%
960 HK Equity	35.2%	9.3%	-26.0%
2777 HK Equity	31.0%	4.8%	-26.2%
2009 HK Equity	36.5%	-7.8%	-44.4%
3383 HK Equity	63.4%	18.1%	-45.4%
3333 HK Equity	70.1%	19.1%	-51.0%
2007 HK Equity	85.5%	25.3%	-60.3%
1918 HK Equity	100.4%	-1.9%	-102.3%
Sample Median	19.6%	10.4%	-9.7%
Fullshare - 607 HK	-33.8%	75.8%	109.6%
	Difference	7x	
Zall - 2098 HK	-9.0%	58.4%	67.4%
	Difference	6x	

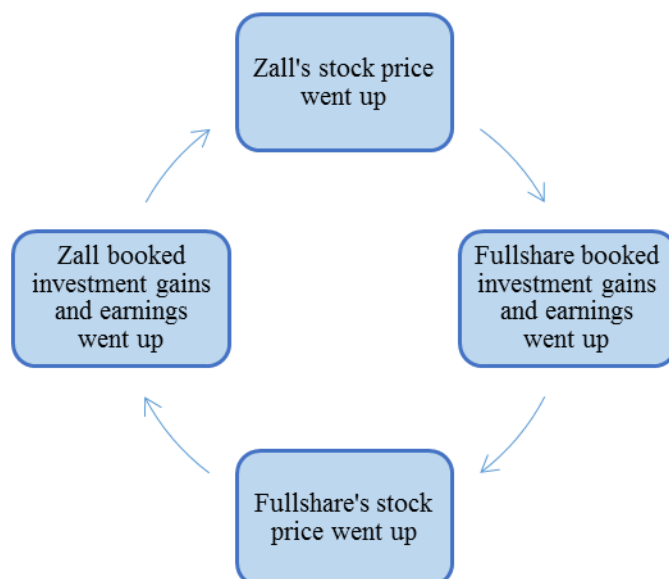
*Source: Bloomberg Historical Intraday Trading Data
Note: Trading Data for the Period from Nov. 14, 2016, through April 21, 2017.*

Intraday trading data for the top 30 traded HSCIPC stocks⁶ show that in the majority of cases, the returns from a last-hour trading strategy do not significantly exceed the returns from a buy-and-hold strategy. Indeed, the median

⁶ Excluding Fullshare.

difference was **-9.7%**, indicating that in the majority of examples, investors were worse off if they traded only the last hour of each trading day. Yet for Fullshare and Zall, the last-hour trading strategy generated 110% and 67% greater returns, respectively, compared to simply buying and holding over the same period.

We think that the intraday trading data clearly shows that like Tech Pro and Hanergy, trading in the shares of Fullshare and Zall (its biggest source of profits) are manipulated. The significant cross-holdings between Fullshare and Zall allow each company to generate massive non-cash gains, and since such gains are a significant portion of each company's reported net income, it creates a cycle of artificial stock price appreciation. Conversely, without such gains, we believe that each company's respective profits and stock prices would plummet.



Source: GRG

Alarming, both Fullshare and Zall appear to have pledged each other's stock as collateral for bank loans in 2016. Fullshare's 2016 Annual Results Announcement discloses that it pledged RMB 2.46 billion worth of its held-for-trading financial assets as collateral for loans. We note that Fullshare's holdings of Zall stock is valued at RMB 5.1 billion, accounting for 93% of its total financial assets held for trading, therefore the RMB 2.46 billion in pledged shares must be predominantly Zall stock (if not all Zall stock).

17. FINANCIAL ASSETS HELD FOR TRADING

The balances as at 31 December 2016 and 2015 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on those dates. The directors of the Company consider that the closing prices of these securities are the fair value of the investments.

	2016 RMB'000	2015 RMB'000
Listed equity investments, at market value		
Zall Group Ltd. ("Zall Group") (02098.HKEX)*	5,125,172	1,598,115
China Saite Group Company Limited ("China Saite Group") (00153.HKEX)	96,844	-
Nanjing Sinolife United Company Limited ("Nanjing Sinolife") (03332.HKEX)	67,809	-
C&D International Investment Group Limited ("C&D International") (01908.HKEX)	184,657	-
Medicskin Holdings Limited ("Medicskin Holdings") (08307.HKEX)	62,632	-
	<u>5,537,114</u>	<u>1,598,115</u>

* Up to the date of approval of the financial statements, there were no addition or disposal of Zall Group. The market value of the Group's equity investments in Zall Group at the date of approval of the financial statements was approximately RMB4,056,517,000. In accordance with the respective accounting policy, the change in fair value will be recognised in profit or loss subsequent to the year end.

Source: Fullshare 2016 Annual Results Announcement, p. 32

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0331/LTN20170331077.pdf>

As highlighted below, bank loans payable within one year or on demand is the only category that increased by a large enough magnitude to include the RMB 2.46 billion in newly pledged assets, so we can infer that the Company's shares of Zall are pledged as collateral for short-term loans which are due either on demand or within the year.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	5,768,872	483,480
In the second year	471,841	15,000
In the third to fifth years, inclusive	356,125	45,000
Beyond five years	902,017	71,250
	<u>7,498,855</u>	<u>614,730</u>
Other borrowings repayable:		
Within one year	457,063	330,875
In the second year	520,000	31,665
In the third to fifth years, inclusive	500,000	–
	<u>1,477,063</u>	<u>362,540</u>
	<u>8,975,918</u>	<u>977,270</u>

Notes:

Certain of the Group's bank loans are secured by:

- (i) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of RMB2,347,014,000 (2015: RMB313,000,000);
- (ii) mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the reporting period of approximately RMB487,620,000 (2015: RMB288,596,000);
- (iii) the pledge of certain of the Group's bank deposits amounting to RMB2,545,444,000 (2015: nil);
- (iv) the pledge of certain of the Group's trade and bills receivables amounting to RMB1,292,704,000 (2015: RMB101,051,000);
- (v) the pledge of the Group's property, plant and equipment amounting to RMB114,750,000 (2015: nil);
- (vi) the pledge of the Group's prepaid land lease payments amounting to RMB178,482,000 (2015: nil);
- (vii) the pledge of the Group's held-for-trading financial assets amounting to RMB2,459,408,000 (2015: nil); and
- (viii) mortgages over the Group's properties held for sale, which had an aggregate carrying value of approximately RMB649,503,000 at 31 December 2015.

Source: Fullshare 2016 Annual Results Announcement, p. 35

<http://www.hkxnews.hk/listedco/listconews/SEHK/2017/0331/LTN20170331077.pdf>

Similarly, Zall disclosed that it pledged all of its 680 million shares of Fullshare (equivalent to RMB 2.2 billion) as collateral for bank loans in 2016.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 RMB'000	2015 RMB'000
Listed equity securities		
— Fullshare Holdings Limited (“Fullshare”) (00607.HKEX) (Note)	2,203,480	1,083,176
Derivative financial instrument		
— Warrant	5,241	—
	<u>2,208,721</u>	<u>1,083,176</u>

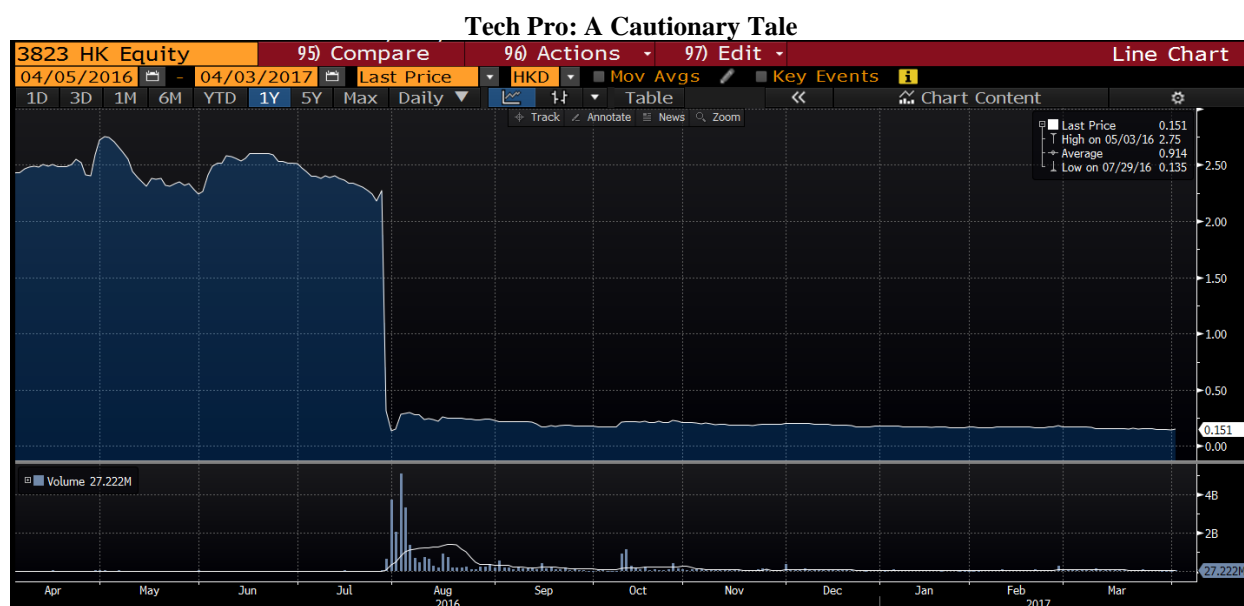
Note: Up to the date of approval of the financial statements, there was no addition nor disposal of Fullshare. The market value of the Group’s equity investments in Fullshare at the date of approval of the financial statements was approximately RMB2,078,184,000 (equivalent to HKD2,340,851,000). In accordance with the respective accounting policy, the change in fair value will be recognised in statement of profit or loss subsequent to the year end.

As at 31 December 2016, listed equity securities with an aggregate carrying value of RMB2,203,480,000 (31 December 2015: Nil) were pledged for certain bank loan granted to the Group (note 17(a)).

Source: Zall 2016 Annual Results Announcement, p. 22

<http://www.hkxnews.hk/listedco/listconews/SEHK/2017/0331/LTN201703312069.pdf>

Evidence indicates that Fullshare has pledged its shares in Zall as collateral to secure short term loans, just as Zall has pledged its shares in Fullshare as collateral to secure short term loans.⁷ This is a recipe for disaster. If the price of either stock declines, banks holding Fullshare or Zall’s stock as collateral will be forced to sell off the shares, further forcing down the prices of the respective stocks. This further devalues the collateral, forcing banks to sell more stock. In our view, if either stock drops, both stocks are at risk of a sudden collapse, just like Tech Pro.



Source: Bloomberg

⁷ Zall does not disclose the term of the loans obtained in exchange for its pledge of Fullshare’s stock, but its financial statements indicate that such borrowings were short term loans (due within 1-2 years) because that is the only category of indebtedness which increased in a sufficient amount in FY 2016.

We suspect management is aware of this dynamic, and note that Zall's co-chairman Mr. Yu Gang and Executive Director Mr. Cui Jinfeng both unloaded a material portion of their personal holdings of Zall starting from December 2015, while the shares still have value.

	Trade Date ↓	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)	Close Price	Volume
11)	11/25/2016	1	YU GANG	-264,000		5.0000	8,649MLN
12)	11/24/2016	1	YU GANG	-303,000		5.0000	8,403MLN
13)	11/23/2016	1	YU GANG	-114,000		4.8600	5,832MLN
14)	11/22/2016	1	YU GANG	-1,635MLN		5.0000	5,916MLN
15)	11/21/2016	1	YU GANG	-747,000		5.0600	4,842MLN
16)	11/18/2016	1	YU GANG	-321,000		5.1100	5,229MLN
17)	11/17/2016	1	YU GANG	-300,000		5.2000	6,744MLN
18)	09/29/2016	1	ZALL DVLP INVEST	-515,788MLN		4.7800	8,091MLN
19)	04/27/2016	1	JINFENG CUI	-1,26MLN		3.0600	7,684MLN
20)	04/26/2016	1	JINFENG CUI	-1,023MLN		2.9800	11,913MLN
21)	04/25/2016	1	JINFENG CUI	-87,000		2.9600	9,951MLN
22)	12/29/2015	1	JINFENG CUI	-270,000		2.0300	67,905MLN
23)	12/28/2015	1	GAOCHAO FU	-105,000		1.9200	47,229MLN
24)	12/23/2015	1	JINFENG CUI	-240,000		1.7000	52,989MLN
25)	12/22/2015	2	JINFENG CUI, GAOCHAO...	-270,000		1.7200	36,378MLN
26)	12/21/2015	1	GAOCHAO FU	-2,7MLN		1.6900	29,469MLN
27)	12/18/2015	1	GAOCHAO FU	-1,2MLN		1.6300	22,683MLN
28)	12/17/2015	1	GAOCHAO FU	-366,000		1.5800	15,438MLN
29)	12/16/2015	1	JINFENG CUI	-90,000		1.5300	18,297MLN

Source: Bloomberg

Fullshare's stock has risen so high, a decline is inevitable. Fullshare's operating business is tiny, producing minimal recurring cash flows from a series of undistinguished property developments in China. Despite a **264x** increase in market capitalization since the reverse merger, Fullshare's cash flows from its recurring operations (before working capital adjustments) has increased a paltry 28%.

Fullshare is not a professional investor, and has no discernable experience or expertise in picking stocks. But in our opinion, its experience with Zall generated so many gains (which we believe were due to the manipulation of Zall's share price), that we believe Fullshare will try to do something similar again.

As of FYE 2016, Fullshare had established substantial investments in ten other publicly traded companies. We only have access to intraday trading data for the Hong Kong listed companies, but in at least three other cases, the intraday trading patterns show the unusual gains in the last hour which are indicative of stock manipulation.

New Fullshare Investments in 2016

Stock Code	Company Name	# Shares	Effective Shareholding Interest	Carrying Value in RMB (as of FYE2016)
519.HK	Applied Development Holdings	559,865,959	26.80%	416,387,765 *
6893.HK	HIN Sang Group	250,000,000	23.80%	398,745,520 *
8307.HK	Medicskin Holdings	80,000,000	16.65%	62,632,000
1908.HK	C&D International	40,000,000	9.35%	184,657,000
153.HK	China Saite Group	203,800,000	9.09%	96,844,000
3332.HK	Nanjing Sinolife	45,411,600	4.80%	67,809,000
603218.SSE	Riyue Heavy Industry	16,962,000	4.23%	706,467,300 *
1296.HK	Guodian Tech & Environ.	50,093,000	0.83%	24,238,548 *
600919.SSE	Bank of Jiangsu	4,593,000	0.04%	44,230,590 *

Source: Fullshare 2016 Annual Results Announcement

NOTE: Excludes China High Speed Transmission Equipment Group

* Denoted Market Value of Shares as of 12/30/2016 - Fullshare does not break out carrying amounts for investments accounted for using the equity method nor the available for sale investments.

Fullshare Portfolio Companies

Fullshare Portfolio Companies

Ticker	Buy and Hold Strategy	Compounded Last Hour Trading Strategy	Δ in Buy and Hold versus Compounded Last Hour Trading Strategy
Median of Top Traded Sample Real Estate HKEX Stocks	19.6%	10.4%	-9.7%
Fullshare - 607 HK	-33.8%	75.8%	109.6%
	Difference	7.3x	
Zall - 2098 HK	-9.0%	58.4%	67.4%
	Difference	5.6x	
China High Speed - 658 HK	-8.3%	23.1%	31.5%
	Difference	2.2x	
ADH - 519 HK	-21.7%	16.1%	37.7%
	Difference	1.6x	
Hin Sang Group - 6893 HK	-38.7%	-13.6%	25.1%
	Difference	-1.3x	
Medicskin - 8307 HK	-17.6%	157.3%	174.9%
	Difference	15.2x	
Sinolife - 3332 HK	-21.9%	-16.6%	5.4%
	Difference	-1.6x	
C&D International - 1908 HK	14.3%	-8.5%	-22.8%
	Difference	-0.8x	
China Saite Group - 153 HK	-18.4%	36.8%	55.2%
	Difference	3.6x	
Guodian Tech - 1296 HK	-3.4%	18.4%	21.9%
	Difference	1.8x	

Source: Bloomberg Historical Intraday Trading Data

Note: Trading Data for the Period from Nov. 14, 2016, through April 21, 2017.

We think that Fullshare is trying to fool the market with such investments as they did with Zall, generating a pattern of unrealized gains with investments in publicly traded stocks, which in at least three other cases highlighted above, generate unusually high returns in the last hour of trading. We think that Fullshare may use such investments to inflate its reported profits, thus further inflating its own share price. What is the end goal of such a scheme?

In this report, we present evidence that suggests management has engaged in material undisclosed related party transactions to benefit the chairman and his family at the expense of shareholders. As such, we believe Fullshare is simply uninvestible.

SECRET DISPOSITIONS OF VALUABLE ASSETS TO UNDISCLOSED RELATED PARTIES

In our opinion, Fullshare has used to smokescreen of its rising stock price to transfer many of the Company's most valuable assets and subsidiaries to entities which are secretly owned by or connected to the chairman or his family.

1) Highest Profit-Margin Subsidiary Secretly Sold to Chairman's Brothers

On June 29, 2016, Fullshare sold Fullshare Green Building Group Company Limited, ("Fullshare Green Building") and its subsidiaries (together, the "Green Energy Group") to a supposedly independent third party, Jiasheng Construction Group Co Ltd ("JCC"), for a total consideration of RMB 240 million in cash.

This transaction was odd for several reasons. First, in the Company's FY 2015 annual report, Fullshare disclosed that Fullshare Green Building, also known as Fullshare Lujian, was the only material subsidiary involved in its Green Building Service segment. Although Fullshare admitted that seven other subsidiaries were involved in this segment, it stated that they were immaterial to the Company.

Details of the principal subsidiaries held by the Company as at the end of reporting period is as follows:

Name of Subsidiary	Place of incorporation/ registration and operation	Paid up issued/ ordinary share capital RMB'000	Percentage of equity attributable to the Company indirectly		Principal activities
			2015	2014 (Restated)	
Jiangsu Fullshare [†]	The PRC	400,000	N/A	100%	Property development
Chongqing Tongjing Changhao Property Limited* (重慶同景昌浩置業有限公司)*	The PRC	240,000	90%	90%	Property development
Nanjing Tianyun [†]	The PRC	865,000	80%	80%	Property development (note iii)
Nanjing Fullshare Technology [†]	The PRC	560,000	100%	100%	Property development
Jiangsu Anjiali [†]	The PRC	350,000	100%	N/A	Property development
Fullshare Lujian [†]	The PRC	200,000	100%	100%	Green building service
Rich Unicorn [®]	BVI	604,611	100%	N/A	Investment

Source: 2015 Annual Report, p.174

General information of subsidiaries (continued)

At the end of the reporting period, the Company has other subsidiaries that are immaterial to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ establishment	Number of subsidiaries	
		2015	2014 (Restated)
Investment holdings	The PRC	8	9
	Hong Kong	7	4
	BVI	9	3
	Singapore	2	–
	Australia	1	–
Healthcare	Singapore	1	–
Green building services	The PRC	7	6

Source: 2015 Annual Report, p.175

Green Building Services was Fullshare's highest profit-margin segment. During the time that Fullshare owned the Green Energy Group (FY 2015 and 1H 2016), the Company's Green Building Services segment operated at a 35% profit margin, compared to a measly 10% profit margin from Fullshare's property development segment.

Revenue Streams

RMB'000	FY 2015	1H 16	Cumulative
Property Development			
Revenue	2,407,982	982,081	3,390,063
% of total revenue	91%	72%	84%
Profit	61,763	271,851	333,614
% of total profit	37%	92%	72%
Profit Margin	3%	28%	10%
Green Building Services			
Revenue	242,188	156,382	398,570
% of total revenue	9%	11%	10%
Profit	106,304	34,263	140,567
% of total profit	63%	12%	30%
Profit Margin	44%	22%	35%

Source: Company Annual Reports

Note: 1. In 1H 2016, Fullshare's Health equipment & service segment generated net losses.

2. This table compares only operating business segments.

Although its Green Building Services segment accounted for only 9% of the Company's revenues in FY 2015, because it was so much more profitable than the property development segment, it accounted for 63% of Fullshare's FY 2015 operating profits.⁸

As discussed extensively in this report, Fullshare's market capitalization and share price are completely unjustifiable in light of the Company's tiny operating business and its lack of recurring operating profits. **So why would a Company starving for recurring profits dispose of its only material subsidiary in its highest profit-margin segment?**

We believe that the answer is simple: Fullshare secretly sold the business to entities connected to its chairman for a discounted price. Fullshare stated in both its 2016 interim report and the disposal announcement that the buyer of the Green Energy Group, JCC, was an independent third party.

"Purchaser"

Jiasheng Construction Group Co., Ltd.* (嘉盛建設集團有限公司), a limited liability company incorporated in the PRC and an Independent Third Party

Source: [Fullshare Green Building Group Disposal Announcement](#)

However, SAIC filings reveal that Fullshare's chairman's two brothers owned 29% of JCC, the supposedly independent buyer, at the time of the transaction.⁹

⁸ This excludes any non-cash one-time gains and other one-time gains from investments in other Hong Kong listed securities.

⁹ The ownership percentages stated on JCC's 2015 Annual Audit Report, available on the [SAIC website](#).



企业信用信息 | 经营异常名录 | 严重违法失信企业名单

请输入企业名称、统一社会信用代码或注册号

嘉盛建设集团有限公司 在业 Jiasheng Construction Group Co., Ltd.

统一社会信用代码/注册号: 91320100721703523E

法定代表人: 杨如军

登记机关: 南京市工商行政管理局

成立日期: 2000年01月10日

发送报告

信息分享

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变更信息

序号	变更事项	变更前内容	变更后内容	变更日期
1	注册资本变更	36099.000000	100000.000000	2016年11月03日
2	经营期限变更	2020-01-09		2016年11月03日
3	Shareholder Change 股东变更	Ji Changbin, Ji Changrong 季昌斌,季昌荣,邢久奎,杨如军,孙英洲,南京盛嘉投资管理 投资有限公司,陶玉金	邢久奎,杨如军,孙英洲,陶玉金,南京盛嘉投资管理 有限公司,季学山	2016年11月03日
4	Shareholder Change 企业住所变更	南京市建邺区江东中路315号10层 Ji Changbin, Ji Changrong	南京市建邺区锦城路19号8座 Ji Changbin, Ji Changrong	2016年07月27日
5	Shareholder Change 股东变更	季昌斌,陈长勇,陈长辉,季昌荣,邢久奎,邢久生,产 合兴,邢绪海,杨如军,孙英洲	季昌斌,季昌荣,邢久奎,杨如军,孙英洲,陶玉金,南 京盛嘉投资管理有限公司	2016年07月27日

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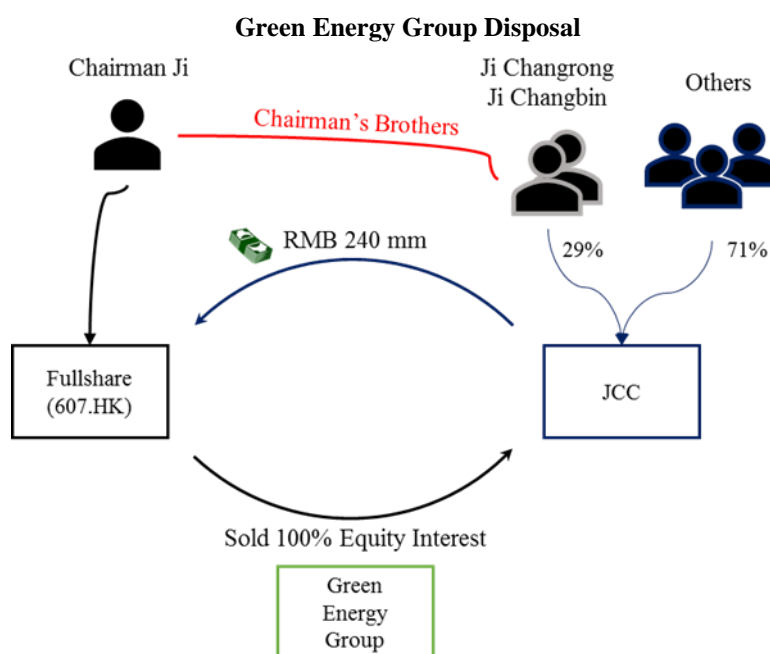
序号	变更事项	变更前内容	变更后内容	变更日期
6	经营范围	市政工程、公路工程、土石方工程、给排水工程、建筑工程、水利工程、水电工程、桥梁工程施工；水泥制品制造（该项目限分支机构经营）；机械租赁；建材、劳保用品销售；环境工程设计与施工；项目管理。（依法须经批准的项目，经相关部门批准后方可开展经营活动）	市政工程、公路工程、土石方工程、给排水工程、建筑工程、水利工程、水电工程、桥梁工程施工；水泥制品制造（该项目限分支机构经营）；机械租赁；建材、劳保用品销售；环境工程设计与施工；项目管理；园林绿化。（依法须经批准的项目，经相关部门批准后方可开展经营活动）	2015年05月11日

共查询到 6 条信息 [上一页](#) [1](#) [2](#) [下一页](#)

Source: [SAIC Website](#)

SAIC filings indicate that the chairman's brothers were significant shareholders of JCC, the supposed independent buyer of Fullshare's highest profit-margin business, from at least 2013 through the time when Fullshare sold JCC its key business segment.¹⁰ In our view, this is obviously a major violation of shareholders' rights and presumably a material breach of Hong Kong securities rules.

¹⁰ See Appendix I.



A simple search of the filings shows that Fullshare sold its highest profit-margin segment to a company connected to its chairman, and lied about it by telling shareholders that the buyer was an independent third party.

There is also reason to believe that Fullshare sold its chairman's brothers the Green Energy Group at a price below its market value. Fullshare acquired Fullshare Green Building (formerly known as Jiangsu Ruiheng Construction Company Limited) in December 2014, for RMB 200 million. In May 2015, the Company spent RMB 28 million to purchase Nanjing Fullshare Energy Management Company Limited and three other entities from a private company owned by the chairman.¹¹ These entities, which we refer to collectively as the Green Energy Group, were eventually disposed to JCC.

In 2014, prior to its acquisition by Fullshare, the Green Energy Group lost RMB 11 million. A year later, the Green Energy Group generated RMB 40.8 million in profits.

<i>RMB '000</i>	When Fullshare bought	When Fullshare sold
	2014	2015
Profit (loss) before taxation and extraordinary items	(11,380)	40,787
Consideration	228,000	240,000

Source: 1. <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1120/LTN20141120724.pdf>

2. <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0512/LTN20150512790.pdf>

3. <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0622/LTN20160622668.pdf>

Fullshare essentially sold the Green Energy Group for the same consideration for which Fullshare acquired it, despite the fact that the Green Energy Group had transformed from an unprofitable operation to the Company's highest profit-margin segment.

We also reviewed the publicly available SAIC filings for Fullshare Green Building (the primary subsidiary in the Green Energy Group), which confirmed that it was worth substantially more when it was sold to Fullshare's chairman's brothers than when it was acquired by the Company. SAIC filings¹² showed that compared to the year before, in 2015, Fullshare Green Building's **revenues increased 9.4x! Profits increased a staggering 89.1x in the year before it was sold**, suggesting Fullshare Green Building was worth substantially more at the time it was sold to the chairman's brothers than it was when the Company acquired it.

¹¹ Fullshare 2015 Annual Report, p. 51.

¹² See Appendix II for Fullshare Green Building SAIC Filings.

Fullshare Green Building Financials/ Multiple

RMB '000	FS Acquired	FS Sold	Difference
Revenue	37,242	349,324	9.4x
Profit before taxes	465	41,464	89.1x
Consideration	200,000	240,000	1.2x
Consideration/Revenue	5.4x	0.7x	

Source: Fullshare Green Building SAIC filings, Fullshare Public Filings

Note: Used Fullshare Green Building 2014 SAIC financials as FS Acquired and 2015 SAIC financials as FS Sold.

When the Company purchased Fullshare Green Building, it generated immaterial revenues and was barely profitable. When it secretly sold Fullshare Green Building to an entity owned in part by its chairman's brothers, it was the Company's only material subsidiary in its highest profit-margin segment. In our opinion, the Green Energy Group was clearly worth substantially more at the time of disposition, meaning the chairman's brothers were essentially embezzling Fullshare's best assets from the public company at a substantially discounted price.

Furthermore, Fullshare sold the Green Energy Group to its chairman's brothers at 6x trailing twelve months operating profits (RMB 240 million / RMB 40.8 million in profits). Given that Fullshare currently trades at 431x EBIT from recurring operations, secretly selling businesses to its chairman's family at 6x is highly dilutive to shareholders. If Fullshare Green Building was sold at the same multiple of operating profits as Fullshare currently trades, it would have been sold for **RMB 17.6 billion!**

Ultimately, in our opinion, SAIC filings show that Fullshare secretly sold its highest profit-margin business to its chairman's brothers for a massive discount. This alone warrants a full regulatory investigation, and renders the Company simply uninvestible.

2) Property Development Business Too

This was not even the only time that Fullshare secretly sold a business to the chairman or his family. On November 27, 2015, Fullshare sold 100% of the equity of two property development subsidiaries, Jurong Dingsheng Property Development Company Limited ("Jurong Dingsheng") and Jurong Dasheng Property Development Company Limited ("Jurong Dasheng") (collectively, the "Jurong Twins"), to Nanjing Dongzhou Property Development Limited ("Nanjing Dongzhou") for RMB 524 million.

(c) Jurong Dingsheng and Jurong Dasheng

On 9 November 2015, the Group entered into two sales and purchase agreements with Nanjing Dongzhou Property Development Limited* (南京東洲房地產開發有限公司) ("Nanjing Dongzhou"), an independent third party, for the disposal of its entire equity interests in Jurong Dasheng and Jurong Dingsheng at a cash consideration of RMB269,104,000 and RMB254,496,000 respectively. Upon completion of the transactions, amounts due to the Group by Jurong Dasheng and Jurong Dingsheng of approximately RMB194,558,000 and RMB129,206,000 are borne by Nanjing Dongzhou. The transactions were completed on 27 November 2015.

Source: 2015 Annual Report, p.166

In the disposition announcement, the Company claimed that the buyer of the Jurong Twins, Nanjing Dongzhou, was an independent third party.

"Purchaser"

means 南京東洲房地產開發有限公司 (Nanjing Dongzhou Property Development Limited*), a company established under the laws of the PRC and an Independent Third Party;

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1109/LTN20151109808.pdf>

However, SAIC filings available online reveal that Nanjing Dongzhou's primary shareholder was an entity named Nanjing Yuanqing Construction ("Nanjing Yuanqing").

基础信息
行政许可信息
行政处罚信息
列入经营异常名录信息
列入严重违法失信企业名单(黑名单)信息

营业执照信息 Nanjing Dongzhou Property Development Limited

- 统一社会信用代码/注册号: 91320116754147631A
- 企业名称: 南京东洲房地产开发有限公司
- 类型: 有限责任公司
- 法定代表人: 林婷
- 注册资本: 16065万元人民币 Registered Capital: RMB 160.65 mm
- 成立日期: 2003年09月19日
- 营业期限自: 2003年09月19日
- 营业期限至: 2033年09月18日
- 登记机关: 南京市六合区市场监督管理局
- 核准日期: 2016年04月08日
- 登记状态: 在业
- 住所: 南京市六合区雄州街道专诸巷28号紫晶广场一区6幢07、08室
- 经营范围: 房地产开发经营; 实业投资; 企业投资咨询; 房地产营销策划; 房地产销售代理; 自有房屋租赁; 物业管理。(依法须经批准的项目, 经相关部门批准后方可开展经营活动)

股东及出资信息 股东的出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名, 其他出资信息由企业自行公示。

序号	股东名称	股东类型	证照/证件类型	证照/证件号码	详情
1	南京源庆建设有限公司	有限公司	营业执照	91320116690424205K	
2	南京东泰房地产开发有限公司	有限公司	营业执照	91320116135725113H	

Nanjing Yuanqing Construction Co., Ltd.
Nanjing Dongtai Property Development Co., Ltd.

共查询到 2 条信息 上一页 1 下一页

Source: [Nanjing Dongzhou SAIC Information](#)

Fullshare sold the Jurong Twins to Nanjing Dongzhou in November 2015. SAIC filings show that in August 2015, Nanjing Dongzhou's sole shareholder at the time, Nanjing Yuanqing, pledged 100% of Nanjing Dongzhou's equity to Nanjing Jiasheng Property Development ("JPD"), an entity owned in part by Fullshare's chairman, for a loan of RMB 152.6 million.

Pledge of Nanjing Dongzhou's Equity Interest

股权出质登记信息

序号	登记编号	Pledger		Pledged Amount Pledge		Date of Pledge		状态	公示日期	详情
		出质人	证照/证件号码	出质股权数额	质权人	证照/证件号码	股权出质设立登记日期			
1	320123000336	南京源庆建设有限公司	320123000159506	4578万人民币	南京爱德发展有限公司	32012100008186	2013年09月30日	无效	2014年12月02日	详情
		Nanjing Yuanqing		RMB 76.3 mm		Nanjing Jiasheng Property Development				
2	320123000459	南京源庆建设有限公司	320123000159506	7630万人民币	南京嘉盛房地产开发有限公司	320121000038640	2015年08月07日	无效	2016年04月08日	详情
		Nanjing Yuanqing		RMB 76.3 mm		08/07/2015				
3	320123000454	南京源庆建设有限公司	320123000159506	7630万人民币	南京嘉盛房地产开发有限公司	320121000038640	2015年07月22日	无效	2016年04月08日	详情
		Nanjing Yuanqing		RMB 76.3 mm		07/22/2015				
4	320123000427	南京源庆建设有限公司	320123000159506	7630万人民币	南京嘉盛房地产开发有限公司 徐苗丹	(非公示项)	2015年03月12日	无效	2015年07月23日	详情

共查询到 4 条信息 上一页 1 下一页

Source: [Nanjing Dongzhou SAIC Information](#)

Chairman's Ownership of JPD

基础信息
行政许可信息
行政处罚信息
列入经营异常名录信息
列入严重违法失信企业名单(黑名单)信息

营业执照信息

- 统一社会信用代码/注册号: 913201147423845253
- 类型: 有限责任公司
- 注册资本: 50200万元人民币
- 营业期限自: 2002年11月11日
- 登记机关: 南京市雨花台区市场监督管理局
- 登记状态: 在业
- 住所: 南京市软件大道188号
- 经营范围: 房地产开发、建设、经营、售后服务; 商品房销售; 工业标准化厂房建设、租售管理; 物业管理。(依法须经批准的项目, 经相关部门批准后方可开展经营活动)

Nanjing Jiasheng Property Development Co., Ltd.

- 企业名称: 南京嘉盛房地产开发有限公司
- 法定代表人: 卢玉昆
- 成立日期: 2002年11月11日
- 营业期限至: 2032年10月31日
- 核准日期: 2016年04月06日

股东及出资信息 股东的出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名, 其他出资信息由企业自行公示。

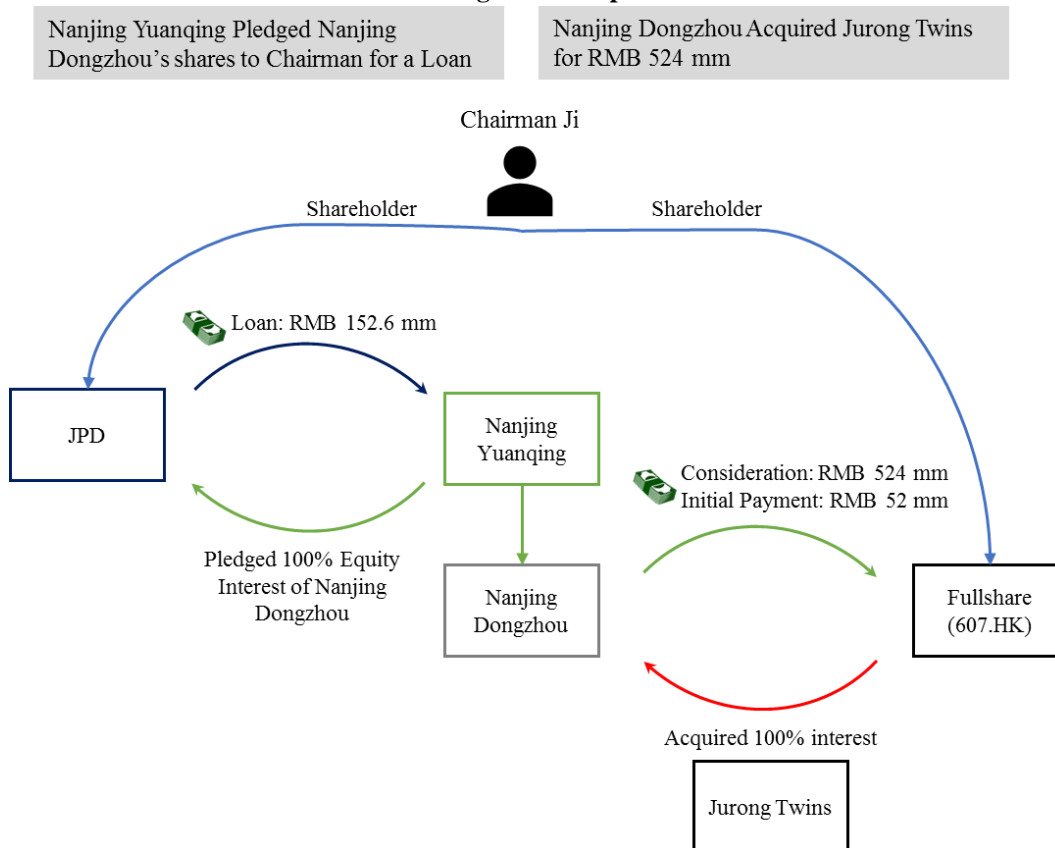
序号	股东名称	Shareholder	股东类型	证照/证件类型	证照/证件号码	详情
1	季昌群	Ji Changqun	境内中国公民	(非公示项)	(非公示项)	查看
2	姚振田		境内中国公民	(非公示项)	(非公示项)	查看

共查询到 2 条信息 [上一页](#) [下一页](#)

Source: [Jiasheng Property Development SAIC Information](#)

Nanjing Dongzhou purchased the Jurong Twins after its sole shareholder pledged its equity to JPD in exchange for a RMB 152.6 million loan. In essence, SAIC filings indicate that Fullshare's chairman was a shareholder of an entity that secretly financed the purchase of the Jurong Twins from the Company.

Jurong Twins Disposal



Given that he financed the transaction, it cannot be a stretch to presume that Fullshare's chairman was the ultimate beneficiary of the sale. But there is more.

a) A Boy Named Sue

On November 23, 2015, just four days before the completion of the transaction, an entity called Nanjing Chuang Su Investment ("Nanjing Sue") acquired Nanjing Yuanqing, the parent company of the buyer, Nanjing Dongzhou.

We believe that Nanjing Sue is an undisclosed related party, connected to and likely controlled by Fullshare's chairman. First, SAIC filings reveal that as of June 2013, Nanjing Sue rented office space from Nanjing Fullshare Industrial Holding Group Co. Limited (a company privately owned by the Company's chairman) ("Fullshare Private"),¹³ for RMB 50,000 per year. The lease was for five years, meaning that Nanjing Sue was still operating out of the chairman's property when it secretly acquired a controlling interest in the Jurong Twins.



Source: Nanjing Sue SAIC filing

Second, SAIC filings show that Nanjing Sue's board supervisor is an individual named Xing Jiuhong.

Nanjing Sue SAIC Information

■ 股东及出资信息 股东的出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名, 其他出资信息由企业自行公示。

序号	股东名称	股东类型	证照/证件类型	证照/证件号码
1	许凤兰	境内中国公民	(非公示项)	(非公示项)
2	张红宁	境内中国公民	(非公示项)	(非公示项)

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■ 主要人员信息

邢久红 监事	许凤兰 执行董事兼总经理
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Board Supervisor:
Xing Jiuhong

Source: [Jiangsu SAIC Website](#)

¹³ Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1229/LTN201412291050.pdf>

Xing Jiuhong is also the board supervisor of Nanjing Ximmeng Asset Management Limited (“Nanjing Ximmeng”), an investment holding company which is 99.9% owned by Fullshare’s chairman.

Nanjing Ximmeng SAIC Information

■ 股东及出资信息 股东的出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名，其他出资信息由企业自行公示。

序号	股东名称 Shareholder	股东类型	证照/证件类型	证照/证件号码
1	施智强	境内中国公民	(非公示项)	(非公示项)
2	季昌群 Ji Changqun	境内中国公民	(非公示项)	(非公示项)

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■ 主要人员信息

张红梅 执行董事兼总经理	邢久红 监事
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Board Supervisor :
Xing Jiuhong

Source: [Jiangsu SAIC Website](#)

Third, according to a bond prospectus filed by Fullshare’s chairman’s private conglomerate (which we refer to as Fullshare Private), Nanjing Sue borrowed around RMB 937 million from Fullshare Private in 2014, and borrowed RMB 588 million from it in 2015.

Fullshare Private Loans to Nanjing Sue

RMB '000	2014	2015	1H '16
Interest Income	140,522	88,136	43,989
Interest Rate	15%	15%	15%
Loans to Nanjing Sue	936,811	587,575	293,263

Source: Fullshare Private 2016 2nd Bond Prospectus, p. 140

Note: We calculated the loan amount to Nanjing Sue using the interest rate and interest income reported on such loans in Fullshare Private’s bond prospectus.

Fullshare Private 2016 2nd Bond Prospectus

报告期内，**发行人对外借款各年度的利息收入情况如下表所示：**

Unit: RMB'0000

Issuer's (Fullshare Private) Interest Income from Providing Loans to Other Companies

单位：万元

单位名称 Company Name	Interest Rate % 拆借利率	Interest Income 利息收入		
		2016年 1-6月	2015年	2014年
南京嘉盛房地产开发有限公司	13.50%	6,927.53	18,207.91	-
南京六合金江交通工程投资有限公司	12%/13%	3,910.18	14,547.27	28,706.03
南京六合新区建设发展有限公司	13.00%	-	719.10	-
南京创苏投资有限公司	15.00%	4,398.94	8,813.63	14,052.17
Nanjing Sue 于华阳街道办事处	9.50%	565.44	1,130.89	-

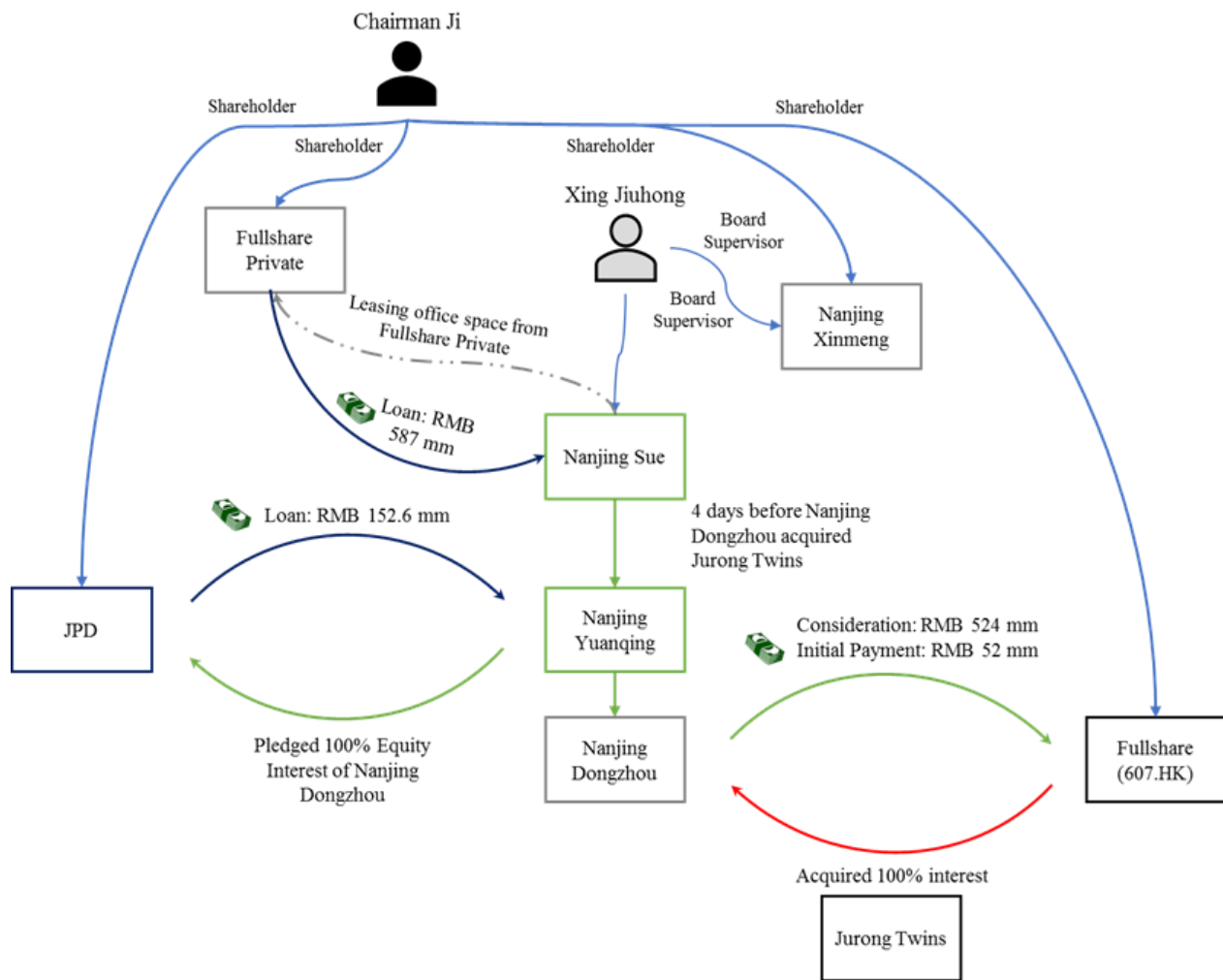
Source: Fullshare Private 2016 2nd Bond Prospectus, p. 140

Nanjing Sue borrowed hundreds of millions of Chinese yuan from Fullshare Private, which was more than enough money to finance its subsidiary’s secret purchase of the Jurong Twins for RMB 524 million from the Company.

Given that Nanjing Sue leases offices from Fullshare Private, borrows hundreds of millions of yuan from Fullshare’s chairman, and shares a board supervisor with another of his entities, we believe that Nanjing Sue is related to, and

most likely controlled by, Fullshare's chairman. Coupled with the evidence he financed the transaction through secret loans to the buyer, we infer that the chairman was the undisclosed beneficiary of the sale of the Jurong Twins.

Disposal of Jurong Twins to Undisclosed Related Party



The structure of the transaction benefited the buyer, who only had to put down [RMB 52 million](#), 10% of the total consideration at the time of the sale. The remaining consideration was to be paid 120 business days after the completion of the transaction. The amount borrowed by Nanjing Yuanqing from the chairman's JPD (RMB 152 million) was easily enough to cover the entire initial purchase payment, and the amount borrowed by Nanjing Sue (RMB 587 million) from the chairman's Fullshare Private was more than enough to cover the rest of the purchase price.

In our opinion, this is simply another example of the chairman or his family secretly looting assets from the publicly traded Company. That such related party connections were concealed indicates that this transaction was very likely to the detriment of Fullshare's public shareholders.

3) Chairman's Brother Secretly Financed Another Disposition

On June 25, 2015, Fullshare sold Jiangsu Fullshare Property Limited (“Jiangsu Fullshare”) to Nanjing Shanbao Investment Management Limited (“Nanjing Shanbao”) for RMB 467 million. Fullshare recorded a RMB 79 million non-cash gain on the disposal. Fullshare claimed that the buyer, Nanjing Shanbao, was an independent third party.

Parties

- (i) Nanjing Fullshare Asset Management, an indirect wholly-owned subsidiary of the Company, as vendor;
- (ii) The Purchaser, as purchaser; and
- (iii) Jiangsu Fullshare Property, an indirect wholly-owned subsidiary of the Company, as target company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0618/LTN20150618605.pdf>

However, on February 6, 2015, five months before the acquisition, SAIC filings reveal that Nanjing Shanbao pledged 100% of the equity of its subsidiary, Lianyungang Shunfeng Property Development Company Limited (“Shunfeng”) to Nanjing Jiangong Group Co., Ltd (“Nanjing Jiangong”) in exchange for a loan of RMB 378 million. Nanjing Jiangong, which secretly financed the transaction, is more than 50% owned by Fullshare's chairman's brother.

Shunfeng SAIC Information

■ 股权出质登记信息

序号	登记编号	Pledgor		Pledge		Date		状态	公示日期	详情
		出质人	证照/证件号码	出质股权数额	质权人	证照/证件号码	股权出质设立登记日期			
1	32079100126	南京善宝投资管理有限公司	320121000352512	37800万人民币	南京建工集团有限公司	320100000115786	2015年02月06日	无效	2015年06月18日	详情
2	32079100135	Nanjing Shanbao 南京善宝投资管理有限公司	320121000352512	RMB 378 M 37800万人民币	Nanjing Jiangong SUPERB COLOUR LIMITED	1840792	Feb 6, 2015 2015年06月18日	无效	2016年11月10日	详情
3	32070000606	南京善宝投资管理有限公司	9132011530274315XN	26460万人民币	天时养老产业投资基金(深圳)企业(有限合伙)	914403003060720663	2016年11月10日	有效	2016年11月10日	

Source: [Jiangsu SAIC Website](#)

Fullshare Announcement on December 8, 2014

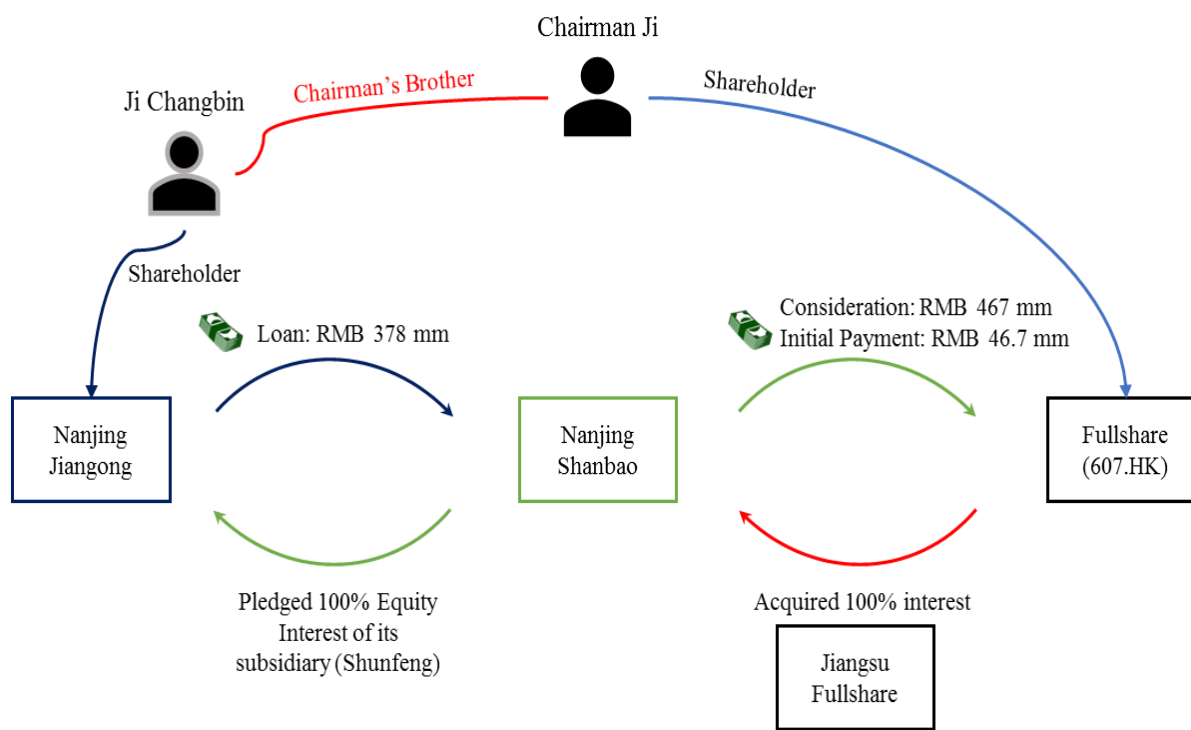
the RMB500,000,000 standby loan facility to be provided by 南京建工集团有限公司 (Nanjing JianGong Group Co., Ltd.*), an associate of Mr. Ji by way of over 50% of its equity interest being beneficially owned by Mr. Ji Changbin (a brother of Mr. Ji), as the lender, to Nanjing Fengli pursuant to the terms and conditions set out in an undertaking letter dated 8 December 2014 issued by Nanjing JianGong Group Co., Ltd.*

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1208/LTN20141208873.pdf>

Jiangsu Fullshare Disposal

2/6/2015 Nanjing Shanbao Pledged Shunfeng's Shares to Chairman's Brother for a Loan of RMB 378 mm

6/25/2015 Nanjing Shanbao Acquired Jiangsu Fullshare for RMB 467 mm



SAIC filings make it clear that the chairman's brother secretly loaned 81% of the money that the buyer needed to acquire Jiangsu Fullshare, which held the rights to three potentially lucrative property developments in Jiangsu. Given that the Company failed to disclose this secret related party involvement, and that the chairman's brother appears to have put up the money for the purchase, we infer that the chairman and his family were the ultimate beneficiaries of the transaction.

4) Marine Business Also Secretly Sold to JCC

On December 5, 2016, Fullshare [acquired](#) 74% of China High Speed Transmission Equipment Group Co., Ltd ("CHS"), listed on the Hong Kong Stock Exchange under the ticker (HK: 0658), for a total consideration of RMB 10.9 billion. Consideration was paid in shares of Fullshare. It did not take long until Fullshare was up to its old tricks.

On February 23, 2017, CHS entered into a sale and purchase agreement to dispose its 100% interests in subsidiary Nanjing High Accurate Marine Equipment Co., Ltd ("[Marine Equipment](#)") for a total consideration of RMB 607 million. Fullshare **did not reveal the identity of the buyer, but claimed that it was an "independent third party."**

- (d) On 23 February 2017, the Group entered into a sale and purchase agreement to dispose of its entire interest in Nanjing High Accurate Marine Equipment Co., Ltd., a subsidiary of the Group as at 31 December 2016 to an independent third party for a total consideration of RMB607,000,000. The gain on disposal before tax is expected to be approximately RMB49,000,000.

Source: [2016 Fullshare Annual Result Announcement](#), p.42

However, publicly available SAIC filing revealed that the buyer of Marine Equipment was JCC, the same related party to which Fullshare sold its highest profit-margin business, the Green Energy Group, in June 2016.

Fullshare Secretly Transferred Marine Equipment to JCC

■ 营业执照信息

- 统一社会信用代码/注册号：91320115797118240X
- 类型：有限责任公司（法人独资）
- 注册资本：50000万元人民币
- 营业期限自：2007年02月02日
- 登记机关：南京市江宁区市场监督管理局
- 登记状态：在业

Nanjing High Accurate Marine Equipment Co., Ltd.

- 企业名称：南京高精船用设备有限公司
- 法定代表人：胡日明
- 成立日期：2007年02月02日
- 营业期限至：2057年01月29日
- 核准日期：2017年04月07日

■ 变更信息

序号	Amendment 变更事项	Before 变更前内容	After 变更后内容	Date 变更日期
1	经营范围	船用齿轮箱、螺旋桨及其动力系统相关产品的生产和销售，机电产品的开发与研制、技术转让、技术咨询；相关设备材料的生产、销售与成套供应；经营本企业自产产品及技术的出口业务和本企业所需的机械设备、零部件、原辅材料及技术的进口业务（国家限定企业经营或	船用齿轮箱、螺旋桨及其动力系统相关产品的研发、生产、销售及维修；机电产品的开发与研制、技术转让、技术咨询；相关设备材料的生产、销售与成套供应；经营本企业自产产品及技术的出口业务和本企业所需的机械设备、零部件、原辅材料及技术的进口业务（国家限定企业经营或禁止进出口的商品和技术除外）。（依法须经批准的项目，经相关部门批准后方可开展经营活动）	2017年03月24日
2	企业类型变更 Shareholder Change	Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. Nanjing Zhong-Chuan Shipping Drive Equipment Co., Ltd.	有限责任公司(非自然人投资或控股的法人独资) JCC	2017年02月27日 Feb. 27, 2017
3	股东变更	南京高精传动设备制造集团有限公司,南京中传船舶设备有限公司	嘉盛建设集团有限公司	2017年02月27日

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Source: SAIC Filings

Rather than an independent third party as Fullshare claimed, JCC has deep historical ties to its chairman and his family. SAIC filings reveal that Fullshare's chairman and his two brothers, Ji Changbin and Ji Changrong, were employees of JCC as far back as 1999, when JCC was called Nanjing Jiangnan Construction Company.¹⁴

¹⁴ The entity changed its name from Nanjing Jiangnan Construction Company to JCC in 2002.

一九九九年十二月十五日南京江南基础建设工程公司
职工代表大会到会人员名单

应到会人员: 12/15/1999, list of employee representative at Nanjing Jiangnan Construction Company

邢昌宏	陈方如	季昌斌	邢久生	严合兴
		Ji Changbin		
陈长勇	梁先玉	季昌群	邢方奎	邓寿河
		Ji Changqun		
段定新	王小石	赵文霞	赵林义	邢昌喜
徐发兴	杨东发	杨海林	朱成	季学山
			Ji Xueshan	
邢久彬	骆荣	季昌应	段林保	陈维清
邢绪辉	季昌荣	Ji Changrong	王绍飞	段定德
杨金华	陈长林	段定勤	汪国文	杨东平
杨艺平	杜献忠	朱道平	陈长武	陈长柳
段家保	吕慎超	曹长龙	陈明花	曹家兰
赵春国	段家彪	邓康宁	杨福山	

共 计: 49 人

徐发兴、骆荣 2 人因公事缺席

实到会 47 人



Source: JCC SAIC filing

In 2003, Fullshare's chairman increased his ownership of JCC to 14% and his brother, Ji Changbin, increased his ownership to 20%.

附件 (-)

表2

注册资本变更前后对照表 Registered Cap Change Info

JCC

截至 2003 年 1 月 23 日止

单位名称: 南京嘉盛建设集团有限公司

As of 1/23/2003

RMB '0000

货币单位: 万元

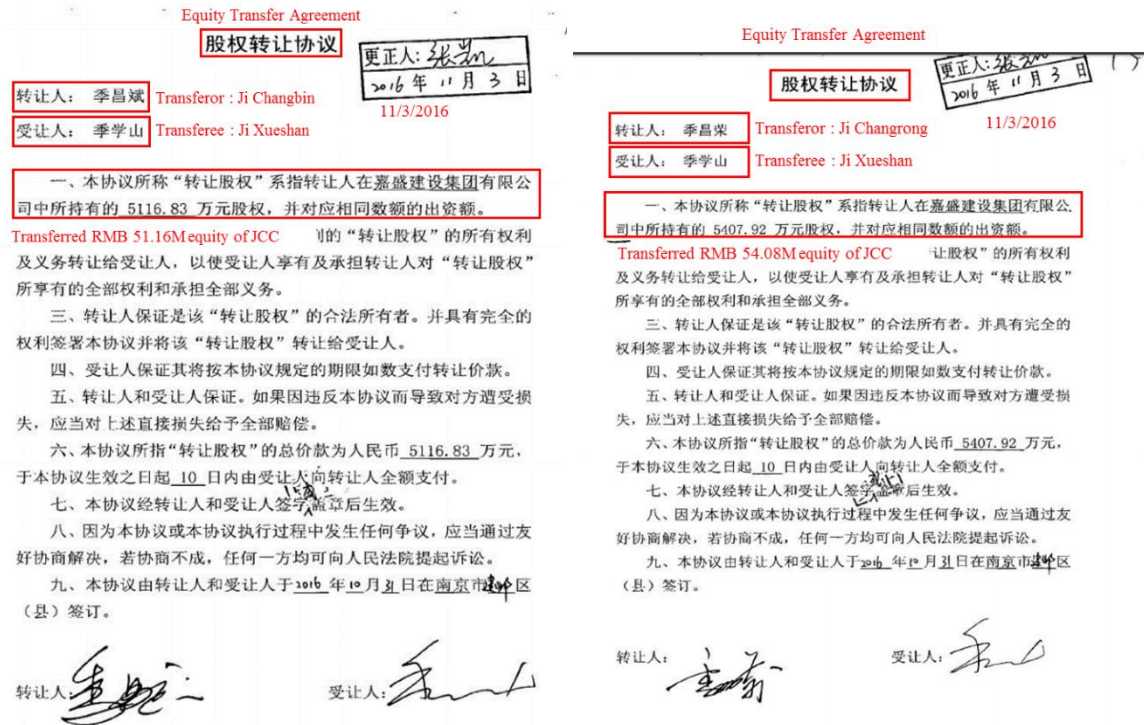
投资者名称 Name	认缴注册资本 Subscription				实缴投入资本 Paid-in Cap				
	变更前		变更后		Before		After		
	金额	比例	金额	比例	金额	比例	本次增加额	金额	比例
邢昌宏	689.234	26.13%	1213.2	30.00%	689.234	26.13%	523.966	1213.2	30.00%
陈方如	95.0044	3.60%			95.0044	3.60%	-95.0044		
邢久生	157.3211	5.97%	436.5398	10.79%	157.3211	5.97%	279.2187	436.5398	10.79%
季昌斌	186.534	7.07%	808.8	20.00%	186.534	7.07%	622.266	808.8	20.00%
Ji Changbin	71.427	2.71%	71.427	1.77%	71.427	2.71%		71.427	1.77%
陈长柳	161.2143	6.11%	161.2143	3.99%	161.2143	6.11%		161.2143	3.99%
陈长勇	184.2143	6.98%			184.2143	6.98%	-184.2143		
季昌群	304.117	11.53%	570.204	14.10%	304.117	11.53%	266.087	570.204	14.10%
Ji Changqun			40.8359	1.01%			40.8359	40.8359	1.01%
职工持股会	788.5	29.90%	741.779	18.34%	788.5	29.90%	-46.721	741.779	18.34%
合计	2637.5661	100%	4044	100%	2637.5661	100%	1406.4339	4044	100%

编制单位: 南京中亚会计师事务所

注册会计师: 陈益平

Source: JCC SAIC filing

On November 3, 2016, the chairman's brothers transferred their shares to Ji Xueshan, one of the founding investors in Fullshare Private.



Source: JCC SAIC filing

In a 2016 bond prospectus, Fullshare Private admitted to long-term and sustainable strategic partnerships with both JCC and Nanjing Jiangong (another company controlled by the chairman's brother).

(一) 丰盛集团的业务发展概况

发行人主要针对城镇化建设等综合开发型项目进行投资，在南京及周边城市投资保障房、基础设施、能源站等项目的建设。投资方式从传统的 IBR 模式⁹逐步过渡到在国内新兴的 PPP 模式¹⁰，已成功承接“南京市浦口新城核心区江水源热泵区域供冷供热系统项目”、“句容市赤山湖整体开发”两个列入江苏省财政厅 PPP 项目库的项目。公司整合上下游产业链，采用 EPC 模式¹¹实施、管理每个项目，与南京建工集团、嘉盛建设集团有限公司等若干南京本地龙头施工企业结成长期、稳定的战略联盟，共同全面负责每个

Fullshare Private has formed long-term and stable strategic partnerships with JCC and Nanjing Jiangong

开发与服务的能力，公司及其战略联盟能够在同等条件下向政府提供更优质、更全面的的服务，获取更多的优质项目资源，获得更丰厚的投资回报。

Source: <http://www.sse.com.cn/disclosure/bond/announcement/company/c/2742768385097649.pdf>

As of June 30, 2016, Fullshare Private even guaranteed RMB 450 million of JCC's loan from two Chinese banks.

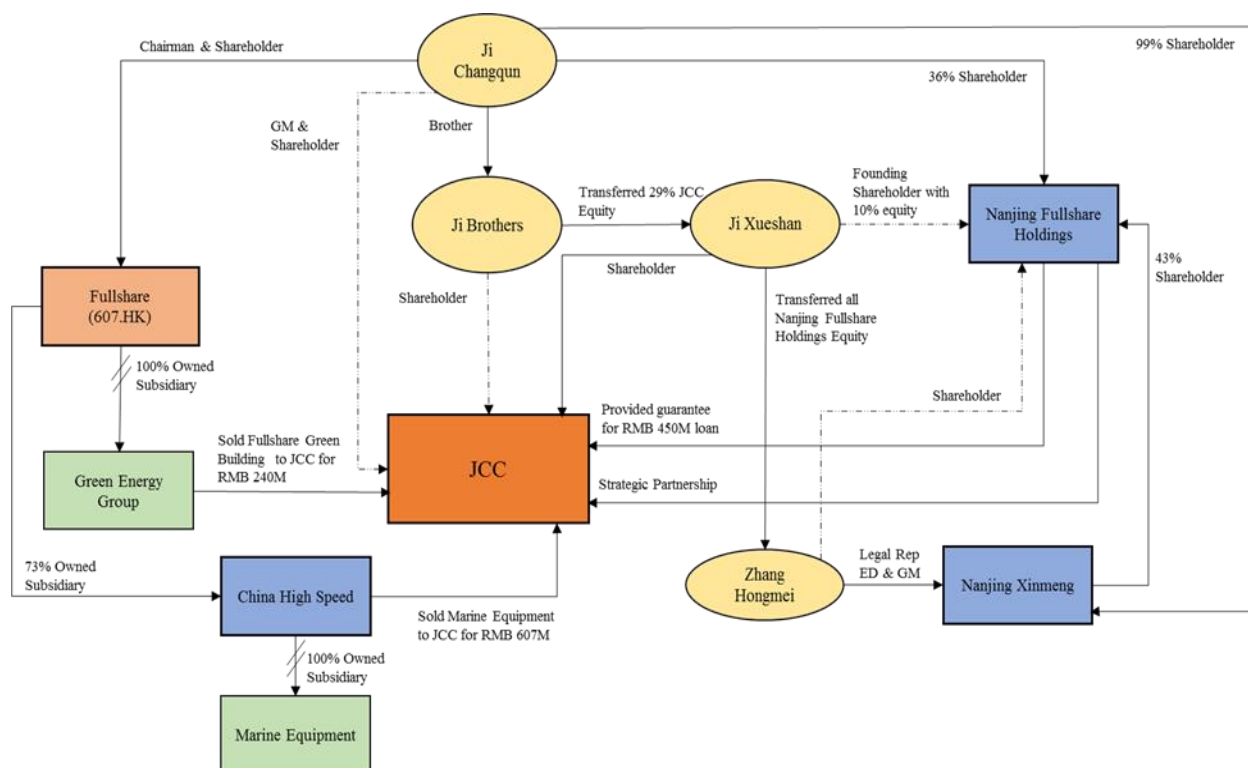
List of guarantee provided by Fullshare Private for other companies' bank loans, as of 6/30/2016

截至 2016 年 6 月 30 日，发行人提供债务担保形成的或有负债如下表所示：

担保方	被担保方	贷款方	担保金额 (万元)	担保期限	担保是否已经履行完毕	期后归还情况
Guarantor	Guarantee		Guarantee amount		Guarantee Expired	
Fullshare Private	JCC		(RMB'0000)			
南京丰盛产业控股集团有限公司	嘉盛建设集团有限公司	农行玄武支行	9,000.00	2015年8月17日-2016年8月16日	是 Yes	借款已全额归还
南京丰盛产业控股集团有限公司	嘉盛建设集团有限公司	广发银行南京分行	10,000.00	2015年9月8日-2016年9月7日	否 No	
南京丰盛产业控股集团有限公司	嘉盛建设集团有限公司	光大银行南京分行	35,000.00	2014年12月11日-2017年12月10日	否 No	
南京丰盛产业控股集团有限公司	南京燕子矶保障房开发有限公司	北京国际信托有限公司	100,000.00	2015年4月30日-2018年4月28日	否	

Source: <http://www.sse.com.cn/disclosure/bond/announcement/company/c/2742768385097649.pdf>

Even though the chairman's brothers sold their shares of JCC in November 2016, we think the evidence shows that JCC remains an undisclosed related party, given the longstanding connections between Fullshare and JCC and the fact that the chairman's Fullshare's Private guarantees JCC's debts. The numerous overlapping connections are summarized in the diagram below.



Source: SAIC filings and company public filings

Ultimately, we think it highly suspicious that after Fullshare took control, CHS sold Marine Equipment for RMB 607 million **without revealing the identity of the buyer**. SAIC filings show that the buyer, far from being an independent third party as the Company claimed, was JCC, an entity with lasting and entrenched ties to Fullshare, its chairman and his family.

Fullshare's affinity for selling assets to JCC shows no signs of abating. In December 2016, Fullshare sold its 100% equity interest in Guangzhou Fullshare Healthcare and its subsidiary to JCC for cash consideration of RMB 55 million. Typically, Fullshare told investors that the buyer was an independent third party, even though, in our opinion, JCC is far from independent. We believe that this is yet another example of insiders secretly selling assets and businesses from the publicly listed vehicle to entities controlled by or connected to the chairman or his family.

5) Singapore Sling

In December 2016, Fullshare sold its 51% equity interest in a Singapore joint venture, [Fudaksu Pte. Ltd.](#) and its subsidiaries (the “[Fudaksu JV](#)”), to Chinafair Investment Limited (“[Chinafair](#)”), for cash consideration of RMB 120 million. As usual, Fullshare claimed that the buyer was an independent third party. The evidence suggests otherwise.

The corporate registry records of Chinafair, a Hong Kong holding company, list Mao Zhengping, Chen Yu and Yang Wen-Ta as its directors.

CR 公司註冊處 Companies Registry

周年申報表 Annual Return

存案 Filed 表格 Form **NAR1**

本申報表的結算日期 Date to which this Return is Made Up

15 10 2016
日 DD 月 MM 年 YYYY

公司編號 Company Number **2156031**

表格 Form **NAR1**

董事詳情 (自然人) (第 12A 項) Details of Director (Natural Person) (Section 12A)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

公司編號 Company Number **2156031**

1 公司名稱 Company Name
橋發投資有限公司
CHINAFAIR INVESTMENT LIMITED

2 商業名稱 (如有的話) Business Name (If any)

身分 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文姓名 Name in Chinese 毛正平

英文姓名 Name in English 姓氏 Surname **Mao** 名字 Other Names **Zhengping**

本申報表的結算日期 Date to which this Return is Made Up

15 10 2016
日 DD 月 MM 年 YYYY

公司編號 Company Number **2156031**

表格 Form **NAR1**

公司編號 Company Number **2156031**

12 董事 Directors

A. 董事 (自然人) Director (Natural Person)
(如超過一名董事屬自然人，請用續頁 B 填報 Use Continuation Sheet B if more than 1 director is a natural person)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

身分 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文姓名 Name in Chinese 陳毓

英文姓名 Name in English 姓氏 Surname **Chen** 名字 Other Names **Yu**

身分 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文姓名 Name in Chinese 楊文達

英文姓名 Name in English 姓氏 Surname **Yang** 名字 Other Names **Wen-Ta**

Source: www.icris.cr.gov.hk

Publicly available SAIC filings reveal that Mao Zhengping is currently the executive director and general manager of Nanjing Saiteng Trading Company (“[Nanjing Saiteng](#)”). SAIC filings also state that Chen Yu, another director of Chinafair, is the board supervisor of Nanjing Saiteng.

国家企业信用信息公示系统
National Enterprise Credit Information Publicity System

企业信用信息 | 经营异常名录 | 严重违法失信企业名单

请输入企业名称、统一社会信用代码或注册号

南京赛腾贸易有限公司 存续(在营、开业、在册) Nanjing Saiteng Trading Co.

统一社会信用代码: 91320114698395023K
法定代表人: 盛利平
登记机关: 南京市雨花台区市场监督管理局
成立日期: 2010年02月23日

发送报告
信息分享
信息打印

基础信息 | 行政许可信息 | 行政处罚信息 | 列入经营异常名录信息 | 列入严重违法失信企业名单(黑名单)信息

营业执照信息

- 统一社会信用代码: 91320114698395023K
- 企业名称: 南京赛腾贸易有限公司
- 类型: 有限责任公司(自然人投资或控股的法人独资)
- 法定代表人: 盛利平
- 注册资本: 13000.000000万人民币
- 成立日期: 2010年02月23日
- 营业期限自: 2010年02月23日
- 营业期限至: 2060年02月22日
- 登记机关: 南京市雨花台区市场监督管理局
- 核准日期: 2017年03月21日
- 登记状态: 存续(在营、开业、在册)
- 住所: 南京市雨花台区软件大道188号C座616室 Address: Room 616, Building C, 188 Ruanjian Main Rd, Yuhuatai District, Nanjing
- 经营范围: 建筑材料、电子产品、纸浆、包装、家具、钢材、木材、板材、五金交电、日用杂品、百货、金属材料、化工原料、纺织服装、机械设备、电气设备、家用电器、棉花、粮食、矿产品的销售;建设项目的投资管理;企业管理;经济信息咨询;房屋拆迁;基础设施工程建设;道路工程、绿化工程、水利工程的施工;水电安装;软件开发;土地利用开发;旅游项目开发;仓储(危险货物除外);自营和代理各类商品和技术的进出口业务(国家限定公司经营或禁止进出口的商品和技术除外)。(依法须经批准的项目,经相关部门批准后方可开展经营活动)

股东及出资信息 股东及出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名,其他出资信息由企业自行公示。

序号	股东名称	股东类型	证照/证件类型	证照/证件号码	详情
1	南京市第四建筑工程有限公司	企业法人	企业法人营业执照(公司)	320100000109728	

共查询到1条记录共1页

主要人员信息 共计 2 条信息

毛正平 执行董事兼总...
陈毓 监事

Mao Zhengping ED & GM
Chen Yu Board Supervisor

Source: [Nanjing Saiteng SAIC filing](#)

Fullshare Trade is the procurement and trade department of the chairman's conglomerate, Fullshare Private. According to Fullshare Trade's website, Nanjing Saiteng is its subsidiary. Corroborating this claim, Nanjing Saiteng's registered address on its SAIC filings is the same as the address listed for Fullshare Trade on its website. Put simply, Fullshare Private claims Nanjing Saiteng as a subsidiary, which employs as board supervisor, executive director and general manager, two of the three directors of Chinafair (the supposed independent third party which purchased the Fudaksu JV from the public company).



丰盛贸易
FULLSHARE TRADE

贸易事业部
集团采购中心

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公司概况

企业文化

资质证书

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公司概况

丰盛集团贸易事业部组建于2007年，公司坚持多元化发展经营战略，经营范围涉及国际贸易、海外投资、贸易投融资、国内一般贸易等诸多领域，拥有煤炭资格许可证、食品流通许可证、酒类流通许可证、危险化学品经营许可证、外贸进出口业务经营许可证等相关资质。主营建筑材料、金属材料、化工原料、煤炭能源、纺织服装五大类产品。集团采购中心主要负责工程材料招标与采购管理工作，与政府及众多国内外优质供应商保持着长期良好的合作关系，建立了稳定的供货渠道，经过多年的发展，到2011年底，采购总额超过20亿，服务遍及江苏、海南、重庆等地区。政府保障房所用钢材均由我中心供应，产品源自国内大型的钢铁企业，如宝钢、沙钢、鞍钢、马钢等，品质优良，先后为宁连高速公路、盐城204国道、盐城西城逸品项目、翠岭银河经济适用房、西善花苑经济适用房、南京新模范马路快速内环、南京台湾各名城等大型重点工程建设及政府保障房项目提供各类优质工程建材。

面对新的机遇与挑战，公司积极调整产业结构，开拓国际与国内贸易业务，打开国际市场，力争跻身于国内大型贸易公司行列，实现公司的可持续性发展。公司奉行“共创繁荣、共享丰盛”的企业宗旨，以“质量第一、信誉第一”为企业的追求目标，着力打造一支团结、诚信、务实、拼搏、和谐共赢的高素质企业团队。

贸易事业部所属公司有：

江苏丰盛贸易发展有限公司

南京铁丰物资贸易有限公司

南京鑫腾贸易有限公司 **Nanjing Saiteng**

汝州市康达煤炭运输有限责任公司

Address: 188 Ruanjian Main Rd,
Yuhuatai District, Nanjing

质量第一、信誉第一

团结、诚信、务实、拼搏、和谐共赢



电话：+86-25-68199185 / 传真：+86-25-68199158 地址：中国南京软件大道188号 [友情链接](#)

苏ICP备12039665号

Source: <http://www.fullsharetrade.cn/about.html>

In case there was any doubt that Fullshare Trade was a division of Fullshare Private, it has the same corporate logo as Fullshare Private and it operates out of the same address.



南京丰盛产业控股集团有限公司

(住所：南京市软件大道188号)

Address: 188 Ruanjian Main Rd, Nanjing

2016年公开发行公司债券（第二期） 募集说明书 （面向合格投资者）

Source: Fullshare Private 2016 2nd Bond Prospectus

But this is not the only connection between Chinafair and Fullshare. Publicly available SAIC filings reveal that Yang Wen-Ta, the third director of Chinafair, is also the shareholder, director, and general manager of Fullshare Nanjing Leisure Agricultural Development Company Limited (“Fullshare Leisure Agricultural”). In addition, Chinafair director Mao Zhengping is currently Fullshare Leisure Agricultural’s legal representative and chairman.

Fullshare Leisure Agricultural SAIC Filings

营业执照信息

- 统一社会信用代码/注册号：91320100560332687P
- 类型：有限责任公司(台港澳与境内合资)
- 注册资本：5000万人民币
- 营业期限自：2010年08月24日
- 登记机关：南京市工商行政管理局
- 登记状态：在业
- 住所：南京市雨花区大周路188号

经营范围：休闲农业观光服务。预包装食品，散装食品的批发与销售，超市管理，初级农产品销售，日用百货，文化体育用品及器材的销售，农业服务，商务咨询服务，家政服务，蔬菜，食用菌，园艺作物，水果，中药材种植。化妆品批发与零售，货物进出口及技术进出口，工艺品销售，保健（食）品销售。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

Fullshare Leisure Agricultural

- 企业名称：丰盛（南京）休闲农业发展有限公司
- 法定代表人：毛正平 Legal Rep: Mao Zhengping
- 成立日期：2010年08月24日
- 营业期限至：2040年08月23日
- 核准日期：2015年10月14日

股东及出资信息

股东的出资信息截止2014年2月28日。2014年2月28日之后工商只公示股东姓名，其他出资信息由企业自行公示。

序号	股东名称 Shareholder	股东类型	证照/证件类型	证照/证件号码	详情
1	杨文达 Yang Wen-Ta	台湾居民	(非公示项)	(非公示项)	查看
2	南京丰盛农业发展有限公司 Fullshare Agricultural	有限公司(自然人控股)	营业执照	320100000140355	查看

共查询到 2 条信息 [上一页](#) [1](#) [下一页](#)

Chairman Yang Wen-Ta
Mao Zhengping Director & GM

主要人员信息

共计4条信息

毛正平 董事长	杨文达 董事兼总经理	郁青松 监事	许凤兰 董事
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Source: [SAIC Website](#)

On an employment search website, Zhaopin.com, Fullshare Leisure Agricultural [advertises](#) for available positions and states that it is a subsidiary of Fullshare Private.

丰盛（南京）休闲农业发展有限公司 BEST**Fullshare Leisure Agricultural**

公司性 民营

质:

公司规 100-499人

模:

公司行 农/林/牧/渔, 娱乐/体育/休闲, 酒店/餐饮

业:

公司地 南京雨花区软件大道119号 丰盛商汇

址:

公司介绍**Fullshare Leisure Agricultural is a subsidiary of Fullshare Private**

丰盛（南京）休闲农业发展有限公司是隶属于南京丰盛集团旗下的一家与南京中医药大学、台湾开达休闲开发股份有限公司合作成立的具备独立法人资质的合资公司。公司结合大陆及台湾相关院校、单位及个人共同打造丰盛“原生植物应用生活养生园”项目。

该项目是以中草药植物养生模式为主轴，中草药应用生活为支点。将建成全国第一家集中草药生活化种源库、健康种苗培育、中草药有机栽培、成份分析、质检、展示、创意、应用生活为一体的中草药综合应用发展园区。丰盛集团优质的渠道资源、管理资源、人力资源、技术资源、资金资源等，将逐渐完善项目多元化、专业化、内涵化发展并扩大营运规模。项目结合南京中医药大学中草药的专业技术；台湾中草药应用生活的服务经验及创意理念！

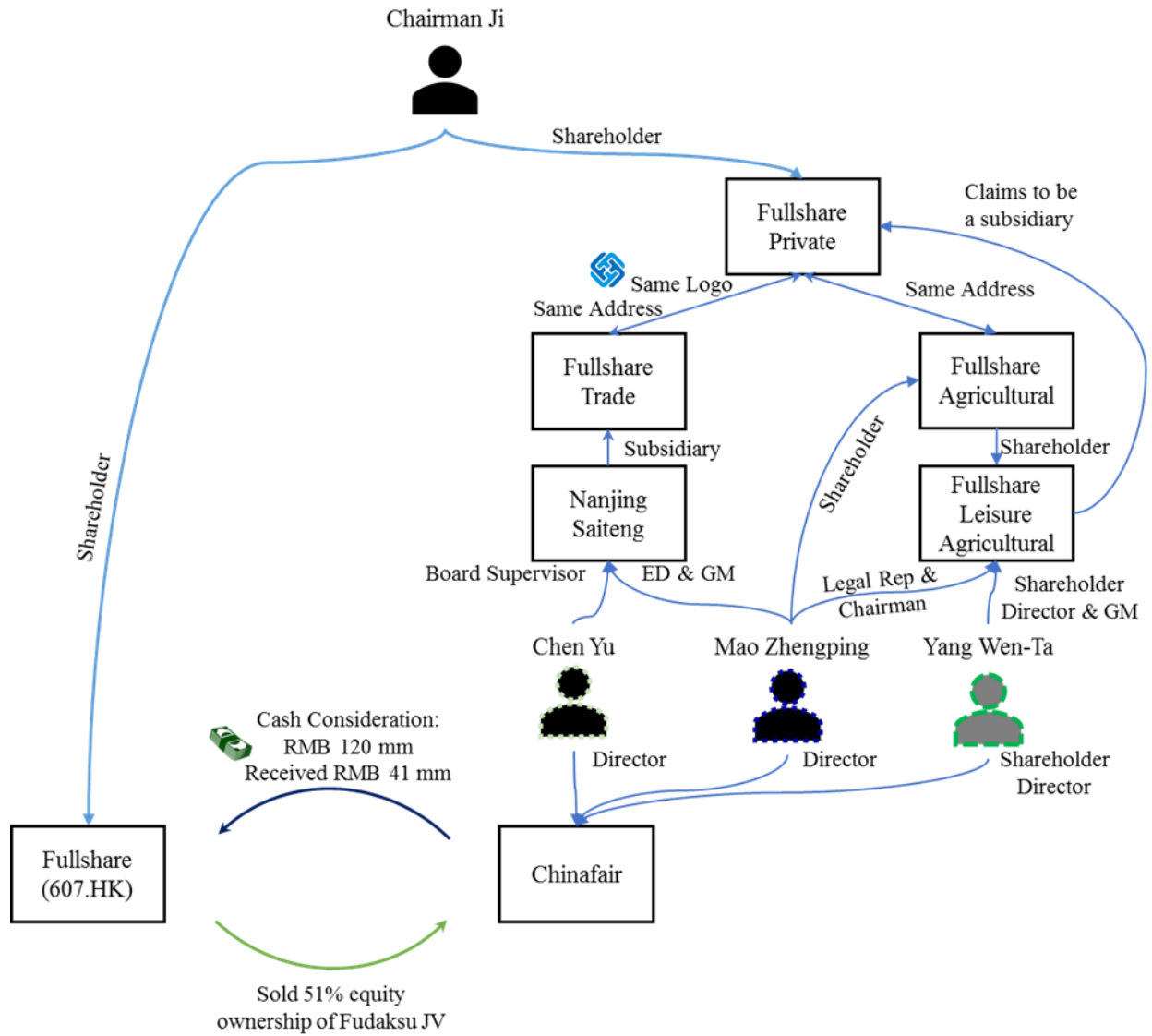
欢迎您加入我们敬业激情的团队，共创繁荣、共享丰盛, 创建健康丰盛 健康生活、快乐工作！

Source: <http://company.zhaopin.com/CC133914432D90250020000.htm>

In sum, SAIC filings, a corporate website and online job postings indicate that Chinafair, the supposed independent third party which purchased the Fudaksu JV from the Company for RMB 120 million, is an undisclosed related party with a multitude of connections to Fullshare. Chinafair's directors are the general manager, executive director and board supervisor of Nanjing Saiteng, which according to Fullshare Trade's website, is a subsidiary of the chairman's Fullshare Private. Chinafair's directors are also the shareholders, legal representative, chairman, director, and general manager of Fullshare Leisure Agricultural, a company which represents to job applicants that it is a subsidiary of Fullshare Private.

Fullshare has provided virtually no information to investors about its initial investment or the assets, financial performance or operations of the Fudaksu JV. Fullshare [invested](#) RMB 100 million in the Fudaksu JV in February 2016, but without more details, it is difficult to analyze whether it was sold to a party connected to the chairman's conglomerate at below its market value. But given that Fullshare concealed the related party nature of the transaction, we suspect that like other undisclosed related party dispositions, the transaction was at a price highly dilutive to the Company's shareholders.

Connections Between Fullshare and Chinafair



UNDISCLOSED RELATED PARTY ACQUISITIONS

We have also uncovered instances where Fullshare acquired businesses or assets from parties secretly connected to or controlled by its chairman or his family. Like undisclosed related party dispositions, we believe that these undisclosed related party acquisitions signify a complete disregard for shareholder rights and Hong Kong securities laws and call into question the value of the acquired assets.

1) Tianyun Hustle

On October 15, 2014, Fullshare bought 80% of the equity of Nanjing Tianyun Real Estate Development Company Limited (“Nanjing Tianyun”) from Nanjing Tonglu Asset Management Limited (“Tonglu”) for **RMB 500 million**.¹⁵ In the [acquisition announcement](#), Fullshare stated that the sellers were independent third parties.

Parties

- (i) The Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser;
- (ii) Nanjing Tonglu, a wholly-owned subsidiary of Changfa Dushi, as seller; and
- (iii) Changfa Dushi.

As at the date of this announcement, Nanjing Tonglu and Changfa Dushi directly hold 95% and 5% equity interest in Tianyun, respectively.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Nanjing Tonglu, Changfa Dushi and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0905/LTN20140905929.pdf>

Yet SAIC filings suggest that the primary seller, Tonglu, was a newly-formed shell entity secretly connected to the chairman’s family. According to SAIC filings, Tonglu was incorporated on July 15, 2014, just three months before it sold Nanjing Tianyun to the Company.

南京通路资产管理有限公司 在业 **Nanjing Tonglu**

统一社会信用代码/注册号: 913201143025110928

法定代表人: 秦东

登记机关: 南京市雨花台区市场监督管理局

成立日期: 2014年07月15日

基础信息	行政许可信息	行政处罚信息	列入经营异常名录信息	列入严重违法
<p>营业执照信息</p> <ul style="list-style-type: none"> • 统一社会信用代码/注册号: 913201143025110928 • 类型: 有限责任公司(法人独资) • 注册资本: 1000万元人民币 • 营业期限自: 2014年07月15日 • 登记机关: 南京市雨花台区市场监督管理局 				
				<p>Date of Incorporation: 7/15/2014</p> <ul style="list-style-type: none"> • 企业名称: 南京通路资产管理有限公司 • 法定代表人: 秦东 <li style="border: 1px solid red; padding: 2px;">• 成立日期: 2014年07月15日 • 营业期限至: 2044年07月14日 • 核准日期: 2016年04月05日

Source: SAIC filing

On July 28, 2014, just days after incorporation, SAIC filings show that Tonglu acquired 95% of Nanjing Tianyun from Nanjing Jiangong, which is more than 50% owned by Fullshare chairman’s brother: Ji Changbin.

¹⁵ Prior to the transaction, Tonglu held 95% of the equity of Nanjing Tianyun, and Nanjing Changfa held the remaining 5%.

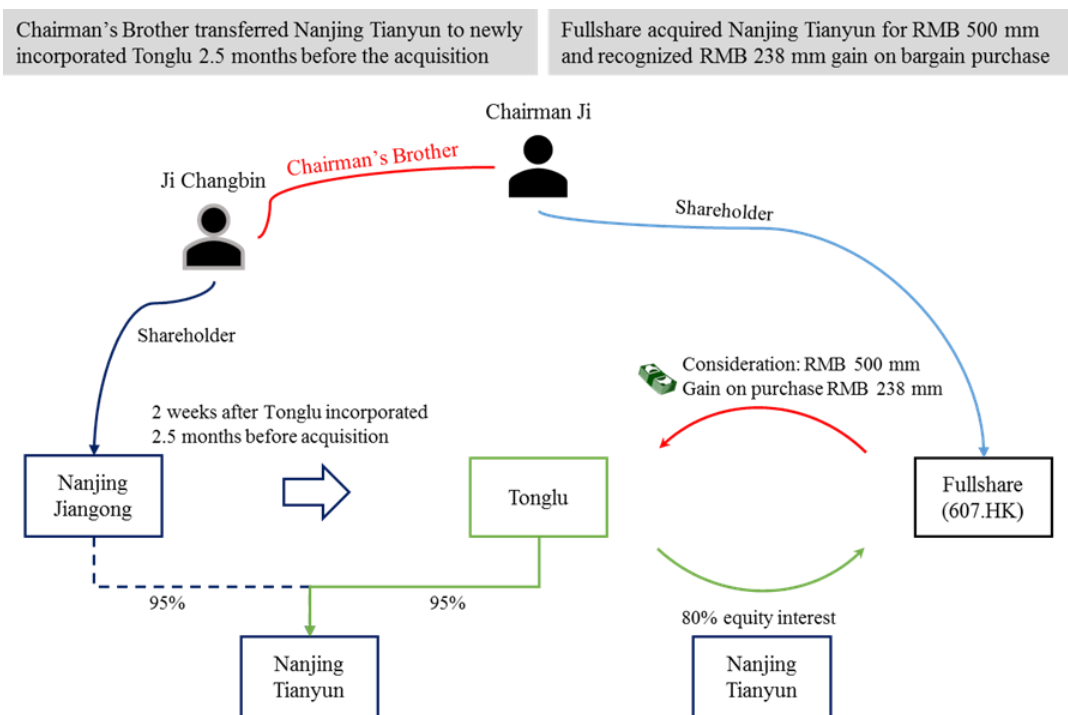
Nanjing Tianyun SAIC Filings

变更信息				
序号	Amendment 变更事项	Before 变更前内容	After 变更后内容	Date 变更日期
1	股东变更	南京通路资产管理有限公司,南京长发都市房地产开发有限公司,南京丰盛大族科技股份有限公司	南京通路资产管理有限公司,南京长发都市房地产开发有限公司,南京丰利股权投资企业(有限合伙)	2017年02月14日
2	股东变更	南京通路资产管理有限公司,南京长发都市房地产开发有限公司,南京丰利股权投资企业(有限合伙)	南京通路资产管理有限公司,南京长发都市房地产开发有限公司,南京丰盛大族科技股份有限公司	2015年05月20日
3	法定代表人变更	周涛	施智强	2014年10月13日
4	股东变更 Shareholder Change	南京通路资产管理有限公司,南京长发都市房地产开发有限公司	南京通路资产管理有限公司,南京长发都市房地产开发有限公司,南京丰利股权投资企业(有限合伙)	2014年10月13日 July 28, 2014
5	股东变更 Shareholder Change	南京建工集团有限公司,南京长发都市房地产开发有限公司	南京通路资产管理有限公司,南京长发都市房地产开发有限公司	2014年07月28日

共查询到 5 条信息 上一页 1 下一页

Source: SAIC filing

To summarize. In July 2014, an entity majority owned by the chairman’s brother transferred Nanjing Tianyun to a recently incorporated shell entity (Tonglu), which turned around and sold it to Fullshare for RMB 500 million only three months later.



In our view, this was clearly an undisclosed related party transaction. We believe that the chairman’s brother sold Nanjing Tianyun to the public company, but so as to conceal the family’s involvement, routed the RMB 500 million transaction through a newly-formed shell entity.

This calls into question the value of the acquired assets. After all, why would the company hide the related party nature of the acquisition from shareholders if it was a fair deal?

There is another wrinkle. Fullshare told shareholders it acquired Nanjing Tianyun at a large discount to its market value. Specifically, Fullshare claimed in its FY 2014 annual report that the net asset value of 80% of Nanjing Tianyun

was RMB 738 million. By only paying RMB 500 million to acquire the equity, Fullshare recognized RMB 238 million as a non-cash “gain on bargain purchase” in its FY 2014 financial statements.

(a) *Acquisition of subsidiary – Nanjing Tianyun (continued)*

The fair value of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	Fair values RMB'000
Plant and equipment	2
Properties under development	1,029,787
Other receivables	424,457
Tax prepaid	252
Bank balances and cash	104,790
Trade and other payables	(26,552)
Receipts in advance and deposits received	(79,364)
Deferred tax liability	(15,404)
Bank and other borrowings	(526,990)
Total identifiable net assets	910,978
Less: non-controlling interests (at fair value) (note)	(173,000)
	737,978
Gain on bargain purchase	(237,978)
Total consideration	500,000

Source: FY 2014 Company Annual Report, p. 115.

Even without the evidence that this was secretly a related party acquisition, such “gains on bargain purchases” are dubious. Why would a seller sell an asset at below its net asset value?

But in this case, it is even more suspect, because records show that the chairman’s brother owned Nanjing Tianyun before selling it to the Company via a newly-formed shell entity. Are investors really supposed to believe that the chairman’s family sold an asset to the public company at a significant discount to the market price? We think not.

The gain on the purchase of Nanjing Tianyun was RMB 238 million, which was significantly higher **than RMB 94 million in recurring operating profit reported by Fullshare in FY 2014.**¹⁶ Not only does the undisclosed related party acquisition merit a full inquiry, but we doubt whether any related gain on purchase recognized on the transaction was legitimate. In our opinion, not only is this evidence of an undisclosed related party transaction, but we believe that dubious non-cash gains were used to artificially inflate Fullshare’s FY 2014 earnings.

2) Nanjing Zhonghe

On September 27, 2016, Fullshare bought 35% of Nanjing Jiansheng Real Estate Development Co Ltd (“Nanjing Jiansheng”) from Nanjing Zhonghe Shiye Investment Development Company Limited (“Nanjing Zhonghe”) for RMB 17.5 million. As per usual, Fullshare claimed that the seller, Nanjing Zhonghe, was an independent third party.

¹⁶ Excluded one-time gains and other income.

THE ACQUISITION

The Board wishes to announce that, on 12 August 2016, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Interest at the Consideration (being a total of RMB17.5 million). On the same day, the Purchaser, the Vendor and Nanjing Construction also entered into the JV Agreement Confirmation, pursuant to which Nanjing Construction agreed to the Vendor assigning all of the rights and obligations of the Vendor under the Pre-Acquisition JV Agreement to the Purchaser.

The Sale Interest represents 35% of the total equity interests in the Target. According to the business licence of the Target, the Target is principally engaged in property development and operation, construction and design, property renovation, venue leasing and property management, which, upon Completion, shall be held as to 65% by Nanjing Construction and as to 35% by the Purchaser. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and Nanjing Construction is a third party independent of the Group and its connected persons.

"Vendor"

南京中閩實業投資發展有限公司 (Nanjing Zhonghe Shiye Investment Development Company Limited*), a company established in the PRC with limited liability, the legal and beneficial owner of 35% of the registered capital of the Target

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0812/LTN201608121182.pdf>

However, publicly available SAIC filing reveals that Ji Changrong, brother of Fullshare's chairman, was the shareholder and sole legal representative of Nanjing Zhonghe until July 2015, when he transferred his shares to the entity Nanjing Sue. As discussed above, Nanjing Sue leases office space and borrows hundreds of millions of Chinese yuan from the chairman's Fullshare Private. Nanjing Sue also shares a board supervisor with another entity owned by the chairman. We therefore infer that Nanjing Sue is an undisclosed connected party.

Nanjing Zhonghe SAIC Information

■ 变更信息

序号	变更事项	Amendment	变更前内容	Before	After	变更后内容	Date	变更日期
1	企业住所变更		南京市江宁区谷里街道柏树村梁家		南京市雨花台区西营村183号			2017年03月24日
2	法定代表人变更		陈勤斌		许凤兰			2016年02月24日
3	名称变更		南京丰盛投资集团有限公司		南京中閩实业投资发展有限公司			July 21, 2015
4	Legal Rep Shareholder	法定代表人变更	季昌荣	Ji Changrong	陈勤斌	Nanjing Sue		2015年07月21日
5	股东变更		季昌荣, 季学龙, 徐挺建	Ji Changrong	季学龙	南京创苏投资有限公司		2015年07月21日

Source: SAIC Filings

Not only was this an undisclosed related party transaction, it was also more substantial than it originally appeared. As stated in its acquisition announcement, Fullshare is required by the terms of the acquisition agreement to pay initial development costs no less than RMB 45.5 million on top of the acquisition price. It makes the total cash cost of this transaction RMB 63 million.

JV Parties	Form of contribution	Amount (RMB)	Equity Interests in the Target
Nanjing Construction	Cash	32,500,000	65%
Purchaser	Cash	17,500,000	35%
	Total:	50,000,000	100%

Pursuant to the JV Agreement, the total investment amount for the Project shall be RMB2 billion.

The Land Parcel

On 8 December 2015, Nanjing Construction entered into a state-owned land use right transfer agreement with the Nanjing Municipal Bureau of Land and Resources. Nanjing Construction made contributions to the relevant costs of the initial development of the Project (including the land costs and relevant taxes, construction costs for the initial stage of the Project, fees related to the development and relevant capital interests) (“**Initial Development Costs**”). Pursuant to the JV Agreement, the Purchaser shall pay its share of Initial Development Costs in an amount of not less than RMB129,923,456 to the Target in proportion to its equity interests in the Target. Upon such payment, Nanjing Construction shall, within 7 Business Days, make a written application to Nanjing Municipal Bureau Land and Resources for the transferee of the land use right of the Project to be changed to the Target. As at the date of this announcement, the Purchaser’s share of Initial Development Costs has not been paid.

Source: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0812/LTN201608121182.pdf>

Fullshare fails to disclose many details regarding the financial condition, operations or value of its interest in the Nanjing Jiansheng JV, so we are left to speculate as to the motivation behind selling it to the public company. We suspect that the chairman (or his family) wanted to get out of the investment in the Nanjing Jiansheng JV, so he (or they) secretly sold it to the public company so that public funds would be used to pay for the related development costs.

VALUATION

In this report, we presented independent intraday trading data which indicates, in our opinion, that both Fullshare's and Zall's share prices are being manipulated upwards in the final hour of trading. Because of the significant cross-holdings between the two companies, such manipulation has the perverse effect of creating significant unrealized non-cash gains from the appreciation of their respective stock prices. In FY 2016, gains from the appreciation of Zall's stock accounted for a staggering 108% of Fullshare's net income. Such gains, by artificially inflating net income, in turn artificially inflate each company's respective stock price.

In our view, this perverse cycle has caused the stock price of Zall and Fullshare to soar. Evidence suggests that both companies then pledged their respective cross-shareholdings to take out short term loans. This creates a highly unstable situation where banks hold two absurdly overvalued stocks as collateral. If share prices fall, which inevitably they must, banks may be forced to sell the shares held as collateral to secure their loans. This will cause the share prices to fall further, prompting banks to sell more. In our opinion, this is the exact scenario which caused a sudden, dramatic decrease in the price of Tech Pro and Hanergy's shares.

We presented evidence that Fullshare has used to smokescreen of its rising stock price to transfer many of the Company's most profitable assets to entities which are secretly owned by or connected to the chairman or his family. It appears as though Fullshare is a classic case of insiders looting a public company of its best assets. In our years of examining Hong Kong stocks, we have never seen as many undisclosed related party transactions as we have discovered with Fullshare. Such transactions evince a complete disregard for Hong Kong securities laws and shareholder rights and render Fullshare's stock simply uninvestible.

Nor can investors expect any help from the chairman's private conglomerate, Fullshare Private. An October 2016 bond prospectus issued by Fullshare Private shows that the conglomerate is heavily levered. In the first half of 2016, Fullshare Private reported an adjusted debt to EBITDA ratio of **13x**.¹⁷

Fullshare Private Debt-to-EBITDA Ratio

RMB mm	2013	2014	2015	1H '16
Total Debt (Payable incl.)	16,668	17,992	19,171	19,230
EBITDA	1,309	1,577	1,992	1,476
Debt/EBITDA	n/a	11	9	13

Source: Fullshare Private Bond Prospectus

Note: EBITDA in 1H'16 is annualized

Even more worrisome, Fullshare Private admits that RMB 8.5 billion of this debt is due by the end of 2017, despite the fact that the conglomerate reported 2016 annualized EBITDA of only RMB 1.5 billion and a cash balance of only RMB 1.4 billion.

Fullshare Private Debts Repayment Schedule

RMB mm	2H '16	2017	2018	2019	2020&after
Debts Due	4,576	3,882	637	7	435

Source: Fullshare Private Bond Prospectus

Although Fullshare Private is ostensibly a heavily indebted real estate company, its balance sheet is light on fixed assets and heavy on receivables. As of its last publicly available financials, receivables comprised 46% of total assets and 147% of its book value.

¹⁷ We include payables in the calculation because for the most part they appear to be longer term repayment obligations. Fullshare Private disclosed RMB 9.7 billion in payables, and it does not appear that Fullshare Private has the cash balance or expected cash inflows to pay off such obligations in the short term, thus for the purpose of financial analysis, we believe it is fair to consider such payables a long term financial liability akin to indebtedness. Even without including payables, Fullshare Private's debt/EBITDA ratio is 7.1 for 1H FY 2016. By any metric, the conglomerate is heavily levered.

Fullshare Private Receivables to Equity and Total Assets Ratio

<i>RMB mm</i>	2013	2014	2015	1H '16
Total Receivables	11,783	13,556	16,087	14,082
Shareholders' Equity	8,576	8,991	9,473	9,568
% Receivables/Equity	137%	151%	170%	147%
Total Assets	27,077	28,931	30,747	30,822
% Receivables/Total Assets	44%	47%	52%	46%

Source: Fullshare Private Bond Prospectus

The point is that any Fullshare investor looking to the chairman's private company for rescue will be waiting in vain, as Fullshare Private is heavily levered, and does not appear to either possess or be able to generate the cash required to repay its long term financial liabilities, let alone bail out the public company.

Fullshare is so overvalued that even if we ignore any evidence of corruption, we would expect a 76% downside in Fullshare's stock price. Investors do not typically give credit for non-recurring, one-time gains, especially if they occur outside of the core business. If we adjust Fullshare's income statement to remove such gains, we calculate that the Company's earnings from its continuing operations was only RMB 303 million in FY 2016. Meaning that Fullshare currently trades at a ludicrous 160.4x trailing TTM earnings from continuing operations!

Fullshare's Earnings from Continuing Operations

<i>RMB '000 except per share value</i>	Reported	Glaucus Adjusted
	2016	2016
Revenue	4,311,423	4,311,423
Less: COGS	(3,439,428)	(3,439,428)
Gross profit	871,995	871,995
Selling expenses	(228,803)	(228,803)
Administrative expenses	(511,452)	(511,452)
Operating profits	131,740	131,740
Non-operating & one time gain:		
Change in fair value of financial assets at fair value through profit or loss	3,361,459	Non recurring
Gain on disposals of subsidiaries	98,502	Non recurring
Gain on bargain purchase in acquisition of subsidiaries	3,752	Non recurring
Share of profits and losses of:		
Joint ventures	(7)	(7)
Associates	5,501	5,501
Other income and gains	238,490	238,490
Finance costs	(89,996)	(89,996)
Profit (loss) before tax	3,749,441	285,728
Taxes	(716,436)	(54,596)
% tax rate	19%	19%
Net income	3,033,005	231,132
less non-controlling interests	(72,191)	(72,191)
Profit attributable to owners of the parent	3,105,196	303,323
Shares outstanding on December 31, 2016	19,729,061	19,729,061
EPS	0.1574	0.0154
EPS (HKD)		0.0180

Source: Company Filings, Bloomberg, Glaucus Calculation

Note: 1. Fullshare issued more than 3.5 billion shares in the last quarter of 2016. These dilutive issuances are included in our EPS calculation.

2. 2016 Average Exchange Rate: RMB 1 = HK\$ 1.17

As a basis of comparison, Fullshare is included in the Hang Seng Composite Properties and Construction Index (“HSCIPC”) along with 105 other HK listed companies. The median Hong Kong company in the HSCIPC trades at a multiple of 11.8x price to trailing twelve months earnings from continuing operations.

If Fullshare simply traded at the same multiple for TTM earnings from continuing operations as the median company in the HSCIPC, it would imply a share price of HKD 0.21 per share.

Nor does the inclusion of any recent acquisitions make Fullshare’s valuation any more appropriate. Fullshare acquired 74% of Hong Kong listed CHS in December 2016, meaning that going forward, CHS and its subsidiaries will be fully consolidated into Fullshare’s financial statements. If we give full credit to Fullshare’s 74% investment in CHS, at CHS’s current market capitalization, it adds only HKD 0.47 per share to Fullshare’s value.¹⁸

Accordingly, even including the value of CHS, if Fullshare traded at the median multiple of earnings for other HSCIPC companies, Fullshare’s stock would be worth only HKD 0.68 per share, implying an 76% downside in the Company’s stock.¹⁹

Glaucus Valuation - P/E	
Fullshare Share Price (HK\$)	2.88
Adjusted Fullshare EPS (HK\$)	0.018
Adjusted Fullshare P/E Ratio	160.4 x
Median P/E Ratio of HSCIPC	11.8 x
Implied Fullshare Share Price Using HSCIPC P/E Ratio	0.21
CHS Market Cap (HK\$ mm)	12,592
Fullshare ownership %	74%
CHS value attribute to Fullshare (HK\$ mm)	9,307
Fullshare outstanding shares (mm)	19,729
CHS value per Fullshare share (HK\$)	0.47
Implied Fullshare Share Price Using HSCIPC P/E Ratio Plus CHS Value	0.68
% Downside	-76%

Source: Company Filings, Bloomberg, Glaucus Calculation

*2016 Average Exchange Rate: RMB 1 = HK\$ 1.17

Measured on a price to book ratio, Fullshare’s shares appear similarly overvalued. The median company in the HSCIPC trades at a multiple of 0.78x its book value. Fullshare appears to trade at 1.86x its book value, but this is deceiving. Zall is a struggling shopping mall developer which admits that it is not in compliance with its covenants. We believe that Zall’s shares have risen so high because of manipulation and are thus ludicrously overvalued. Therefore, in calculating Fullshare’s book value, we believe it is appropriate to remove the Zall shares from its balance sheet.

We therefore calculate that Fullshare trades at an absurd 2.31x its adjusted book value. If it simply traded at the HSCIPC median, Fullshare would be valued at HKD 0.97 per share, a 66 % downside from its current price.

¹⁸ We express no opinion regarding the valuation of CHS.

¹⁹ Glaucus calculations are based on the price of Fullshare’s stock at the close of trading on Friday April 21, 2017, of HKD 2.88 per share.

Glaucus Valuation - Net Assets Value

<i>RMB'000</i>	Reported	Glaucus Adjusted
	<u>2016</u>	<u>2016</u>
Net Assets	26,178,553	26,178,553
Value of Zall Shares	-	5,125,172
Adjusted Net Assets	26,178,553	21,053,381
Adjusted Net Asset per Share (RMB)	1.33	1.07
Adjusted Net Asset per Share (HK\$)	1.55	1.25
Fullshare Share Price (HK\$)	2.88	2.88
Fullshare P/B Ratio	1.86 x	2.31 x
Median P/B Ratio of HSCIPC		0.78 x
Implied Fullshare Share Price Using HSCIPC P/B Ratio		0.97
% Downside		-66%

Source: Company Filings, Bloomberg, Glaucus Calculation

But of course, we think that Fullshare should trade far below an index median, given the evidence presented in this report of ubiquitous undisclosed related party dealings and the unusual intraday trading pattern of its stock. Applying a 20% corruption discount yields a Glaucus valuation of HKD 0.55 per share (on an adjusted P/E multiple) or HKD 0.77 (on an adjusted P/B multiple).

GRG Valuation

<i>HK\$</i>	P/E	P/B
Fullshare Share Price	2.88	2.88
GRG Valuation	0.68	0.97
Corruption Discount	20%	20%
GRG Value Per Share	0.55	0.77
% Downside	-81%	-73%

Source: Company Filings, Bloomberg, Glaucus Calculation

Note: Both valuation methodologies give full credit to Fullshare's interest in CHS.

Ultimately, in this report, we have presented evidence that the Company's stock is manipulated and that its chairman and his family have engaged in a number of undisclosed related party transactions to loot the Company's best businesses. Such behavior by Fullshare's inner circle is so reprehensible and untrustworthy that we believe that the Company is simply uninvestible.



APPENDIX I

JCC SAIC Filings

2015 Annual Report

2015年度报告

有0条修改记录

填报时间: 2016-06-29

企业年报信息由该企业提供, 企业对其年报信息的真实性、合法性负责。

■ 基本信息

Jiasheng Construction Group Co., Ltd.

. 统一社会信用代码/注册号: 91320100721703523E
 . 企业联系电话: 025-86808888
 . 企业通信地址: 南京市建邺区邺城路19号双闸社区中心B座
 . 企业电子邮箱: jiasheng@jiasheng.cn
 . 企业经营状态: 开业/正常经营
 . 是否有投资信息或购买其他公司股权: 否

. 企业名称: 嘉盛建设集团有限公司
 . 邮政编码: 210019
 . 从业人数: 企业选择不公示
 . 是否有网站或网店: 是
 . 有限责任公司本年度是否发生股东股权转让: 否

■ 网站或网店信息

共计1条信息

嘉盛建设集团有限公司
 . 类型: 网站
 . 网址: www.jiasheng.cn

■ 股东及出资信息

Shareholder

序号	股东	认缴出资额(万元)	认缴出资时间	认缴出资方式	实缴出资额(万元)	实缴出资时间	实缴出资方式
1	杨如军	15340.59万	2012年08月07日	货币	15340.59万	2012年08月07日	货币
2	季昌荣	5407.92万	2012年08月07日	货币	5407.92万	2012年08月07日	货币
3	季昌斌	5116.83万	2007年03月05日	货币	5116.83万	2007年03月05日	货币
4	孙英洲	3009.9万	2007年03月05日	货币	3009.9万	2007年03月05日	货币
5	严合兴	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

共查询到 10 条信息

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■ 股东及出资信息

序号	股东	认缴出资额(万元)	认缴出资时间	认缴出资方式	实缴出资额(万元)	实缴出资时间	实缴出资方式
6	邢绪海	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
7	邢久奎	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
8	邢久生	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
9	陈长柳	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
10	陈长勇	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

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Source: <http://www.jsgsj.gov.cn:58888/province/>

2014 Annual Report **2014年度报告** 有0条修改记录

填报时间: 2015-06-29

企业年报信息由该企业提供, 企业对其年报信息的真实性、合法性负责。

■ 基本信息

· 统一社会信用代码/注册号: 91320100721703523E
 · 企业联系电话: 02586808888
 · 企业通信地址: 南京市建邺区江东中路315号10层
 · 企业电子邮箱: jiasheng@jiasheg.cn
 · 企业经营状态: 开业/正常经营
 · 是否有投资信息或购买其他公司股权: 否

· 企业名称: **嘉盛建设集团有限公司** **Jiasheng Construction Group Co., Ltd.**
 · 邮政编码: 210019
 · 从业人数: 企业选择不公示
 · 是否有网站或网店: 是
 · 有限责任公司本年度是否发生股东股权转让: 否

■ 网站或网店信息

共计1条信息

嘉盛建设集团有限公司
 · 类型: 网站
 · 网址: jiasheng@jiasheg.cn

■ 股东及出资信息

Shareholder

序号	股东	认缴出资额(万元)	认缴出资时间	认缴出资方式	实缴出资额(万元)	实缴出资时间	实缴出资方式
1	杨如军	15340.59万	2012年08月07日	货币	15340.59万	2012年08月07日	货币
2	季昌荣	5407.92万	2012年08月07日	货币	5407.92万	2012年08月07日	货币
3	季昌斌	5116.83万	2007年03月05日	货币	5116.83万	2007年03月05日	货币
4	孙英洲	3009.9万	2007年03月05日	货币	3009.9万	2007年03月05日	货币
5	严合兴	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

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序号	股东	认缴出资额(万元)	认缴出资时间	认缴出资方式	实缴出资额(万元)	实缴出资时间	实缴出资方式
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8	邢久生	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
9	陈长柳	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
10	陈长勇	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

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2013 Annual Report **2013年度报告** 有0条修改记录

填报时间: 2014-12-31

企业年报信息由该企业提供, 企业对其年报信息的真实性、合法性负责。

■ 基本信息

. 统一社会信用代码/注册号: 91320100721703523E
 . 企业联系电话: 025-86808888
 . 企业通信地址: 南京市建邺区江东中路315号10层
 . 企业电子邮箱: jiasheng@jiasheng.cn
 . 企业经营状态: 开业/正常经营
 . 是否有投资信息或购买其他公司股权: 否

Jiasheng Construction Group Co., Ltd.

. 企业名称: **嘉盛建设集团有限公司**
 . 邮政编码: 210019
 . 从业人数:
 . 是否有网站或网店: 是
 . 有限责任公司本年度是否发生股东股权转让:

■ 网站或网店信息

共计1条信息

嘉盛建设集团有限公司
 . 类型: 网站
 . 网址: <http://www.jiasheng.cn/>

■ 股东及出资信息

Shareholder

序号	股东	认缴出资额(万元)	认缴出资时间	认缴出资方式	实缴出资额(万元)	实缴出资时间	实缴出资方式
1	季昌斌 Ji Changbin	5116.83万	2007年03月05日	货币	5116.83万	2007年03月05日	货币
2	孙英洲	3009.9万	2007年03月05日	货币	3009.9万	2007年03月05日	货币
3	严合兴	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
4	季昌荣 Ji Changrong	5407.92万	2012年08月07日	货币	5407.92万	2012年08月07日	货币
5	邢绪海	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

■ 股东及出资信息

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7	邢久奎	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
8	邢久生	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
9	陈长柳	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币
10	陈长勇	1203.96万	2007年03月05日	货币	1203.96万	2007年03月05日	货币

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APPENDIX II

Fullshare Green Building 2014 SAIC Filings

2014年度企业年度报告书 2014 Annual Report							
企业名称	丰盛绿建集团有限公司		Fullshare Lujian (Fullshare Green Building)			91320000796544766G	
企业通信地址	南京市雨花台区软件大道188号A幢					210012	
企业联系电话	026-68199689		电子邮箱		lpeiying@fullshare.cc		
企业经营状态	开业						
股东出资情况表 (万元, 币种应与注册资本币种相同)	股东	认缴出资额	认缴出资时间	认缴出资方式	实缴出资额	实缴出资时间	实缴出资方式
	南京丰利股权投资企业(有限合伙)	19800	2012年05月07日	货币	19800	2012年05月07日	货币
	江苏省丰盛房地产开发有限公司	200	2012年05月07日	货币	200	2012年05月07日	货币
是否有网站或网店	否	类型		名称		网站	
有限责任公司本年度是否发生股权转让	是	股东	变更前股权比例	变更后股权比例	股权变更时间		
		江苏苏丰投资有限公司	100	0	2014年12月12日		
企业是否有股权信息或购买其它公司股权	否	投资设立企业或购买股权企业名称			统一社会信用代码/注册号		
资产状况信息	资产总额		24741.79607万元		不公示		
	所有者权益合计		19936.677323万元		不公示		
	Revenues	营业总收入	3724.218526万元		RMB 37 mm	不公示	
	其中: 主营业务收入		3578.587458万元		不公示		
	Profit before taxes	利润总额	46.545985万元		RMB 465,459	不公示	
	净利润		31.542758万元		不公示		
	纳税总额		179.019441万元		不公示		
负债总额		4805.118747万元		不公示			

Source: 2014 Fullshare Green Building SAIC Filings

Fullshare Green Building 2015 SAIC Filings

2015年度企业年度报告书 2015 Annual Report							
企业名称	丰盛绿建集团有限公司		Fullshare Lujian (Fullshare Green Building)		91320000796544766G		
企业通信地址	南京市建邺区广聚路33号4层403室				210012		
企业联系电话	025-68199689		电子邮箱		lpeiying@fullshare.cc		
企业经营状态	开业						
股东出资情况表 (万元, 币种应与注册资本币种相同)	股东	认缴出资额	认缴出资时间	认缴出资方式	实缴出资额	实缴出资时间	实缴出资方式
	南京丰利股权投资企业(有限合伙)	19800	2012年05月07日	货币	19800	2015年05月10日	货币
	南京盛茂资产管理有限公司	200	2015年04月30日	货币	200	2015年05月10日	货币
是否有网站或网店	否	类型		名称		网站	
有限责任公司本年度是否发生股权转让	是	股东	变更前股权比例	变更后股权比例	股权变更时间		
		南京盛茂资产管理有限公司	0	1	2015年04月30日		
		江苏省丰盛房地产开发有限公司	1	0	2015年04月30日		
企业是否有股权信息或购买其它公司股权	否	投资设立企业或购买股权企业名称		统一社会信用代码/注册号			
资产状况信息	资产总额		62471.68万元		不公示		
	所有者权益合计		23255.5万元		不公示		
	Revenues	营业总收入	34932.39万元		RMB 349 mm	不公示	
	Profit before taxes 其中: 主营业务收入34932.39万元				不公示		
		利润总额	4146.35万元		RMB 41 mm	不公示	
	净利润		3108.8万元		不公示		
	纳税总额		1422.44万元		不公示		
负债总额		39216.2万元		不公示			

Source: 2015 Fullshare Green Building SAIC Filings

DISCLAIMER

We are short sellers. We are biased. So are long investors. So is Fullshare. So are the banks that raised money for the Company. If you are invested (either long or short) in Fullshare, so are you. Just because we are biased does not mean that we are wrong. We, like everyone else, are entitled to our opinions and to the right to express such opinions in a public forum. We believe that the publication of our opinions about the public companies we research is in the public interest.

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