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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fullshare Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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### Fullshare Holdings Limited

### 豐盛控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00607)**

**(1) MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE ISSUED SHARE CAPITAL IN  
NANJING FULLSHARE TECHNOLOGY;  
AND  
(2) PROPOSED RE-ELECTION OF A DIRECTOR**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Independent Board Committee is set out on page 23 of this circular and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 43 of this circular.

A notice convening the extraordinary general meeting (the "EGM") of Fullshare Holdings Limited to be held at Unit 2526, Level 25, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 16 January 2015 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person should you so wish.

30 December 2014

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings.*

“Board”	the board of Directors
“Company”	Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	the controlling shareholders of the Company, namely Mr. Ji and Magnolia Wealth
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among others, the NFT Share Transfer Agreement and the NFT Acquisition by the Independent Shareholders
“Enlarged Group”	the Group as enlarged by the NFT Acquisition
“Excluded Companies”	has the same meaning ascribed to it under the RTO Circular
“Excluded Projects”	the six property projects located in Kunshan, Nanjing, Wenchang and Dujiangyan in the PRC and ten property projects located in Australia and Canada, which are being developed by the Controlling Shareholders through the Excluded Companies, further details of which are disclosed in the section headed “Relationship with Controlling Shareholders” in the RTO Circular
“Fullshare Green Design”	江蘇豐盛綠色建築設計研究院有限公司 (Jiangsu Fullshare Green Building Design Institute Limited*), a company incorporated in the PRC and over 50% of its equity interest being beneficially owned by Mr. Ji and a connected person of the Company

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## DEFINITIONS

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“GFA”	gross floor area
“Green Building Consultancy Agreement”	an agreement dated 26 June 2013 entered into between Nanjing Fullshare Technology (as service recipient) and Fullshare Green Design (as service provider) in relation to the provision of consultancy service for the application of the China Three-Star Green Building Design Label (國家三星級綠色建築設計評價標識) for four blocks of building located on the NFT Target Land
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Special Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising of all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the terms of the NFT Share Transfer Agreement and the NFT Acquisition
“Independent Financial Adviser”	Fortune Financial Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Mr. Ji and its associates
“Jiangsu Fullshare Property”	江蘇省豐盛房地產開發有限公司 (Jiangsu Province Fullshare Property Development Limited*), a company incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“Latest Practicable Date”	24 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magnolia Wealth”	Magnolia Wealth International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Ji
“Mr. Ji”	Mr. Ji Changqun, the Chairman, Chief Executive Officer and executive Director of the Company
“Nanjing Fengli”	南京豐利股權投資企業(有限合夥)(Nanjing Fengli Equity Investment Enterprise (limited partnership)*), a limited partnership established under the law of the PRC and a wholly-owned subsidiary of the Company
“Nanjing Fullshare Holding”	南京豐盛產業控股集團有限公司 (Nanjing Fullshare Industrial Holding Group Co. Limited*), a company incorporated in the PRC, in which, Mr. Ji held approximately 79.74% equity interest as at the Latest Practicable Date
“Nanjing Fullshare Technology”	南京豐盛大族科技股份有限公司 (Nanjing Fullshare Dazu Technology Co., Ltd.*), a joint stock limited liability company established under the law of the PRC
“NFT Acquisition”	the proposed acquisition of the entire issued share capital in Nanjing Fullshare Technology by the NFT Purchasers from the NFT Vendors pursuant to the terms and conditions of the NFT Share Transfer Agreement
“NFT Announcement”	the announcement of the Company dated 8 December 2014 in relation to the NFT Acquisition
“NFT Completion”	the completion of the NFT Acquisition
“NFT Conditions”	the conditions set out under the paragraph “Conditions Precedent” under the section headed “the NFT Acquisition” of this circular
“NFT Consideration”	the total consideration of RMB667,000,000 payable by the NFT Purchasers for the NFT Acquisition

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## DEFINITIONS

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“NFT Purchasers”	collectively, Nanjing Fengli and Jiangsu Fullshare Property
“NFT Share Transfer Agreement”	the sale and purchase agreement dated 8 December 2014 entered into among Nanjing Fengli, Jiangsu Fullshare Property, Nanjing Fullshare Holding and Xinmeng Asset, pursuant to which Nanjing Fengli and Jiangsu Fullshare Property have conditionally agreed to acquire from Nanjing Fullshare Holding and Xinmeng Asset 99% and 1% of the issued share capital in Nanjing Fullshare Technology, respectively, and Nanjing Fullshare Holding and Xinmeng Asset have conditionally agreed to sell 99% and 1% of the issued share capital in Nanjing Fullshare Technology to Nanjing Fengli and Jiangsu Fullshare Property, respectively
“NFT Target Land”	collectively, two parcels of land located in 南京市雨花臺區軟件大道119號 (No. 119 Ruanjian Avenue, Yu Hua Tai District, Nanjing, the PRC*) and 南京市雨花臺區寧丹路東側 (eastern side of Ning Dan Road, Yu Hua Tai District, Nanjing, the PRC*) of a total site area of 155,486 sq.m.
“NFT Transaction Documents”	collectively, the NFT Share Transfer Agreement, the new articles of association of Nanjing Fullshare Technology and any other agreements or documents entered into between the parties
“NFT Vendors”	collectively, Nanjing Fullshare Holding and Xinmeng Asset
“Non-Competition Undertaking”	the non-competition undertaking dated 25 October 2013 entered into between Mr. Ji, Magnolia Wealth and the Company, further details of which are disclosed in the section headed “Relationship with Controlling Shareholders” in the RTO Circular
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“RTO Circular”	a circular of the Company dated 28 October 2013 relating to, amongst other things, very substantial acquisition in relation to the acquisition of Nanjing Fullshare Asset Management Limited and reverse takeover involving a new listing application

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Standby Facility”	the RMB500,000,000 standby loan facility to be provided by 南京建工集團有限公司 (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.*
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinmeng Asset”	南京新盟資產管理有限公司 (Nanjing Xinmeng Asset Management Limited*), a company established under the law of the PRC in which Mr. Ji held approximately 99.9% equity interest as at the Latest Practicable Date
“Yu Hua Tai Land”	a parcel of land located in 雨花台區雨花台風景區內西南側 (south west to the Yu Hua Tai Scenic Area, Yu Hua Tai District, Nanjing, the PRC*) of a total site area of 49,220 sq.m.
“%”	per cent
“sq.m.”	square metre(s).

*For the purpose of the circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.794 to HK\$1. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or RMB have been, could have been or may be converted at such or any other rate or at all.*

\* *In this circular, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*

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## LETTER FROM THE BOARD

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### Fullshare Holdings Limited

### 豐盛控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00607)**

*Executive Directors:*

Mr. Ji Changqun  
Mr. Shi Zhiqiang  
Mr. Wang Bo  
Mr. Eddie Hurip  
Mr. Zhou Yanwei  
Mr. Fang Jian

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. Lau Chi Keung  
Mr. Chow Siu Lui  
Mr. Tsang Sai Chung

*Principal place of business*

*in Hong Kong:*  
Unit 2526, Level 25  
Tower One, Admiralty Centre  
18 Harcourt Road, Admiralty  
Hong Kong

30 December 2014

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN  
NANJING FULLSHARE TECHNOLOGY;  
AND  
(2) PROPOSED RE-ELECTION OF A DIRECTOR**

#### INTRODUCTION

Reference is made to (1) the announcement of the Company dated 5 November 2014 relating to the memorandum of understanding dated 5 November 2014 entered into among Nanjing Fengli, Jiangsu Fullshare Property, Nanjing Fullshare Holding and Xinmeng Asset and the NFT Announcement dated 8 December 2014 in relation to the NFT Acquisition; and (2) the announcement of the Company dated 24 December 2014 relating to the appointment of Mr. Fang Jian as an executive Director.



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## LETTER FROM THE BOARD

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The purpose of this circular is to give you, among other things, (i) details of the NFT Acquisition, (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report; (v) the accountants' report of Nanjing Fullshare Technology; (vi) information regarding the proposed re-election of Mr. Fang Jian as a Director; and (vii) the notice of the EGM.

### THE NFT ACQUISITION

#### The NFT Share Transfer Agreement

##### *Date*

8 December 2014 (after trading hours)

##### *Parties*

- |                 |  |
|-----------------|--|
| NFT Purchasers: | (1) Nanjing Fengli, an indirect wholly-owned subsidiary of the Company                                     |
|                 | (2) Jiangsu Fullshare Property, an indirect wholly-owned subsidiary of the Company                         |
| NFT Vendors:    | (1) Nanjing Fullshare Holding  |
|                 | (2) Xinmeng Asset, which directly holds approximately 43.45% equity interest in Nanjing Fullshare Holding. |

As at the Latest Practicable Date and immediately prior to the NFT Completion, Nanjing Fullshare Holding and Xinmeng Asset directly hold 99% and 1% of the issued share capital in Nanjing Fullshare Technology, respectively.

##### *Assets to be acquired*

Pursuant to the NFT Share Transfer Agreement, Nanjing Fengli and Jiangsu Fullshare Property have conditionally agreed to acquire from Nanjing Fullshare Holding and Xinmeng Asset 99% and 1% of the issued share capital in Nanjing Fullshare Technology, respectively, and Nanjing Fullshare Holding and Xinmeng Asset have conditionally agreed to sell 99% and 1% of the issued share capital in Nanjing Fullshare Technology to Nanjing Fengli and Jiangsu Fullshare Property, respectively.

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## LETTER FROM THE BOARD

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The principal asset of Nanjing Fullshare Technology is the NFT Target Land, which is located in Yu Hua Tai District, Nanjing, the PRC. The NFT Target Land is of a total site area of approximately 155,486 sq.m. and of a total gross floor area of approximately 504,068 sq.m., with land use right of 40 years. The NFT Target Land consists of two parcels of land located in 南京市雨花臺區軟件大道119號 (No. 119 Ruanjian Avenue, Yu Hua Tai District, Nanjing, the PRC\*) and 南京市雨花臺區寧丹路東側 (eastern side of Ning Dan Road, Yu Hua Tai District, Nanjing, the PRC\*) and their land use right commenced on 1 March 2009 and 1 March 2010, respectively. The commercial project named FengShengShangHui 豐盛商匯 on the NFT Target Land includes (1) an office development comprising various office units, commercial units, car parking spaces and ancillary facilities with a total gross floor area of approximately 96,138 sq.m. which was completed in 2011 and some of the units are unsold; (2) a commercial development comprising of office and hotel which are under construction; and (3) vacant land proposed to be developed into commercial and mixed developments. The valuation report containing further information on the NFT Target Land and the commercial project thereon is included in Appendix V to this circular.

### *The NFT Consideration*

The NFT Consideration payable by the NFT Purchasers to the NFT Vendors is RMB667,000,000 (equivalent to approximately HK\$840,420,000), which will be paid by installments in the following manners:

- (1) within 20 Business Days after all the NFT Conditions have been fulfilled or waived (as the case may be), RMB66,033,000, being 10% of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding, and RMB667,000, being 10% of the NFT Consideration payable to Xinmeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Xinmeng Asset (collectively, the “**First Installment**”); and
- (2) after all the NFT Conditions have been fulfilled or waived (as the case may be) and within 120 Business Days after the NFT Completion (which the NFT Purchasers may be granted an one-off extension of the payment date to a day falling on or before 240 Business Days after the NFT Completion), RMB396,198,000, being 60% of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding, and RMB4,002,000, being 60% of the NFT Consideration payable to Xinmeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Xinmeng Asset (collectively, the “**Second Installment**”); and

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## LETTER FROM THE BOARD

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- (3) within 60 Business Days after the payment of the Second Installment and the receipt by Nanjing Fullshare Technology of the Construction Work Planning Permit and the Construction Permits for the construction project to be carried out on the parcel of land with a site area of approximately 30,416 sq.m. under the State-owned Land Use Right Certificate Number NingYuGuoYong (2013) Di 14323 Hao (《國有土地使用證》寧兩國用(2013)第14323號) (the “**Site A2**”), RMB198,099,000, being the balance of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding and RMB2,001,000, being the balance of the NFT Consideration payable to Xinmeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Xinmeng Asset (collectively, the “**Third Installment**”).

As advised by the PRC legal advisers of the Company, King & Wood Mallesons Lawyers (“**KWM**”), the commencement date and completion date of the construction works of the Site A2 have been delayed. Please refer to pages V-16 to V-17 of Appendix V Valuation Report of Nanjing Fullshare Technology to this circular for further details. KWM are of the opinion that the possibility of the land use rights of the Site A2 be resumed by the PRC relevant authority is relatively small. However, Nanjing Fullshare Technology is still subject to the possibility of being required to pay idle land fee and default charges over the delay of the completion of the construction works of the Site A2 according to the relevant rules and regulations, and the land grant contract. As advised by KWM, since Nanjing Fullshare Technology has obtained the written reasons and explanations for the idle land recognized by the primary local government authority which could be provided with Nanjing City Land and Resources Bureau (南京市國土資源局), being the vendor of Site A2, as a supporting evidence for the delay in the commencement of the construction works, the possibility for Nanjing Fullshare Technology being required by Nanjing City Land and Resources Bureau (南京市國土資源局) to pay the aforesaid idle land fee and default charges is relative low. Assuming the completion date of the construction works of the Site A2 will take place in December 2016, the estimated aggregate amount of the idle land fee and default charges over the delay of the completion of the construction works of the Site A2 is RMB129,960,000. It is provided in the NFT Share Transfer Agreement that the NFT Purchasers may refuse to pay the Third Installment if Nanjing Fullshare Technology did not receive the Construction Work Planning Permit and the Construction Permit for the construction project to be carried out on the Site A2 in which case the NFT Purchasers will have no obligation to pay the Third Installment to the NFT Vendors until such permits are received by Nanjing Fullshare Technology. So long as there is no other breach on the part of the NFT Vendors on the NFT Share Transfer Agreement, this will not affect the validity of the NFT Share Transfer Agreement or the NFT Completion (which shall take place before the Second Installment is due and payable by the NFT Purchasers) nor there will be any refund of the First Installment and the Second Installment. If there is any delay in the completion date of the construction works of Site A2 or the construction works of Site A2 fails to complete, there is no impact on other sites on the NFT Target Land. If the relevant PRC authority claims idle land fee or other liabilities against Nanjing Fullshare Technology as a result of the idle land, and

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## LETTER FROM THE BOARD

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Nanjing City Land and Resources Bureau claims against for the relevant obligations of Nanjing Fullshare Technology under the land grant contract, the NFT Vendors shall be jointly and severally liable for the damages and losses caused to Nanjing Fullshare Technology. KWM are of the opinion that the NFT Purchasers may rely on these provisions under the NFT Share Transfer Agreement to claim against the NFT Vendors for the said damages and losses. Having considered KWM's opinion, the Directors are of the view that the delay in the completion of construction works of the Site A2 will not have any material adverse impact on the Enlarged Group.

Nanjing Fengli has obtained the Standby Facility of RMB500,000,000, and part of which will be applied to finance the NFT Consideration. As the Standby Facility is provided by a connected person of the Company (as defined in the Listing Rules) on normal commercial terms without any security over the assets of the Group, it is fully exempted under Rule 14A.90 of the Listing Rules from shareholders' approval, annual review and all disclosure requirements. It is expected that the payment of the NFT Consideration will be funded by the Standby Facility and/or the Group's internal working capital depending on the circumstances prevailing at the time the NFT Consideration becomes payable.

### ***Basis of determining the NFT Consideration***

The NFT Consideration of RMB667,000,000 (equivalent to approximately HK\$840,420,000) was agreed between the NFT Purchasers and the NFT Vendors after arms' length negotiations based on the original acquisition cost of the entire issued share of Nanjing Fullshare Technology, being the sum of (i) the cost of acquisition of 49.9% of the issued share capital in Nanjing Fullshare Technology by the NFT Vendors in an aggregate amount of RMB387,000,000 (equivalent to approximately HK\$487,620,000) on 11 July 2012; and (ii) the capital contribution to the 50.1% registered capital of Nanjing Fullshare Technology made by Nanjing Fullshare Holding in the amount of RMB280,560,000 (equivalent to approximately HK\$353,506,000) on 10 December 2010.

The NFT Consideration represents (i) a discount of approximately 57.78% to the valuation of the NFT Target Land together with the commercial project thereon as at 30 September 2014 of approximately RMB1,580,000,000 (equivalent to approximately HK\$1,990,800,000) prepared by Savills Valuation and Professional Services Limited, adopting the market approach; and (ii) a premium of approximately 16.26% to the audited net asset value of Nanjing Fullshare Technology as at 30 September 2014 of approximately RMB573,714,000 (equivalent to approximately HK\$722,880,000) prepared in accordance with the Hong Kong Financial Reporting Standards.

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## LETTER FROM THE BOARD

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### *Conditions precedent*

The payment by the NFT Purchasers of each installment of the NFT Consideration (“**Installment**”) under the NFT Acquisition is conditional upon fulfillment and/or waiver (as the case may be) of the NFT Conditions as set forth below:

- (a) the NFT Purchasers being satisfied with the results of the due diligence review on, among others, the financial and legal aspects of Nanjing Fullshare Technology, the NFT Target Land and the commercial project thereon and there has been no change to such findings which is unacceptable to the NFT Purchasers prior to the date of payment of each Installment;
- (b) the NFT Purchasers having received a legal opinion issued by the PRC lawyers as to the law of the PRC in relation to the NFT Acquisition, the NFT Target Land and the commercial project thereon which is in all respects satisfactory to the NFT Purchasers;
- (c) the NFT Purchasers having obtained all approvals required under the relevant laws and regulations and all necessary consents from third parties which are required for the NFT Share Transfer Agreement, the NFT Acquisition and other transactions contemplated under the NFT Share Transfer Agreement;
- (d) the Company having complied with the requirements of the relevant laws, the Listing Rules and the Stock Exchange and having obtained all the relevant regulatory approval and/or the Shareholders’ approval at a general meeting held by the Company (if necessary) in relation to the NFT Share Transfer Agreement, the NFT Acquisition and other transactions contemplated under the NFT Share Transfer Agreement;
- (e) the NFT Transaction Documents and the ancillary agreements and documents contemplated thereunder having been signed by the relevant parties thereto and originals of which having been provided to the NFT Purchasers;
- (f) the mortgage over the NFT Target Land having been released and the NFT Purchasers having received the supporting documents which is satisfactory to the NFT Purchasers;
- (g) save and except (i) the guarantees provided by Nanjing Fullshare Technology (as guarantor) for the benefit of buyers of its properties who are third parties independent of the Company and its connected persons (as borrowers) to guarantee the buyers’ obligations under mortgage loans granted by commercial banks in the PRC (as lenders) and (ii) the mortgage created by Nanjing Fullshare Technology (as mortgagor) in favor of a commercial bank in the PRC (as mortgagee) to guarantee its obligations under a banking facility of RMB80 million as set out in the NFT Share Transfer Agreement, the registration of release of all the security involving Nanjing Fullshare Technology having been completed and Nanjing Fullshare Technology having remained free of encumbrances;

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## LETTER FROM THE BOARD

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- (h) in the absolute opinion of the NFT Purchasers, there has been no material adverse change in relation to the NFT Target Land (or the rights of Nanjing Fullshare Technology thereto), the commercial projects developed thereon or Nanjing Fullshare Technology;
- (i) the NFT Vendors' representations and warranties contained in the NFT Share Transfer Agreement and the NFT Transaction Documents having remained true, accurate and not misleading as at the date of payment of each Installment;
- (j) there having been no restriction, prohibition, injunction, invalidation or others which prevent (or seek to prevent) the NFT Acquisition or other transactions contemplated under the NFT Share Transfer Agreement by any government authorities as at the date of payment of each Installment;
- (k) the NFT Vendors having complied with all their respective obligations under the NFT Share Transfer Agreement and the NFT Transaction Documents as at the date of payment of each Installment.

The NFT Purchasers may waive, in whole or in part, conditionally or unconditionally, conditions set out in (a), (b), (e), (f), (g), (h), (i) and (k) above by written notice to the NFT Vendors. The conditions set out in (c), (d) and (j) above will not be waivable.

As at the Latest Practicable Date, the NFT Purchasers do not intend to waive any of the above conditions, and apart from condition set out in (b) above having been fulfilled, none of the above conditions precedent has been fulfilled.

### ***The NFT Completion***

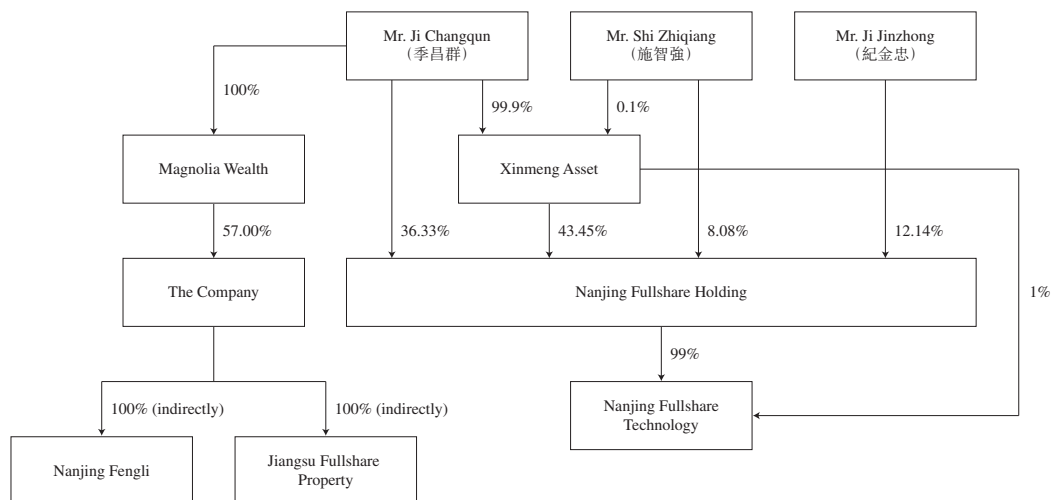
After the NFT Purchasers have paid the First Installment to the designated bank accounts of the NFT Vendors pursuant to the NFT Share Transfer Agreement, the registration of the new articles of association of Nanjing Fullshare Technology with the relevant Administration for Industry and Commerce in the PRC shall be completed within the next 5 Business Days. The NFT Completion shall take place on the date of registration with the relevant Administration for Industry and Commerce of the new articles of association (or the amended articles of association) of Nanjing Fullshare Technology stating the NFT Purchasers as its shareholders.

Upon the NFT Completion, Nanjing Fullshare Technology will become an indirect wholly-owned subsidiary of the Company, the financial results, assets and liabilities of Nanjing Fullshare Technology will be consolidated into the accounts of the Group.

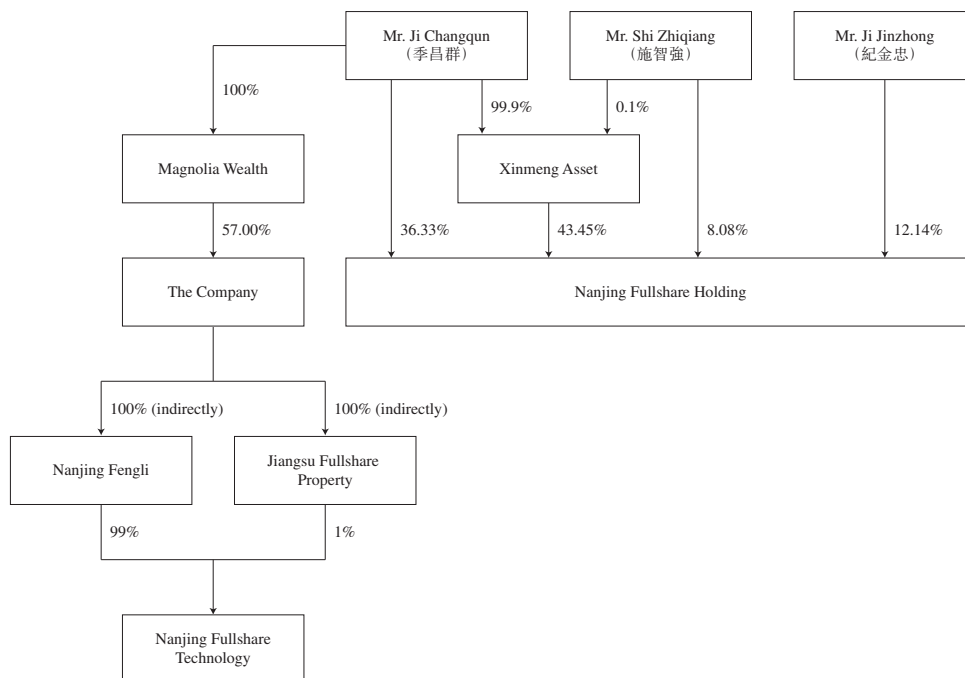
## LETTER FROM THE BOARD

The following charts demonstrate the simplified shareholding structure of Nanjing Fullshare Technology (a) as at the Latest Practicable Date; and (b) immediately following the NFT Completion.

(a) *As at the Latest Practicable Date*



(b) *Immediately after the NFT Completion*



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## LETTER FROM THE BOARD

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### ***Termination***

In the event of any material breach of the NFT Share Transfer Agreement which is not remedied within 20 Business Days of the written notice given by the non-defaulting party to the defaulting party, the non-defaulting party shall have the right to terminate the NFT Share Transfer Agreement and the NFT Transaction Documents.

If (i) the NFT Conditions have not been fulfilled or waived (as the case may be) for whatever reason within two (2) months after signing of the NFT Share Transfer Agreement; (ii) the registration of the new articles of association of Nanjing Fullshare Technology with the relevant Administration for Industry and Commerce in the PRC in respect of the NFT Acquisition shall not have been completed for whatever reason (except for the NFT Purchasers' reason) within three (3) months after signing of the NFT Share Transfer Agreement; or (iii) the NFT Completion shall not have taken place within three (3) months after completion of the registration of the new articles of association of Nanjing Fullshare Technology with the relevant Administration for Industry and Commerce in the PRC in respect of the NFT Acquisition, the NFT Purchasers shall have the right to terminate the NFT Share Transfer Agreement and the NFT Transaction Documents by written notice.

### **INFORMATION ON THE PARTIES**

#### **The Group**

As disclosed in (a) the announcements of the Company dated 6 November 2014 and 20 November 2014, respectively, the Group has acquired the entire equity interest in Jiangsu Ruiheng Construction Limited\* (江蘇銳恒建設有限公司); and (b) the announcements of the Company dated 6 and 26 November 2014, respectively, the Group has committed to investment in the construction of the green city and regional development, etc. in Jurong City, Jiangsu Province, the PRC. The Group has expanded its principal business activities to green building, green urban EPC (Engineering Procurement Construction), EMC (Energy Management Contract) services and property development in the PRC.

#### **Nanjing Fengli**

Nanjing Fengli is an indirect wholly-owned subsidiary of the Company. It is a limited partnership established in the PRC. Its principal business is investment in, amongst others, properties and businesses in the PRC.



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## LETTER FROM THE BOARD

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### **Jiangsu Fullshare Property**

Jiangsu Fullshare Property is an indirect wholly-owned subsidiary of the Company. It is a limited liability company established in the PRC. Its principal business is residential real estate development and sale.

### **Nanjing Fullshare Holding**

Nanjing Fullshare Holding is a limited liability company established in the PRC and is principally engaged in the businesses of real estate development and manufacturing of large medical devices.

### **Xinmeng Asset**

Xinmeng Asset is a limited liability company established in the PRC and is principally engaged in the businesses of assets management and industrial investment.

### **Nanjing Fullshare Technology**

Nanjing Fullshare Technology is a joint stock limited liability company established in the PRC with limited liability which is principally engaged in real estate development and sale.

As advised by the NFT Vendors, the original acquisition costs for 99% and 1% of the issued share capital of Nanjing Fullshare Technology were RMB659,810,000 and RMB7,750,000, respectively.

### **Financial Information on Nanjing Fullshare Technology**

Set out below is the audited financial information of Nanjing Fullshare Technology for the two financial years ended 31 December 2012 and 2013 prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the financial year ended 31 December 2013 RMB'000</b>	<b>For the financial year ended 31 December 2012 RMB'000</b>
Net profits before taxation	93,313	141,135
Net profits after taxation	47,663	57,900

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## LETTER FROM THE BOARD

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	<b>As at</b> <b>31 December</b> <b>2013</b> <i>RMB'000</i>	<b>As at</b> <b>31 December</b> <b>2012</b> <i>RMB'000</i>
Net assets	654,172	606,509

According to the valuation report prepared by Savills Valuation and Professional Services Limited adopting market approach, the valuation of the NFT Target Land and the commercial project thereon as at 30 September 2014 was approximately RMB1,580,000,000.

### REASONS FOR AND BENEFIT OF THE NFT ACQUISITION

As disclosed in the RTO Circular, pursuant to the Non-Competition Undertaking, save for continuing their engagements in the Excluded Projects and certain exceptions set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed Glossary of Technical Terms of the RTO Circular) development business in the PRC and they will be only involved in the commercial property development business. As at the Latest Practicable Date, the Controlling Shareholders were engaging in the development of the six property projects located in Kunshan, Nanjing, Wenchang and Dujiangyan in the PRC and ten property projects located in Australia and Canada through the Excluded Companies. Nanjing Fullshare Technology was one of the Excluded Companies through which the Controlling Shareholders are engaged in one of the Excluded Projects. The Group focused on the development of residential properties and the Controlling Shareholders, through the Excluded Companies (including Nanjing Fullshare Technology), mainly focused on the development of non-residential properties. As the Controlling Shareholders are allowed under the Non-Competition Undertaking to continue their engagements in the Excluded Projects and the NFT Acquisition involves the Group acquiring the entire issued share capital in Nanjing Fullshare Technology, being an Excluded Company through which the Controlling Shareholders engage in an Excluded Project, the NFT Acquisition does not constitute any breach of the Non-Competition Undertaking. As stated in the Company's interim report for the six months ended 30 June 2014, the Group will be actively seeking for high-quality real estate project to add to its reserve in the second half of year 2014. The Group has identified Nanjing, the PRC as the key location for future development after analysis and research. Since the recent completion of the acquisition of 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited, the Company has expanded its footage into the property market in Nanjing. The Directors believe that the NFT Acquisition is a good opportunity for the Group to build up the Group's experience in commercial property development by leveraging on the relevant experience of the established management team of the Controlling Shareholders. As the commercial project on the NFT Target Land will comprise of office buildings, hotels and shopping malls, the Directors believe that the the commercial project on the NFT Target Land will diversify the Group's project portfolio and business risks. In addition, the commercial project on the NFT Target Land is the

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## LETTER FROM THE BOARD

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only commercial project in which the Controlling Shareholders engage in Nanjing, and therefore the NFT Acquisition will minimize any competition between the Group and the Controlling Shareholders.

As at the Latest Practicable Date, there were three Excluded Projects located in Nanjing, the PRC, namely (i) a commercial property project named FengShengShangHui 豐盛商匯 of Nanjing Fullshare Technology; (ii) a property project for scientific and educational use named XinChengKeJiYuan 新城科技園 of Jiangsu Anke Science and Technology Development Co., Ltd.; and (iii) a commercial property project named ShengShiGongGuan 盛世公館 of Nanjing Yanzih Low Income Real Estate Development Co., Ltd.. The NFT Acquisition involves the acquisition of the entire issued share capital of Nanjing Fullshare Technology which will continue to develop FengShengShangHui 豐盛商匯 in Nanjing. All the units of ShengShiGongGuan 盛世公館 have already been sold out. As such, upon the completion of the NFT Acquisition, XinChengKeJiYuan 新城科技園 is the only Excluded Project located in Nanjing. Since XinChengKeJiYuan 新城科技園 is for scientific and educational use, the Directors consider that there is no material competition between XinChengKeJiYuan 新城科技園 and the existing property projects of the Group or FengShengShangHui 豐盛商匯. Save as disclosed above, the Controlling Shareholders have no current intention or plan to engage in any property development business, whether residential or non-residential, in Nanjing. The Company has no current intention to further develop or acquire any non-residential property business. Hence, there will not be any actual competition between the Controlling Shareholders' property development business and the Enlarged Group's property development business immediately after the NFT Completion. If any member of the Group enters into any agreement involving development or acquisition of any non-residential property business in the future, the Company will comply with the relevant Listing Rules requirements.

The Directors (excluding (i) Mr. Ji and Mr. Shi who have abstained from voting, and (ii) the independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the Independent Financial Adviser) consider that the terms of the NFT Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **EFFECT OF THE NFT ACQUISITION ON EARNINGS, ASSETS AND LIABILITIES OF THE GROUP**

As at 30 June 2014, the latest published unaudited consolidated total assets and liabilities of the Group amounted to approximately RMB1,319,258,000 and RMB1,632,519,000 respectively.

Pursuant to the announcement of the Company dated 5 September 2014, the circular dated 25 September 2014 (the “**Tianyun Circular**”) and the completion announcement dated 15 October 2014, the Group has acquired 80% equity interest in 南京天韻房地產開發有限公司 (Nanjing Tianyun Real Estate Development Company Limited\*), a company established under the law of the PRC (“**Tianyun Acquisition**”). As set out in Appendix III to the Tianyun Circular,

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## LETTER FROM THE BOARD

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assuming the completion of the Tianyun Acquisition took place on 30 June 2014, the unaudited pro forma consolidated total assets of the Enlarged Group would increase to approximately RMB2,203,980,000, and the unaudited pro forma consolidated total liabilities of the enlarged Group would increase to approximately RMB2,119,087,000.

As set out in Appendix III to this circular, after taking into account the effect of the Tianyun Acquisition and assuming the NFT Completion took place on 30 June 2014, the unaudited pro forma consolidated total assets of the Enlarged Group would further increase to approximately RMB3,221,410,000, and the unaudited pro forma consolidated total liabilities of the Enlarged Group would further increase to approximately RMB3,157,454,000.

For the six months ended 30 June 2014, the Group recorded as loss after tax of approximately RMB206,162,000, which will not be affected by the NFT Acquisition. Nevertheless, after the NFT Completion, the financial results of Nanjing Fullshare Technology will be consolidated with those of the Group and the earnings of the Group will be affected by the performance of Nanjing Fullshare Technology.

Further details of the financial effect of the NFT Acquisition on the assets and liabilities of the Group together with the bases in preparing the unaudited pro forma financial information are set out in Appendix III to this circular.

### LISTING RULES IMPLICATIONS OF THE NFT ACQUISITION

As the applicable percentage ratios in respect of the NFT Acquisition exceed 25% but are less than 100%, the NFT Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval pursuant to Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Ji was interested in approximately 57.00% of the issued share capital in the Company and the Chairman of the Board and the Chief Executive Officer and an executive Director of the Company. Since Mr. Ji holds approximately 79.74% equity interest in Nanjing Fullshare Holding and 99.9% equity interest in Ximeng Asset as at the Latest Practicable Date, each of Nanjing Fullshare Holding and Ximeng Asset is an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the NFT Acquisition also constitutes a connected transaction under the Listing Rules, which is subject to, reporting, announcement and Independent Shareholders' approval requirements. Mr. Ji and his close associates are required to abstain from voting on the resolution approving the NFT Share Transfer Agreement at the EGM. Further, Mr. Ji is considered to be interested in the NFT Acquisition due to the Possible CCT Agreements (as defined in the NFT Announcement) as disclosed in the section headed "Possible Future Continuing Connected Transactions" in the NFT Announcement, and the Green Building Consultancy Agreement dated 26 June 2013 entered into between Nanjing Fullshare Technology (as service recipient) and Fullshare Green Design (as service provider). Under the Green Building Consultancy Agreement, Fullshare Green Design agreed to undertake project pre-assessment, and design and construction drawings, and to apply for China Three-Star Green Building Design Label (國家三星級綠色建築設計評價標識) on behalf of Nanjing Fullshare Technology for four blocks of building located on the NFT Target Land for a

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## LETTER FROM THE BOARD

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consideration of RMB1 million. The term of this agreement is for the period between 16 May 2013 and 16 May 2015. The consideration of the Green Building Consultancy Agreement was determined between Nanjing Fullshare Technology and Fullshare Green Design after arm's length negotiation on the basis of market rates. Mr. Ji beneficially owns over 50% equity interest in Fullshare Green Design as at the Latest Practicable Date.

Mr. Ji has abstained from voting on the relevant board resolutions of the Company in relation to the NFT Acquisition.

Mr. Shi is an executive Director of the Company, and, as at the Latest Practicable Date, held approximately 8.12% equity interest in Nanjing Fullshare Holding and approximately 0.1% equity interest in Xinmeng Asset. Mr. Shi has abstained from voting on the relevant board resolutions of the Company in relation to the NFT Acquisition. As at the Latest Practicable Date, Mr. Shi did not have any interest in the Shares. If Mr. Shi and/or his close associates hold any Share(s) on the date of the EGM, they will abstain from voting on the resolution approving the NFT Share Transfer Agreement at the EGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the NFT Share Transfer Agreement and the transactions contemplated thereunder. Fortune Financial Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the NFT Share Transfer Agreement and the transactions contemplated thereunder.

### **PROPOSED RE-ELECTION OF DIRECTOR**

Mr. Fang Jian (房堅) ("Mr. Fang") was appointed by the Board as an executive Director as an addition to the existing Board on 24 December 2014. According to the articles of association of the Company, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. As such, Mr. Fang shall hold office until the EGM and be eligible for re-election at the EGM. A separate resolution will be proposed at the EGM for the re-election of Mr. Fang as a Director.

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## LETTER FROM THE BOARD

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A brief biography of Mr. Fang is set out below:

Mr. Fang, aged 48, obtained a profession in road and bridges in the department of civil engineering in Jinling Institute of Technology in 1987. Mr. Fang has over eight years of management experience in the green building and energy saving building industry in the PRC. He joined Nanjing Fullshare Holding as a vice president from July 2006 to December 2009 and has been appointed as a director of Nanjing Fullshare Holding since 2011. From October 2006 to 24 December 2014, he was the chairman of the board, an executive director and the legal representative of 南京豐盛新能源科技股份有限公司 (Nanjing Fullshare Energy Technology Co., Ltd.\*, “Nanjing Fullshare Energy”). He has been the shareholder of Nanjing Fullshare Energy starting from November 2010. He also has been appointed as the chairman of the board, an executive director and the legal representative of 江蘇省綠色建築工程技術研究中心有限公司 (Jiangsu Province Green Building Technology Research Centre Co., Ltd\*, “Jiangsu Province Green Building”) and 安徽省綠色建築有限公司 (Anhui Province Green Building Co., Ltd\*, “Anhui Province Green Building”) since September 2008 and July 2013, respectively. Jiangsu Province Green Building and Anhui Province Green Building are subsidiaries of Nanjing Fullshare Energy. Nanjing Fullshare Energy is a subsidiary of Nanjing Fullshare Holding, which is controlled by Mr. Ji, who in turn is a Controlling Shareholder, an executive Director, the Chairman and the Chief Executive Officer of the Company.

Save as disclosed in this Circular, Mr. Fang confirms that: (i) he has not held any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas, nor held any other major appointment or professional qualification; (ii) he is not related to any other Directors, members of senior management or substantial or controlling Shareholders of the Company, and he does not have any interests in the Shares or securities of the Company within the meaning of Part XV of the SFO; (iii) no other information that relates to Mr. Fang is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules; and (iv) there are no other matters relating to Mr. Fang’s standing for re-election as a Director that need to be brought to the attention of the Shareholders.

Mr. Fang has entered into a service contract with the Company which is effective from 24 December 2014 and shall expire on 23 December 2017 unless terminated before that date. In accordance with the articles of association of the Company, Mr. Fang will hold office until the EGM, being the next general meeting of the Company after his appointment by the Board and he will be eligible for re-election at the EGM. Mr. Fang will receive an annual remuneration of RMB1,200,000 (approximately HK\$1,512,000), which was recommended by the remuneration committee of the Company and determined by the Board, with reference to the prevailing market conditions and based on his duties and responsibilities.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required under the Listing Rules to abstain from voting on the resolution on the re-election of Mr. Fang as a Director at the EGM.

### EGM

The Company will convene the EGM at Unit 2526, Level 25, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 16 January 2015 at 3:00 p.m. to consider and if thought fit, approve the NFT Share Transfer Agreement and the transactions contemplated thereunder. The notice of EGM is set out on pages EGM-1 to EGM-2 of this circular. The voting on such resolutions will be conducted by way of poll in accordance with Rule 13.39(4) of the Listing Rules.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person should you so wish.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee dated 30 December 2014 set out on pages 23 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the NFT Share Transfer Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser dated 30 December 2014 as set out on pages 24 to 43 of this circular which contains the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

Having taken into account the factors and reasons considered, and the opinion of the Independent Financial Adviser as stated in its letter, the Directors consider the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms (while not entered into in the ordinary and usual course of business of the Group), and in the interests of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the NFT Share Transfer Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The Directors consider that the proposed re-election of Mr. Fang as a Director is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the re-election of Mr. Fang as a Director.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Fullshare Holdings Limited**  
**Ji Changqun**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### Fullshare Holdings Limited

### 豐盛控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00607)**

30 December 2014

*To the Independent Shareholders*

Dear Sir or Madam,

#### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN NANJING FULLSHARE TECHNOLOGY**

We refer to the circular dated 30 December 2014 (the “**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Fortune Financial Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 6 to 22 of the Circular and the letter from the Independent Financial Adviser containing its advice to us and the Independent Shareholders regarding the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder set out on pages 24 to 43 of the Circular.

Having considered the advice given by the Independent Financial Adviser, we are of the opinion that the terms of the NFT Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms (while not entered into in the ordinary and usual course of business of the Group), and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the NFT Share Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Mr. Lau Chi Keung**

**Mr. Chow Siu Lui**

**Mr. Tsang Sai Chung**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in respect of the NFT Acquisition prepared for the purpose of inclusion in this circular.*



**Fortune Financial Capital Limited**

35th Floor, Office Tower

Convention Plaza

1 Harbour Road, Wanchai

Hong Kong

30 December 2014

To: *The Independent Board Committee and the Independent Shareholders of  
Fullshare Holdings Limited*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE NFT ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF NANJING FULLSHARE TECHNOLOGY**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the NFT Acquisition, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 30 December 2014 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 December 2014, after trading hours, Nanjing Fengli and Jiangsu Fullshare Property, each being an indirect wholly-owned subsidiary of the Company, entered into the NFT Share Transfer Agreement with Nanjing Fullshare Holding and Xinmeng Asset, pursuant to which Nanjing Fengli and Jiangsu Fullshare Property have conditionally agreed to acquire, and Nanjing Fullshare Holding and Xinmeng Asset have conditionally agreed to sell, 99% and 1% of the issued share capital in Nanjing Fullshare Technology, respectively, at an aggregate consideration of RMB667,000,000 (equivalent to approximately HK\$840,420,000). It is expected that the payment of the NFT Consideration will be funded by the Standby Facility and/or the Group’s internal working capital depending on the circumstances prevailing at the time the NFT Consideration becomes payable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the applicable percentage ratios in respect of the NFT Acquisition exceed 25% but are less than 100%, the NFT Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval pursuant to Chapter 14 of the Listing Rules.

Mr. Ji is currently interested in approximately 57.00% of the issued share capital in the Company and the chairman of the Board and the chief executive officer of the Company and an executive Director. As at the Latest Practicable Date, Mr. Ji holds approximately 79.74% equity interest in Nanjing Fullshare Holding and 99.9% equity interest in Ximeng Asset, each of Nanjing Fullshare Holding and Ximeng Asset is an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Further, Mr. Ji is considered to be interested in the NFT Acquisition due to the Possible CCT Agreements (as defined in the NFT Announcement) as disclosed in the section headed "Possible Future Continuing Connected Transactions" in the NFT Announcement, and the Green Building Consultancy Agreement dated 26 June 2013 entered into between Nanjing Fullshare Technology (as service recipient) and Fullshare Green Design (as service provider). Accordingly, the NFT Acquisition also constitutes a connected transaction under the Listing Rules, which is subject to, reporting, announcement and Independent Shareholders' approval requirements. Mr. Ji and his close associates are required to abstain from voting on the resolutions approving the NFT Share Transfer Agreement at the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung, has been established to consider the terms of the NFT Share Transfer Agreement and the NFT Acquisition, and to give advice and recommendation to the Independent Shareholders as to (i) whether the NFT Acquisition is in the interests of the Company and the Shareholders as a whole; (ii) whether the NFT Acquisition is (a) on normal commercial terms; (b) fair and reasonable so far as the Independent Shareholders are concerned; and (c) in the Group's ordinary and usual course of business; and (iii) how to vote on the resolution to approve the NFT Acquisition at the EGM.

### BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and/or the management of the Company (the "**Management**"). We have assumed that all information and representations provided by the Directors and/or the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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made and will continue to be so up to the date of despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the NFT Acquisition.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons. Our conclusions are based on the results of our analyses taken as a whole.

#### **1. Historical and financial information of the Group**

##### ***1.1 Principal business activities***

The Group is principally engaged in the property development in the PRC. As at the Latest Practicable Date, the Group has expanded its principal business activities to green building, green urban EPC (Engineering Procurement Construction), EMC (Energy Management Contract) services and property development in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2 Financial information of the Group

Set out below is a table containing certain financial information of the Group as at 31 December 2012 and 2013 as extracted from the annual report for the year ended 31 December 2013 (the “**2013 Annual Report**”) and as at 30 June 2014 as extracted from the interim report for the six months ended 30 June 2014 (the “**2014 Interim Report**”) of the Company:

	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December</b>		<b>30 June</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)	(audited)	(unaudited)
	(restated)		(restated)	
Revenue	399,140	859,393	303,107	295,005
Profit/ (loss) attributable to owners of the Company	30,466	(241,746)	29,580	(208,506)
				<b>As at</b>
				<b>30 June</b>
				<b>2014</b>
				<i>(RMB'000)</i>
				(unaudited)
				(restated)
Net assets/ (liabilities)		389,709	(194,745)	(313,261)

We noted from the 2013 Annual Report and 2014 Interim Report that the majority of source of revenue of the Group was contributed from the sales and delivery of residential properties of various projects.

The revenue of the Group for the year ended 31 December 2013 had increased significantly upon its results for the year ended 31 December 2012. As stated in the 2013 Annual Report, such increase was mainly due to the completion and delivery of section 2 of phase 3 of XiChengYiPin (西城逸品), phase 1 of TongJingYueCheng (同景躍城) and ShuXiangYuan (書香苑) during the middle of 2013.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The revenue of the Group decreased from approximately RMB303.11 million for the six months ended 30 June 2013 to approximately RMB295.01 million for the six months ended 30 June 2014. As stated in the 2014 Interim Report, the decrease was mainly because phase 1 of TongJingYueCheng (同景躍城) delivered in the first half of 2013 was a larger scale property project but ShuXiangYuan (書香苑) delivered in first half year of 2014 was a smaller scale property project.

The Group's financial performance declined and recorded a loss for the year ended 31 December 2013 as compared to a profit for the year ended 31 December 2012. Such decline is mainly due to the fair value loss of approximately RMB292.87 million from the convertible bonds and the impairment loss on goodwill from discontinued operation of approximately RMB32.04 million. The Group would have recorded a net profit for the year of approximately RMB91.53 million for the year ended 31 December 2013 if the aforesaid two losses were excluded. The Group's financial performance further declined to a loss of approximately RMB208.51 million for the six months ended 30 June 2014 due to the fair value loss of approximately RMB216.75 million from the convertible bonds. The Group would have recorded a net profit for the period of approximately RMB10.59 million for the six months ended 30 June 2014 if such loss was excluded.

The Group was in a net liabilities position as at 31 December 2013 and 30 June 2014 as compared to a net assets position as at 31 December 2012. As stated in the 2014 Interim Report, the Group's liabilities as at 30 June 2014 mainly included trade and other payables, bank and other borrowings and convertible bonds. The non-current liabilities included convertible bonds (principal amount of HK\$355 million) of approximately RMB660.92 million, which will be fully converted to ordinary shares of the Company on or before the last business day of conversion period of the convertible bonds. Such convertible bonds shall not have cash outflow impact on the Group. Therefore, the Directors considered that the Group has sufficient working capital to meet its financial obligations as and when they fall due.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Nanjing Fullshare Technology

#### 2.1 *Principal assets of Nanjing Fullshare Technology*

The principal asset of Nanjing Fullshare Technology is the NFT Target Land, which is located in Yu Hua Tai District, Nanjing, the PRC. The NFT Target Land is of a total site area of approximately 155,486 sq.m. and of a total gross floor area of approximately 504,068 sq.m., with land use right of 40 years. We noted from the letter, summary of values and valuation certificates (the “**Property Valuation Report**”) prepared by Savills Valuation and Professional Services Limited (the “**Valuer**”) in Appendix V to the Circular that the NFT Target Land consists of two parcels of land: (i) the parcel of land located at 南京市雨花臺區軟件大道119號 (No. 119 Ruanjian Avenue, Yu Hua Tai District, Nanjing, the PRC\*) (the “**First Parcel of Land**”); and (ii) the parcel of land located at 南京市雨花臺區寧丹路東側 (eastern side of Ning Dan Road, Yu Hua Tai District, Nanjing, the PRC\*) (the “**Second Parcel of Land**”).

Set out below are the details of the First Parcel of Land and the Second Parcel of Land:

##### 2.1.1 *The First Parcel of Land*

The site area of the First Parcel of Land was approximately 64,022.30 sq.m. as at 30 September 2014. It is noted that there are two projects in the First Parcel of Land: the project of Site A Phase I (the “**Phase I Project**”) and the project of Site A Phase II (the “**Phase II Project**”).

The properties held by Nanjing Fullshare Technology under the Phase I Project as at 30 September 2014 (the “**Valuation Date**”) are categorised under (i) “Group I – Property to be held by the Company for sale in the PRC” (the “**Group I Property**”) which are available for sales; and (ii) “Property to be held by the Company for owner occupation in the PRC” (the “**Group II Property**”) in the Property Valuation Report. The Group I Property comprised various office units and car parking spaces with a total gross floor area of approximately 27,530.45 sq.m. as at the Valuation Date. A portion of the Group I Property was subject to various tenancies at a total monthly rental of approximately RMB1,500,000 while the remaining portion was vacant. The Group II Property are office units which are owner-occupied with a total gross floor area of approximately 1,855.40 sq.m..

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The Phase II Project consists of the properties under the remaining portion of the First Parcel of Land with a site area of approximately 30,416.26 sq.m., and the properties held by Nanjing Fullshare Technology under the Phase II Project as at the Valuation Date are categorised under “Group IV – Properties to be held by the Company for future development in the PRC” (the “**Group IV Properties**”) in the Property Valuation Report. As discussed with the Management, the Phase II Project is expected to comprise hotels, office and commercial buildings. However, the construction works for the Phase II Project have not yet commenced and detailed development plan has not been finalised as at the Latest Practicable Date.

### *2.1.2 The Second Parcel of Land*

It is noted that there are two projects in the Second Parcel of Land: the project of Site C South Portion (the “**South Portion Project**”) and the project of Site C North Portion (the “**North Portion Project**”).

The South Portion Project consists of the properties on a portion of the Second Parcel of Land with a site area of approximately 37,487 sq.m., and the properties held by Nanjing Fullshare Technology under the South Portion Project as at the Valuation Date are categorised under “Group III – Property to be held by the Company under development in the PRC” (the “**Group III Property**”) in the Property Valuation Report. According to the Property Valuation Report, various office units, retail stores and car park spaces will be constructed for the South Portion Project, with a total gross floor area of approximately 133,831.06 sq.m..

The North Portion Project consists of the properties on the remaining portion of the Second Parcel of Land with a site area of approximately 53,977 sq.m., and the properties held by Nanjing Fullshare Technology under the North Portion Project as at the Valuation Date are categorised under the Group IV Properties in the Property Valuation Report. As discussed with the Management, the North Portion Project is expected to comprise of office and commercial buildings. However, the construction works for the North Portion Project have not yet commenced and detailed development plan has not been finalised as at the Latest Practicable Date.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2.2 Financial information

Set out below are the financial results of Nanjing Fullshare Technology for the years ended 31 December 2012 and 31 December 2013 and for the nine months ended 30 September 2013 and 30 September 2014 as extracted from the accountants' report on Nanjing Fullshare Technology setting out in Appendix II to the Circular (the "Accountants' Report"):

	<b>For the year ended</b>		<b>For the nine months ended</b>	
	<b>31 December</b>		<b>30 September</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)	(unaudited)	(audited)
Revenue	336,824	156,431	150,265	72,713
Gross profit	145,809	87,796	84,690	40,390
Gross profit margin	43.29%	56.12%	56.36%	55.55%
Profit for the year/period	57,900	47,663	45,003	19,542
Net profit margin	17.19%	30.47%	29.95%	26.88%
				<b>As at</b>
				<b>As at 31 December</b>
				<b>30 September</b>
				<b>2012</b>
				<b>2013</b>
				<b>2014</b>
				<i>(RMB'000)</i>
				(audited)
Net assets		606,509	654,172	573,714

It is note that the revenue of Nanjing Fullshare Technology for the year ended 31 December 2013 was lower than the revenue for the year ended 31 December 2012. As discussed with the Management, such decrease was mainly due to more properties under the Phase I Project were delivered in 2012 than in 2013.

The revenue of Nanjing Fullshare Technology for the nine months ended 30 September 2014 was lower than that of the revenue for the same corresponding period in 2013. As discussed with the Management, more properties under the Phase I Project were delivered for the nine months ended 30 September 2013 as compared to the same corresponding period in 2014.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that the gross profit margin and the net profit margin of Nanjing Fullshare Technology for the year ended 31 December 2013 were higher than that in 2012. As discussed with the Management, such higher profit margins were mainly due to a larger portion of higher-valued commercial properties relative to the total sales were delivered for the year ended 31 December 2013, and the average unit price of commercial properties was higher than that of office units.

The net profit margin of Nanjing Fullshare Technology for the nine months ended 30 September 2014 was lower than the net profit margin for the nine months ended 30 September 2013 due to a higher selling expenses for the nine months ended 30 September 2014 because of higher advertising and promotion expenses incurred for the pre-sale of properties under South Portion Project.

The net assets value of Nanjing Fullshare Technology as at 31 December 2013 was higher than the same as at 31 December 2012, which was mainly due to more pre-sales activities in 2012, resulting in a higher receipt in advance as at 31 December 2012 as compared to that as at 31 December 2013.

The net assets value of Nanjing Fullshare Technology as at 30 September 2014 was lower than the same as at 31 December 2013, which was mainly due to a dividend payable of approximately RMB91,941,000 as at 30 September 2014.

As discussed with the Management, a majority of the properties under the Phase I Project have been sold and delivered as at 30 September 2014. The Management considers that upon the completion of construction works for the Phase II Project, the South Portion Project and the North Portion Project, the Group would be able to generate more revenue and profits from the sales of properties under these projects held by Nanjing Fullshare Technology.

We noted from the Accountants' Report and discussed with the Management that:

- 1) As at 30 September 2014, the major assets of Nanjing Fullshare Technology included (i) the properties under development; (ii) properties held for sale; and (iii) other receivables, prepayments and deposits. The properties under development mainly comprised the land use right and the construction costs and capitalised expenditure for the Phase II Project, the South Portion Project and the North Portion Project. The properties held for sale mainly comprised the Group I Property.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The other receivables, prepayment and deposits were approximately RMB97.34 million as at 30 September 2014, out of which approximately RMB64.97 million was due from 深圳市大族控股集團有限公司 (Shenzhen Dazhu Group Holdings Co., Ltd.\*), the major shareholder of Nanjing Fullshare Technology up to 11 July 2012. As discussed with the Management, such receivables were fully recovered subsequent to 30 September 2014.

The balance of other receivables, prepayment and deposits as at 30 September 2014 mainly comprised the construction cost prepaid to the contractors and utility deposits that we consider in normal commercial course;

- 2) There was an operating cash outflow of approximately RMB51.84 million for the nine months ended 30 September 2014, which was mainly attributable to the increase in properties under development of approximately RMB102.23 million. As discussed with the Management, such increase was mainly due to the construction cost for the development of the South Portion Project. We also noted that there were capital commitments of (i) approximately RMB416.63 million which were authorised but not contracted for; and (ii) approximately RMB870.97 million which had been contracted but not provided for the Phase II Project, the South Portion Project and the North Portion Project as at 30 September 2014. As discussed with the Management, the capital commitments is expected to spread over 3 years, depending on the stages of construction of the aforesaid projects. It is expected that the cashflow from the sales of properties under Phase I Project and the pre-sales activities of the properties under other projects should be able to cover the capital commitments in different stages of construction;
- 3) There was a dividend payable of approximately RMB91.94 million as at 30 September 2014, resulting in a lower net assets value of Nanjing Fullshare Technology as at 30 September 2014 compared to that as at 31 December 2013. As discussed with the Management, dividends of approximately RMB86.9 million in aggregate have been paid to the NFT Vendors as at the Latest Practicable Date;
- 4) There was a bank borrowing of RMB80.00 million as at 30 September 2014. The bank borrowing was secured against certain leasehold land and building and properties held for sale under the Phase I Project;

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- 5) The portions of the land under the Phase II Project, the South Portion Project and the North Portion Project were pledged to secure financial facilities granted to independent third parties of Nanjing Fullshare Technology, the Company and their associates. As discussed with the Management and as stipulated in the NFT Share Transfer Agreement, the aforesaid pledges will be released before the NFT Completion;
- 6) In relation to contingent liabilities, Nanjing Fullshare Technology has arranged bank financing for certain independent purchasers of the properties under the Group I Property and provided financial guarantees to secure obligations of such purchasers for repayments. As discussed with the Management, (i) there was no default in repayment of the purchasers in the past; and (ii) Nanjing Fullshare Technology is entitled to take over the legal title and possession of the related properties if there is any default in repayment by purchasers. As such, the Management considers that the likelihood and loss of default in repayments by the purchasers are minimal; and
- 7) As confirmed by the Management, Nanjing Fullshare Technology was not engaged in any litigation, legal proceedings or arbitration of material importance as at the Latest Practicable Date.

### 3. Major terms of the NFT Share Transfer Agreement

Pursuant to the NFT Share Transfer Agreement, the NFT Purchasers have agreed to acquire and the NFT Vendors have agreed to sell the entire equity interest in Nanjing Fullshare Technology. To assess its fairness and reasonableness, we have considered the following terms of the NFT Share Transfer Agreement:

#### ***3.1 the NFT Consideration***

The NFT Consideration payable by the NFT Purchasers to the NFT Vendors is RMB667,000,000 (equivalent to approximately HK\$840,420,000).

In assessing the fairness and reasonableness of the NFT Consideration, we have compared the NFT Consideration with the net assets value of Nanjing Fullshare Technology adjusted by (i) the different between the market values of the Group I Property, the Group II Property, the Group III Property and the Group IV Properties (collectively, the “**Properties**”) as stated in the Property Valuation Report and the carrying value of the Properties on book as at the Valuation Date; and (ii) the deferred tax liabilities arising from fair value increment of the Properties (the “**Adjusted Net Assets Value**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have considered whether to conduct a price to book analysis of the NFT Acquisition. However, given that (i) the majority of the assets of Nanjing Fullshare Technology were the Properties as at 30 September 2014; (ii) the Valuer has been appointed for conducting the valuation of the Properties (the “**Valuation**”), which should fairly present the market value of the Properties; and (iii) if the price to book ratio of the comparable companies is conducted for comparison purpose, the carrying value on book of the comparable companies may not fairly represent the value of the assets of the comparable companies, we consider a price to book analysis may not be meaningful in such circumstances.

We have performed the followings steps regarding the Valuation prepared by the Valuer and the Property Valuation Report pursuant to note 1(d) to Rule 13.80 of the Listing Rules:

- (i) reviewed the company brochure and track records provided by the Valuer and were satisfied with their experience and expertise;
- (ii) reviewed the terms of engagement and the scope of work of the Valuer and considered that the scope of work is appropriate and without limitation;
- (iii) confirmed with the Valuer that they have no current or prior relationships with the the NFT Vendors, the Company or their associates other than the engagement of assets appraisal in relation to the NFT Acquisition;
- (iv) save for the information of Nanjing Fullshare Technology as disclosed in the Circular, we are not aware that the Company or the parties to the NFT Share Transfer Agreement has made formal or informal representations to the Valuer;
- (v) reviewed the underlying assumptions used for the Valuation by the Valuer and in the Property Valuation Report. Nothing has been identified during their engagement that may cast the validity or reasonableness of the assumptions of the Valuation and the Property Valuation Report in doubt; and
- (vi) discussed with the Valuer on the direct comparison approach used by them and are satisfied that the approach is appropriate and objective in such circumstances.

We have also reviewed the legal opinion prepared by PRC legal adviser of the Company, King & Wood Mallesons Lawyers (“**KWM**”), in relation to the legal titles of the Properties and noted that there was no defect in legal titles of the Properties and no restriction on the transfer of the Properties.

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We also noted that a portion of the Group I Property, which comprised certain office units, was subject to various tenancies. As discussed with the Management and KWM, these office units are freely disposable after the NFT Completion.

Set out below are the summary of the carrying values and market values of the Properties as at the Valuation Date:

<b>Properties</b>	<b>carrying value as at the Valuation Date on book (RMB'000)</b>	<b>market value as at the Valuation Date from the Valuer (RMB'000)</b>	<b>difference between the carry value and the market value (RMB'000)</b>
the Group I Property (under the Phase I Project)	189,504	432,000	242,496
the Group II Property (under the Phase I Project)	12,753	31,000	18,247
the Group III Property and the Group IV Properties (under the Phase II Project, the South Portion Project and the North Portion Project)	613,038	1,117,000 (the Group III Property: 479,000 the Group IV Properties: 638,000)	<u>503,962</u>
<b>Total:</b>			<u><u>764,705</u></u>

As indicated in the table above, the market value of the Properties are higher than the carrying value of the Properties as at the Valuation Date, amounting to RMB764,705,000. The deferred tax liabilities of Nanjing Fullshare Technology, which represent 25% of the fair value adjustment on the Properties, would be approximately RMB191,176,000.

The Adjusted Net Assets Value, which is calculated as the net assets value of Nanjing Fullshare Technology of approximately RMB573,714,000 plus the difference between the market values and carrying values of the Properties of approximately RMB764,705,000 as at the Valuation Date and minus the deferred tax liabilities arising from the fair value increment of the Properties of approximately RMB191,176,000, amounted to approximately RMB1,147,243,000, and is higher than the NFT Consideration. We consider the NFT Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *3.2 payment terms*

As stated in the Letter from the Board, the NFT Consideration will be paid by installments in the following manners:

- (1) within 20 Business Days after all the NFT Conditions have been fulfilled or waived (as the case may be), RMB66,033,000, being 10% of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding, and RMB667,000, being 10% of the NFT Consideration payable to Ximeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Ximeng Asset (collectively, the “**First Installment**”);
- (2) after all the NFT Conditions have been fulfilled or waived (as the case may be) and within 120 Business Days after the NFT Completion (which the NFT Purchasers may be granted an one-off extension of the payment date to a day falling on or before 240 Business Days after the NFT Completion), RMB396,198,000, being 60% of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding, and RMB4,002,000, being 60% of the NFT Consideration payable to Ximeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Ximeng Asset (collectively, the “**Second Installment**”); and
- (3) within 60 Business Days after the payment of the Second Installment and the receipt of the Construction Work Planning Permit and the Construction Permits for the construction project to be carried out on the plot of approximately 30,416 square metres under the State-owned Land Use Right Certificate Number NingYuGuoYong (2013) Di 14323 Hao (《國有土地使用證》寧兩國用(2013)第14323號), RMB198,099,000, being the balance of the NFT Consideration payable to Nanjing Fullshare Holding, will be deposited by Nanjing Fengli to a bank account designated by Nanjing Fullshare Holding and RMB2,001,000, being the balance of the NFT Consideration payable to Ximeng Asset, will be deposited by Jiangsu Fullshare Property to a bank account designated by Ximeng Asset (collectively, the “**Third Installment**”).

As stated in the Letter from the Board, Nanjing Fengli has obtained the Standby Facility of approximately RMB500,000,000, and part of which will be applied to finance the NFT Consideration. The Management represents that the Standby Facility is able to settle the First Installment and the majority of the Second Installment. As stipulated in the NFT Share Transfer Agreement, the NFT Purchasers may be granted an one-off extension of 120 Business Days for the payment of Second Installment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that no initial deposit is required for the NFT Acquisition and the First Installment are paid after the fulfillment of NFT Conditions. The First Installment amount to a small portion (as to approximately 10%) of the NFT Consideration. On such basis, we consider that such sizeable deferred payment schedule to be attractive to the NFT Purchasers.

Taking into account of the above, we consider the aforesaid payments terms are acceptable.

### **3.3 other terms**

We have reviewed the NFT Share Transfer Agreement and noted that, as part of the NFT Conditions, the pledge over the NFT Target Land (including the portions of the NFT Target Land under the Phase II Project, the South Portion Project and the North Portion Project which have been pledge to secure the banking facilities granted to independent third parties of Nanjing Fullshare Technology, the Company and their associates) and all the security over Nanjing Fullshare Technology will be released prior to the NFT Completion.

As discussed with the Management, the release of (i) the pledge of certain leasehold land and building and properties held for sale under the Phase I Project for the bank borrowing of RMB80.00 million of Nanjing Fullshare Technology; and (ii) the financial guarantees provided to secure obligations of certain purchasers of the properties under the Phase I Project for the repayment of bank financing are not conditions precedent for the NFT Completion. In relation to the aforesaid financial guarantees, the Management represents that (i) there was no default in repayment of the purchasers in the past; and (ii) Nanjing Fullshare Technology is entitled to take over the legal title and possession of the related properties if there is any default in repayment by purchasers. As such, the Management considers that the likelihood and loss of default in repayments by the purchasers are minimal.

As advised by KWM and as stated in pages V-16 to V-17 of Appendix V to the Circular, the commencement date and completion date of the construction works of the Phase II Project have been delayed. KWM are of the opinion that the possibility of the land use rights of the Phase II Project be resumed by the PRC relevant authority is relatively small. However, Nanjing Fullshare Technology is still subject to the possibility of being required to pay idle land fee and default charges over the delay of the completion of the construction works of the Phase II Project according to the relevant rules and regulations, and the land grant contract. As advised by KWM, since Nanjing Fullshare Technology has obtained the written reasons and explanations for the idle land recognised by the primary local government authority which could be provided with Nanjing City Land and Resources Bureau (南京市國土資源局), being the vendor under the land grant contract,



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as a supporting evidence for the delay in the commencement of the construction works, the possibility for Nanjing Fullshare Technology being required by Nanjing City Land and Resources Bureau (南京市國土資源局) to pay the aforesaid idle land fee and default charges is relative low. Assuming the completion date of the construction works of the Phase II Project will take place in December 2016, the estimated aggregate amount of the idle land fee and default charges over the delay of the completion of the construction works of the Phase II Project is RMB129,960,000. It is provided in the NFT Share Transfer Agreement that the NFT Purchasers may refuse to pay the Third Installment if Nanjing Fullshare Technology did not receive the Construction Work Planning Permit and the Construction Permits for the Phase II Project in which case the NFT Purchasers will have no obligation to pay the Third Installment to the NFT Vendors until such permits are received by Nanjing Fullshare Technology. So long as there is no other breach on the part of the NFT Vendors on the NFT Share Transfer Agreement, this will not affect the validity of the NFT Share Transfer Agreement or the NFT Completion (which shall take place before the Second Installment is due and payable by the NFT Purchasers) nor there will be any refund of the First Installment and the Second Installment. If there is any delay in the completion date of the construction works of the Phase II Project or the construction works of the Phase II Project fails to complete, there is no impact on other projects (the Phase I Project, the South Portion Project and the North Portion Project) on the NFT Target Land. If the relevant PRC authority claims idle land fee or other liabilities against Nanjing Fullshare Technology as a result of the idle land, and Nanjing City Land and Resources Bureau claims against for the relevant obligations of Nanjing Fullshare Technology under the land grant contract, the NFT Vendors shall be jointly and severally liable for the damages and losses caused to Nanjing Fullshare Technology. KWM are of the opinion that the NFT Purchasers may rely on these provisions under the NFT Share Transfer Agreement to claim against the NFT Vendors for the said damages and losses. Having considered KWM's opinion, the Directors are of the view that the delay in the completion of construction works of the Phase II Project will not have any material adverse impact on the Enlarged Group. We consider the aforesaid protective provisions enable the Group to mitigate the aforesaid risk of potential claims of idle land fee or other liabilities by the relevant PRC authority.

We are not aware of any term of the NFT Share Transfer Agreement that is unfavourable to the Group for entering into such agreement.

Having taken into account of the above, we consider that the NFT Acquisition is on normal commercial terms (while not entered into in the ordinary and usual course of business of the Group) and the terms of the NFT Share Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Reasons for and benefits of the NFT Acquisition

As stated in the Letter from the Board, since the recent completion of the acquisition of 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited, the Company has expanded its footage into the property market in Nanjing. The Directors believe that the NFT Acquisition is a good opportunity for the Group to build up the Group's experience in commercial property development by leveraging on the relevant experience of the established management team of the Controlling Shareholders. As the commercial project on the NFT Target Land will comprise of office buildings, hotels and shopping malls, the Directors believe that the commercial project on the NFT Target Land will diversify the Group's project portfolio and business risks.

We have reviewed the yearly statistical reports of Nanjing for the years ended 31 December 2012 and 31 December 2013 issued by the Statistics Bureau of Nanjing in March 2013 and March 2014, respectively. According to the said reports, the nominal gross domestic product growth rates of Nanjing were approximately 11.7% and 11.0% for the years ended 31 December 2012 and 31 December 2013, respectively. Average annual per capita disposable income for citizens in the city amounted to approximately RMB36,322 and RMB39,881 for the years ended 31 December 2012 and 31 December 2013, representing a nominal growth rate of approximately 12.8% and 9.8% in average annual per capital disposable income as compared to the years ended 31 December 2011 and 31 December 2012, respectively. Total investment in real estate in Nanjing for the years ended 31 December 2013 and 31 December 2013 amounted to approximately RMB101.58 billion and RMB112.02 billion, representing a nominal growth rate of approximately 13.3% and 10.3% in total real estate investment as compared to the years ended 31 December 2011 and 31 December 2012, respectively. The Directors consider that in light of the growth rate of the aforesaid economic indicators of Nanjing, they consider the NFT Acquisition to further invest in the property market in Nanjing is in the interest to the Company and Shareholders. We concur with the view of the Directors.

We have discussed with the Management and are given to understand that the financial performance of the Group depends on various factors, including but not limited to the sentiment of the property market in the PRC, the stage of development of the projects on hand, the availability of land and the government policies imposed on the property market. The assets held by Nanjing Fullshare Technology mainly comprised the NFT Target Land and will provide another stream of income to the Group in the long run upon development of land. We have reviewed the previous government policies on the property markets issued by the State Council of the PRC and understand that more policies are imposed to restrict the development of the residential properties than the commercial properties. As discussed with the Management, due to different policies imposed by the PRC government between the commercial property market and residential property market, the Management considers that the NFT Acquisition allows the Group to diversify the risk from the residential property market.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As confirmed by the Management, the NFT Purchasers intends to retain the management and employees of Nanjing Fullshare Technology to continue their business operations.

We have reviewed the professional qualification and experience of the management of Nanjing Fullshare Technology and consider that the management possesses relevant qualification and sufficient experience for the business operations of Nanjing Fullshare Technology. The management of the Group comprise a group of experienced professionals in the areas of property management, project management, hotel management, engineering, architecture and accounting and finance, with an average industry experience of over 10 years.

As stated in the Letter from the Board, the Possible CCT Agreements and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules upon the NFT Completion. The Company will comply with the relevant requirements of the Listing Rules as and when appropriate.

Having taken into account that (i) the NFT Acquisition is in line with the business plan of the Group to develop the property market in Nanjing; (ii) Nanjing Fullshare Technology is able to provide another stream of income in the long run with a higher profitability; (iii) the NFT Acquisition allows the Group to diversify the risk from the residential property market; and (iv) the NFT Purchasers will retain the management of Nanjing Fullshare Technology who possesses relevant qualification and sufficient experience for the business operations of Nanjing Fullshare Technology, we consider the reasons for the NFT Acquisition are justifiable.

### **5. Financial effect of the NFT Acquisition on the Group**

Upon the NFT Completion, Nanjing Fullshare Technology will become an indirectly wholly-owned subsidiary of the Company and their results will be consolidated into the Group's consolidated financial statement.

The unaudited pro forma financial information of the Enlarged Group, illustrating the financial effects at the basis that the NFT Acquisition had been completed and all equity interest was acquired on 30 June 2014, are set out in Appendix III headed "Unaudited Pro Forma Financial Information of the Enlarged Group" to the Circular (the "**Pro Forma**").

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ***5.1 Effect on net assets value and gearing***

With reference to the Pro Forma, the NFT Acquisition would lead to a decrease in the net assets of the Enlarged Group from approximately RMB84.89 million to approximately RMB63.96 million. Such decrease is mainly due to the outflow of cash to be paid as consideration for the NFT Acquisition outweighs the net assets value of Nanjing Fullshare Technology.

As stated in the 2014 Interim Report, the gearing ratio of the Group as at 30 June 2014, calculated as a ratio of total bank and other borrowings and convertible bonds to the total assets, was approximately 79%. It is noted that the NFT Consideration will be settled by way of cash using the Standby Facility and/or the Group's internal working capital. The gearing ratio of the Group may increase if the Standby Facility and/or other existing available banking facilities are utilised. Having considered that the NFT Acquisition would improve the financial performance of the Enlarged Group upon the NFT Completion, we are of the view that the increase in gearing ratio is acceptable.

### ***5.2 Effect on working capital and earnings***

With reference to the Pro Forma, the NFT Acquisition would lead to a decrease in the working capital (as derived by current assets minus current liabilities) of the Enlarged Group from approximately RMB984.96 million to approximately RMB967.89 million. We also noted from Appendix I to the Circular that the Directors are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Enlarged Group's business prospects, internal resources, available credit facilities and the NFT Completion, the Enlarged Group has sufficient working capital for its requirements for at least twelve months from the date of the Circular.

The utilisation of the Standby Facility and/or other existing available banking facilities may incur additional finance cost to the Group. Nonetheless, in view of the additional income stream to be generated by sales of properties held by Nanjing Fullshare Technology and the NFT Acquisition would attribute 100% net profit of Nanjing Fullshare Technology to the Enlarged Group, the Directors expect that the Enlarged Group would enjoy higher future earnings after the NFT Acquisition.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial positions and performance of the Enlarged Group will be upon the NFT Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

By taking into account the factors and reasons as mentioned above, we consider that the NFT Acquisition is on normal commercial terms (while not entered into in the ordinary and usual course of business of the Group), the terms of the NFT Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We would therefore advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the NFT Acquisition to be proposed at the EGM.

Yours faithfully,

For and on behalf of

**FORTUNE FINANCIAL CAPITAL LIMITED**

**Eric Koo**

*Managing Director*

**Stanley Chung**

*Director*

*Mr. Eric Koo is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 14 years of experience in corporate finance.*

*Mr. Stanley Chung is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 14 years of experience in corporate finance.*

\* *Certain English translations of Chinese names or words marked with “\*” in this letter are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency between the Chinese names mentioned in this letter and their English translations, the Chinese names shall prevail.*

**FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 30 April 2011, 2012 and 2013 and for the year ended 31 December 2013 and for the six months ended 30 June 2014 were disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.fullshare.com](http://www.fullshare.com)):

- Interim report of the Company for the six months ended 30 June 2014 published on 5 September 2014 (pages 2 to 35);

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0905/LTN20140905815.pdf>

- Annual report of the Company for the year ended 31 December 2013 published on 11 March 2014 (pages 34 to 111);

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0311/LTN20140311730.pdf>

- Annual report of the Company for the year ended 30 April 2013 published on 13 August 2013 (pages 27 to 78);

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0813/LTN20130813871.pdf>

- Annual report of the Company for the year ended 30 April 2012 published on 16 August 2012 (pages 23 to 67); and

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0816/LTN20120816783.pdf>

- Annual report of the Company for the year ended 30 April 2011 published on 12 August 2011(pages 21 to 61).

<http://www.hkexnews.hk/listedco/listconews/SEHK/2011/0812/LTN20110812206.pdf>

**STATEMENT OF INDEBTEDNESS****Borrowings**

As at the close of business on 31 October 2014, being the latest practicable date for the purpose of ascertaining the indebtedness prior to the printing of this circular, the Group had outstanding secured bank loans of RMB560,320,000, which were secured by the Group's properties under development with carrying value of approximately RMB1,072,706,000, unsecured other borrowings of RMB233,678,000 and the principal amount of outstanding convertible bonds of approximately HK\$377,000,000, which will be fully converted to ordinary shares of the Company on or before the last business day of conversion period of the convertible bonds.

As at the close of business on 31 October 2014, being the latest practicable date for the purpose of ascertaining the indebtedness prior to the printing of this circular, Nanjing Fullshare Technology has pledged bank loan of RMB80,000,000, which was secured by its certain properties held for sale and certain property, plant and equipment with carrying value of approximately RMB151,824,000 and RMB12,722,000 respectively.

As at the close of business on 31 October 2014, the Group had unutilized facilities of RMB130,000,000 available for drawdown through China Minsheng Banking Corporate Limited, RMB60,000,000 from Yancheng Chengzhong Sub-branch of Bank of China Limited.

**Contingent liabilities**

The Group provides guarantees to banks in connection with its customers' mortgage loans to finance their purchase of the residential properties developed by the Group. As of 31 October 2014, outstanding balance of the mortgage loans guaranteed by the Enlarged Group was approximately RMB324,129,000. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value are immaterial.

Save as aforesaid and apart from intra-group liabilities, none of the entities of the Enlarged Group had any debt securities which are issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing of the Enlarged Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 31 October 2014.

**RECENT DEVELOPMENT AND FINANCIAL AND TRADING PROSPECT**

The revenue of the Group mainly came from sales of real properties.

For the six months ended 30 June 2014, the revenue of property sales of the Group was approximately RMB295,005,000, representing a decline of 2.7% over the same period of 2013. During this period, the Group delivered properties with an aggregate GFA of approximately 45,781 sq.m. and three storerooms with an aggregate GFA of approximately 89 sq.m.. Gross profit margin for property sales for the six months ended 30 June 2014 decreased to 26% as comparing to the same period of last year.

For the six months ended 30 June 2014, the average selling price recognised was RMB6,431 per sq.m.. For the six months ended 30 June 2014, the Group made contracted sales of approximately RMB242,270,000, representing a decrease of 7.37% over the same period of 2013. The Group made contracted sales for an aggregate GFA of approximately 40,838 sq.m., representing a decrease of 2.79% over the same period of 2013.

As of 30 June 2014, the Group's contracted sales for the contracts signed but not yet delivered were approximately RMB550,741,000 with a total area of 90,589 sq.m., which laid a solid foundation for the sustaining and steady growth of its future revenue.

As at the Latest Practicable Date, the Group's development of the JiuZongGou land parcel (九總溝地塊) with a total site area of approximately 89,123 sq.m. located in the east of Kaichuang Road in Yancheng, Jiangsu is still at the preliminary planning stage. The development mainly consists of high-rise apartment buildings with commercial ancillary facilities and a kindergarten. The Group expects that phase 1 construction of the project will commence in the first half year of 2015. It is expected that the project has an aggregate GFA of approximately 277,881 sq.m. upon completion.

Pursuant to the announcement of the Company dated 5 September 2014, the circular dated 25 September 2014 and the completion announcement dated 15 October 2014, the Group has acquired 80% equity interest in 南京天韻房地產開發有限公司 (Nanjing Tianyun Real Estate Development Company Limited\*), a company established under the law of the PRC ("Tianyun"). Tianyun is principally engaged in property development. Tianyun did not generate any revenue or profit prior to 31 March 2014. The pre-sale of the residential properties on the Yu Hua Tai Land has commenced in early September 2014. Completion of such acquisition took place on 15 October 2014. Details of the financial information of Tianyun for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 and the three months ended 31 March 2014 was set out in the Company's circular dated 25 September 2014 (pages 22 to 57), which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.fullshare.com](http://www.fullshare.com)).



Pursuant to the announcement of the Company dated 6 November 2014 and 20 November 2014, the Group has acquired the entire equity interest in Jiangsu Ruiheng Construction Limited\* (江蘇銳恒建設有限公司) (“**Ruiheng**”). Ruiheng is principally engaged in housing engineering construction, architectural decoration and fitting out, and construction engineering management consulting and engineering design services in the PRC. Ruiheng holds the China Construction Enterprise Qualification Certificate (建築業企業資質證書) with the main qualifications of the First Class Main Contractor Qualification of Housing Construction Engineering\* (中國房屋建築工程施工總承包壹級資質) and the First Class Main Contractor Qualification of Municipal Public Works\* (市政公用工程施工總承包壹級資質), and its subsidiary holds the China Engineering Design Qualification Certificate with the qualification level of Construction Industry (Construction Engineering) Class A\* (中國建築行業(建築工程)甲級工程設計資質). The Acquisition of Ruiheng was completed on 15 December 2014.

The consideration in relation to the acquisition of Tianyun and Ruiheng are RMB500 million and RMB200 million respectively.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the abovementioned acquisition.

The Group have settled RMB50 million, being the first instalment, of the consideration for the acquisition of Tianyun by standby facility provided by Nanjing Fullshare Holding dated 20 August 2014 (the “**August Standby Facility**”) and RMB294 million of the consideration by the internal funding as at the Latest Practicable Date. The Group intends to satisfy the rest of the consideration pursuant to the August Standby Facility.

The Group have settled RMB20 million, being the first instalment, of the consideration for the acquisition of Ruiheng by standby facility provided by Nanjing Fullshare Holding and one of its wholly-owned subsidiaries dated 18 November 2014 (the “**November Standby Facility**”) as at the Latest Practicable Date. Part of the consideration will be satisfied by the way of set off such that the purchaser will assume the account payable owed by vendor amounting to RMB130 million. The Group will settle the rest of consideration, amounting to RMB50 million pursuant to the November Standby Facility.

## **WORKING CAPITAL**

The Directors are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Enlarged Group’s business prospects, internal resources, available credit facilities and the NFT Completion, the Enlarged Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

**MATERIAL ADVERSE CHANGE**

On 18 July 2014, the Company issued a profit warning to inform the Shareholders and potential investors that after preliminary review of the consolidated management accounts of the Group for the six months ended 30 June 2014, the Group is expected to record a significant amount of net loss for the six months ended 30 June 2014.

Based on the relevant information available to the Board as at 18 July 2014 and as disclosed in the Company's interim report for the six months ended 30 June 2014, the expected significant amount of net loss for the six months ended 30 June 2014 is attributable to the non-cash accounting adjustment in relation to the adjusted fair values of the convertible bonds issued on 12 December 2013 by the Company between 31 December 2013 and 30 June 2014 in compliance with the Hong Kong Financial Reporting Standards. The Board is of the view that the non-cash accounting treatment in relation to the adjusted fair values of the convertible bonds will not adversely affect the Group's operating financial positions.

Save as disclosed above, at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

*The following is the text of a report prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, Shინewing (HK) CPA Limited.*



SHINEWING (HK) CPA Limited  
43/F., The Lee Gardens  
33 Hysan Avenue  
Causeway Bay, Hong Kong

30 December 2014

The Board of Directors

**Fullshare Holdings Limited**

*(formerly known as Warderly International Holdings Limited)*

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Nanjing Fullshare Dazuo Technology Company Limited (南京豐盛大族科技股份有限公司) (“Nanjing Fullshare Technology”), which comprises the statements of financial position of Nanjing Fullshare Technology as at 31 December 2011, 2012 and 2013 and 30 September 2014, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Nanjing Fullshare Technology for the years ended 31 December 2011, 2012 and 2013 and the nine months ended 30 September 2014 (the “Relevant Periods”) together with notes thereto. The Financial Information has been prepared by the directors of Nanjing Fullshare Technology for inclusion in Appendix II to the circular dated 30 December 2014 (the “Circular”) issued by Fullshare Holdings Limited (the “Company”) in connection with the proposed acquisition of the entire equity interest in Nanjing Fullshare Technology by Nanjing Fengli Equity Investment Enterprise and Jiangsu Province Fullshare Property Development Limited, both wholly-owned subsidiaries of the Company.

Nanjing Fullshare Technology was established in the People’s Republic of China (the “PRC”) with limited liability on 11 July 2008. Nanjing Fullshare Technology is principally engaged in property development. The address of the registered office and principal place of business of Nanjing Fullshare Technology is No. 188, Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC and Unit 212, Block 8, 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC respectively.

The statutory financial statements of Nanjing Fullshare Technology for the years ended 31 December 2011, 2012 and 2013 were prepared in accordance with the applicable accounting principles and regulations in the PRC, and were audited by Grant Thornton China Certified Public Accountants, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO China Shu Lun Pan Certified Public Accountants LLP, which are registered in the PRC, respectively.

For the purpose of this report, the directors of Nanjing Fullshare Technology have prepared the financial statements of Nanjing Fullshare Technology for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). We have carried out independent audit procedures on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

The Financial Information has been prepared by the directors of Nanjing Fullshare Technology based on the Underlying Financial Statements on the basis set out in note 1 to the Financial Information with no adjustments thereto, and in accordance with the applicable disclosure provision of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The directors of Nanjing Fullshare Technology are responsible for the preparation of the Financial Information that give a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of Nanjing Fullshare Technology determine is necessary to enable the presentation of the Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

Our responsibility is to form an independent opinion on the Financial Information based on our procedures and to report our opinion to you.

In our opinion, on the basis of preparation set out in note 1 to the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Nanjing Fullshare Technology as at 31 December 2011, 2012 and 2013 and 30 September 2014 and of the results and cash flows of Nanjing Fullshare Technology for the Relevant Periods.

The comparative statements of profit or loss and other comprehensive income, cash flows and changes in equity of Nanjing Fullshare Technology for the nine months ended 30 September 2013 together with the notes thereto have been extracted from Nanjing Fullshare Technology's unaudited financial information for the same period (the "30 September 2013 Financial Information") which was prepared by the directors of Nanjing Fullshare Technology solely for the purpose of this report. We have reviewed the 30 September 2013 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 September 2013 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 September 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

## I. FINANCIAL INFORMATION

## Statements of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December			Nine months ended 30 September	
		2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 RMB'000	2014 RMB'000
Turnover	7	–	336,824	156,431	150,265	72,713
Cost of sales		–	(191,015)	(68,635)	(65,575)	(32,323)
Gross profit		–	145,809	87,796	84,690	40,390
Other income	9	641	15,288	16,577	11,660	13,240
Selling expenses		(2,609)	(6,442)	(2,560)	(1,495)	(7,878)
Administrative expenses		(2,854)	(13,520)	(8,500)	(6,185)	(6,104)
Finance cost	10	–	–	–	–	–
<b>(Loss) profit before tax</b>		(4,822)	141,135	93,313	88,670	39,648
Income tax expense	11	–	(83,235)	(45,650)	(43,667)	(20,106)
<b>(Loss) profit and total comprehensive (expense) income for the year/period</b>	12	(4,822)	57,900	47,663	45,003	19,542

Note: (Loss) earnings per share of Nanjing Fullshare Technology for the years ended 31 December 2011, 2012 and 2013 and nine months ended 30 September 2013 and 2014 are not presented as such information is not considered meaningful in the context of this report.

## Statements of Financial Position

	Notes	As at 31 December			As at
		2011 RMB'000	2012 RMB'000	2013 RMB'000	30 September 2014 RMB'000
<b>Non-current asset</b>					
Property, plant and equipment	14	780	19,925	18,190	18,687
<b>Current assets</b>					
Properties under development	15	456,993	473,545	507,061	613,038
Properties held for sale	16	495,063	290,462	221,827	189,504
Other receivables, prepayments and deposits	17	10,870	97,330	96,407	97,342
Tax prepaid	18	510	–	–	–
Amount due from immediate holding company	19	–	1,703	10,830	–
Amounts due from related parties	20	65,000	52,899	54,348	–
Bank balances and cash	21	25,185	9,702	4,562	7,817
		<u>1,053,621</u>	<u>925,641</u>	<u>895,035</u>	<u>907,701</u>
<b>Current liabilities</b>					
Trade and other payables	22	197,167	103,777	79,334	68,937
Receipts in advance	23	76,894	87,634	31,918	26,356
Income tax payable		–	67,646	67,801	85,440
Dividend payable		–	–	–	91,941
Amount due to immediate holding company	19	91,985	–	–	–
Secured bank borrowing – due within one year	24	139,746	–	–	80,000
		<u>505,792</u>	<u>259,057</u>	<u>179,053</u>	<u>352,674</u>
<b>Net current assets</b>		<u>547,829</u>	<u>666,584</u>	<u>715,982</u>	<u>555,027</u>
<b>Total assets less current liabilities</b>		<u>548,609</u>	<u>686,509</u>	<u>734,172</u>	<u>573,714</u>
<b>Capital and reserves</b>					
Paid in capital	25	560,000	560,000	560,000	560,000
Reserves		(11,391)	46,509	94,172	13,714
<b>Total equity</b>		<u>548,609</u>	<u>606,509</u>	<u>654,172</u>	<u>573,714</u>
<b>Non-current liability</b>					
Secured bank borrowing – due after one year	24	–	80,000	80,000	–
<b>Total equity and non-current liability</b>		<u>548,609</u>	<u>686,509</u>	<u>734,172</u>	<u>573,714</u>

## Statements of Changes in Equity

	Paid in capital RMB'000	Statutory reserve RMB'000 (Note)	(Accumulated loss) retained earnings RMB'000	Total RMB'000
At 1 January 2011	560,000	–	(6,569)	553,431
Loss and total comprehensive expense for the year	–	–	(4,822)	(4,822)
At 31 December 2011 and 1 January 2012	560,000	–	(11,391)	548,609
Profit and total comprehensive income for the year	–	–	57,900	57,900
Transfers to statutory reserve	–	10,022	(10,022)	–
At 31 December 2012 and 1 January 2013	560,000	10,022	36,487	606,509
Profit and total comprehensive income for the year	–	–	47,663	47,663
Transfers to statutory reserve	–	2,478	(2,478)	–
At 31 December 2013 and 1 January 2014	560,000	12,500	81,672	654,172
Profit and total comprehensive income for the period	–	–	19,542	19,542
Dividend declared (note 13)	–	–	(100,000)	(100,000)
At 30 September 2014	<u>560,000</u>	<u>12,500</u>	<u>1,214</u>	<u>573,714</u>
	<b>Paid in capital RMB'000</b>	<b>Statutory reserve RMB'000</b>	<b>Retained earnings RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2013 (audited)	560,000	10,022	36,487	606,509
Profit and total comprehensive income for the period	–	–	45,003	45,003
At 30 September 2013 (unaudited)	<u>560,000</u>	<u>10,022</u>	<u>81,490</u>	<u>651,512</u>

*Note:* In accordance with the PRC Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.



## Statements of Cash Flows

	Year ended 31 December			Nine months ended 30 September	
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 RMB'000	2014 RMB'000
				(Unaudited)	
<b>OPERATING ACTIVITIES</b>					
(Loss) profit before tax	(4,822)	141,135	93,313	88,670	39,648
Adjustments for:					
Depreciation for property, plant and equipment	110	980	1,822	1,366	1,380
Loss on disposal of property, plant and equipment	–	58	1	–	189
Interest income	(39)	(96)	(77)	(70)	(41)
Operating cash (outflows) inflows before movements in working capital	(4,751)	142,077	95,059	89,966	41,176
Decrease in properties held for sale	–	191,015	68,635	65,575	32,323
Increase in properties under development	(276,264)	(11,054)	(28,467)	(25,520)	(102,232)
Decrease (increase) in other receivables, prepayments and deposits	25,590	(21,460)	897	(75,944)	(935)
Increase (decrease) in trade and other payables	186,389	(93,390)	(24,443)	(11,903)	(10,397)
Increase (decrease) in receipts in advance	76,794	10,740	(55,716)	(52,017)	(5,562)
Cash generated from (used in) operations	7,758	217,928	55,965	(9,843)	(45,627)
Income tax paid	(510)	(15,079)	(45,495)	(41,134)	(2,467)
Interest paid	(9,228)	(5,498)	(5,049)	(3,745)	(3,745)
<b>NET CASH (USED IN) FROM   OPERATING ACTIVITIES</b>	<b>(1,980)</b>	<b>197,351</b>	<b>5,421</b>	<b>(54,722)</b>	<b>(51,839)</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipments	(85)	(6,737)	(96)	(74)	(2,071)
Proceeds from disposal of property, plant and equipment	–	140	8	7	5
(Advance to) repayment from immediate holding company	–	(1,703)	(9,127)	(2,127)	10,830
Repayment from related parties	–	–	935	52,899	54,348
Repayment from former shareholder	–	–	26	26	–
Advance to related parties	(65,000)	(52,899)	(2,384)	–	–
Interest received	39	96	77	70	41

**APPENDIX II****ACCOUNTANTS' REPORT ON  
NANJING FULLSHARE TECHNOLOGY**

	Year ended 31 December			Nine months ended	
	2011	2012	2013	30 September	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(65,046)	(61,103)	(10,561)	50,801	63,153
FINANCING ACTIVITIES					
Bank borrowing raised	7,500	80,000	-	-	-
Repayment of bank borrowing	-	(139,746)	-	-	-
Dividend paid	-	-	-	-	(8,059)
Advance from (repayment to) immediate holding company	80,635	(91,985)	-	-	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	88,135	(151,731)	-	-	(8,059)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,109	(15,483)	(5,140)	(3,921)	3,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	4,076	25,185	9,702	9,702	4,562
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	25,185	9,702	4,562	5,781	7,817

**NOTES TO THE FINANCIAL INFORMATION****1. Corporation information and basis of presentation**

Nanjing Fullshare Technology was established in the PRC on 11 July 2008 with limited liability. The address of its registered office and principal place of business is at No. 188, Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC and Unit 212, Block 8, 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC respectively. The principal activity of Nanjing Fullshare Technology is real estate development and sale.

At the date of this report, the ultimate holding company and parent company of Nanjing Fullshare Technology are Nanjing Fullshare Industrial Holding Group Co. Limited\* (“南京豐盛產業控股集團有限公司”) (“Nanjing Fullshare Holding”) and Nanjing Xinmeng Asset Management Limited\* (南京新盟資產管理有限公司) (“Xinmeng Asset”) respectively, Nanjing Fullshare Holding and Xinmeng Asset were established in the PRC.

The Financial Information is presented in Renminbi (“RMB”), which is the same as the functional currency of Nanjing Fullshare Technology.

**2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)**

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Nanjing Fullshare Technology has consistently adopted all the relevant Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and the related interpretations issued by the HKICPA which are effective for Nanjing Fullshare Technology’s financial year beginning on 1 January 2014.

\* For identification purpose only

Nanjing Fullshare Technology has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>2</sup>
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

The directors of Nanjing Fullshare Technology anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of Nanjing Fullshare Technology.

***HKFRS 9 Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of Nanjing Fullshare Technology anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of Nanjing Fullshare Technology's financial assets and financial liabilities. Regarding Nanjing Fullshare Technology's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**3. Significant accounting policies**

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance, which for the Relevant Periods continue to be those of the predecessor Company Ordinance (Cap 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and service.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or more advantageous) market between market participants at the measurement date under current market condition (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Nanjing Fullshare Technology takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

*(i) Sales of properties*

Revenue from sale of properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

*(ii) Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to Nanjing Fullshare Technology and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Nanjing Fullshare Technology as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.



***Government grants***

Government grants are not recognised until there is reasonable assurance that Nanjing Fullshare Technology will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the profit or loss on a systematic basis over the periods in which Nanjing Fullshare Technology recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Nanjing Fullshare Technology with no future related costs are recognised in the profit or loss in the period in which they become receivable.

***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

***Leasehold land and building***

When a lease includes both land and building elements, Nanjing Fullshare Technology assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to Nanjing Fullshare Technology, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

***Property, plant and equipment***

Property, plant and equipment including leasehold land and buildings (classified as finance leases) held for administrative purposes are stated in the statements of financial position at cost less subsequent accumulated depreciation and impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimated accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

***Properties under development***

Properties under development are stated at the lower of cost and net realisable value.

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and applicable selling expenses.

***Properties held for sale***

Properties held for sale are stated at the lower of cost and net realisable value.

Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses at the end of the reporting period, or by management estimates based on prevailing market conditions.

***Impairment losses on tangible assets***

At the end of each reporting period, Nanjing Fullshare Technology reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, Nanjing Fullshare Technology estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

***Retirement benefit costs***

Payments to the PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are charged as an expense when employees have rendered service entitling them to the contributions.

***Financial instruments***

Financial assets and financial liabilities are recognised in the statements of financial position when Nanjing Fullshare Technology becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

***Financial assets***

Financial assets are classified as loan and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, deposits, amounts due from immediate holding company and related parties and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables and deposits and amounts due from immediate holding company and related parties, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When other receivable and deposit is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Financial liabilities and equity instruments*

Debt and equity instruments issued by Nanjing Fullshare Technology are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Nanjing Fullshare Technology after deducting all of its liabilities. Equity instruments issued by Nanjing Fullshare Technology are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, secured bank borrowing and amount due to immediate holding company) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expenses are recognised on an effective interest basis.

#### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by Nanjing Fullshare Technology are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with *HKAS 37 Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

#### Derecognition

Nanjing Fullshare Technology derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Nanjing Fullshare Technology derecognises financial liabilities when, and only when, Nanjing Fullshare Technology's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss) profit before tax' as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Nanjing Fullshare Technology's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Nanjing Fullshare Technology expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

***Cash and cash equivalents***

Bank balances and cash in the statements of financial position comprise cash at banks and on hand. For the purpose of the statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.



**4. Key sources of estimation uncertainty**

In the application of Nanjing Fullshare Technology's accounting policies, which are described in note 3, the directors of Nanjing Fullshare Technology are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***Depreciation of property, plant and equipment***

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Nanjing Fullshare Technology assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

***PRC land appreciation tax***

Nanjing Fullshare Technology is subject to land appreciation tax in the PRC. The provision of the land appreciation tax is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. Nanjing Fullshare Technology has not finalised its land appreciation tax

calculation and payments with the tax authorities for its property development projects. The final outcome could be different from the amounts that were initially recorded. During the years ended 31 December 2011, 2012 and 2013 and nine months ended 30 September 2014, the provision for land appreciation tax was nil, approximately RMB49,635,000, RMB23,052,000 and RMB10,715,000, respectively.

***Estimated net realisable value of properties held for sale***

The directors of Nanjing Fullshare Technology determine the net realisable value of properties held for sale by using prevailing market data such as most recent sales transactions and internal estimates of cost based on quotes from contractors. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales), the legal and regulatory framework and general market conditions. At 31 December 2011, 2012 and 2013 and 30 September 2014, the carrying amount of properties held for sale was approximately RMB495,063,000, RMB290,462,000, RMB221,827,000 and RMB189,504,000. No impairment loss was recognised during the Relevant Periods and the nine months ended 30 September 2013.

***Estimated net realisable value of properties under development***

In determining whether allowances should be made to Nanjing Fullshare Technology's properties under development, the directors of Nanjing Fullshare Technology take into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs to sell) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value of properties under development is less than expected as a result of a change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. At 31 December 2011, 2012 and 2013 and 30 September 2014, the carrying amount of properties under development was approximately RMB456,993,000, RMB473,545,000, RMB507,061,000 and RMB613,038,000 respectively. No impairment was provided throughout the Relevant Periods and the nine months ended 30 September 2013.

***Estimated impairment of other receivables and deposits***

When there is objective evidence of impairment loss, the directors of Nanjing Fullshare Technology take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, 2012 and 2013 and 30 September 2014, the carrying amounts of other receivables and deposits are approximately RMB221,000, RMB90,276,000, RMB81,208,000 and RMB72,224,000 respectively. No impairment was provided throughout the Relevant Periods and the nine months ended 30 September 2013.

***Estimated fair value of financial guarantees***

When estimating the fair value of the financial guarantees in respect of mortgage facilities for property purchasers, the directors of Nanjing Fullshare Technology consider the net realisable value of the relevant properties against the outstanding principal and interest.

The fair value of the financial guarantees is minimal at 31 December 2011, 2012 and 2013 and 30 September 2014 which were assessed by CBRE Limited ("CBRE"), an independent professional valuer not connected to the Company and Nanjing Fullshare Technology. Details of the financial guarantees are set out in note 28.

**5. Capital risk management**

Nanjing Fullshare Technology manages its capital to ensure Nanjing Fullshare Technology will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances. Nanjing Fullshare Technology's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Nanjing Fullshare Technology consists of net debt, which includes amount due to immediate holding company and secured bank borrowing, net of cash and cash equivalents and equity attributable to owners of Nanjing Fullshare Technology, comprising paid in capital and reserves.

The directors of Nanjing Fullshare Technology review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. Based on the recommendations of the directors, Nanjing Fullshare Technology will balance its overall capital structure through payment of dividend as well as the raising of new debts or the repayment of existing debts.

## 6. Financial instruments

### a) *Categories of financial instruments*

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>				
Loans and receivables (including bank balances and cash)	90,406	154,580	150,948	80,041
<b>Financial liabilities</b>				
At amortised costs	428,888	183,723	159,165	240,056

### b) *Financial risk management objectives and policies*

Nanjing Fullshare Technology's major financial instruments include other receivables, deposits, amounts due from (to) immediate holding company and related parties, trade and other payables, bank balances and cash and secured bank borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of Nanjing Fullshare Technology manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk*

## (i) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

All of Nanjing Fullshare Technology's monetary assets and liabilities are denominated in RMB and Nanjing Fullshare Technology conducts its business transactions principally in RMB, the currency risk of Nanjing Fullshare Technology is not significant and Nanjing Fullshare Technology currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In the opinion of the directors of Nanjing Fullshare Technology, since the currency risk is minimal, no sensitivity analysis is presented.

## (ii) Interest rate risk

Nanjing Fullshare Technology is exposed to cash flow interest rate risk in relation to variable-rate secured bank borrowing (*note 24*) for the Relevant Periods.

It is Nanjing Fullshare Technology's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Nanjing Fullshare Technology is also exposed to cash flow interest rate risk related to bank balances carried at prevailing market rate. However, such exposure is minimal to Nanjing Fullshare Technology as the bank balances are all short-term in nature.

Nanjing Fullshare Technology's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. Nanjing Fullshare Technology's cash flow interest rate risk is mainly concentrated on the fluctuation of the fixed deposit rate as stipulated by the People's Bank of China arising from Nanjing Fullshare Technology's RMB denominated borrowings.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate bank balances and bank borrowings, if the interest rates had been 50 basis points higher/lower and all other variables were held constant, the Nanjing Fullshare Technology's (loss) profit after tax and (accumulated loss) retained profits would increase/decrease by approximately RMB430,000, RMB264,000, RMB283,000 and RMB272,000 during the year ended 31 December 2011, 2012 and 2013 and 30 September 2014 respectively.

#### *Credit risk*

As at the end of each reporting period, Nanjing Fullshare Technology's maximum exposure to credit risk which will cause a financial loss to Nanjing Fullshare Technology due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position, and the amount of contingent liabilities in relation to financial guarantee issued by Nanjing Fullshare Technology as disclosed in note 28.

Nanjing Fullshare Technology has no significant concentration of credit risk, with exposures spreading over a number of counterparties.

Nanjing Fullshare Technology reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Nanjing Fullshare Technology consider that Nanjing Fullshare Technology's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit rating agencies.

Other than concentration of credit risk on amounts due from 深圳市大族控股集團有限公司 Shenzhen Dazhu Group Holdings Co., Ltd (“Shenzhen Dazhu”) and 南京豐盛投資集團有限公司 Nanjing Fullshare Investment Group Co., Ltd (“Nanjing Fullshare Investment”), Nanjing Fullshare Technology has no significant concentration of credit risk. The aggregate carrying amount is approximately RMB65,000,000, RMB115,464,000, RMB116,607,000 and RMB64,974,000 as at 31 December 2011, 2012, 2013 and 30 September 2014 respectively (no impairment loss was recognised during the Relevant Periods).

For properties that are pre-sold but development has not been completed, Nanjing Fullshare Technology typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand Nanjing Fullshare Technology to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are secured by the properties with current market price higher than the guaranteed amounts, the directors of Nanjing Fullshare Technology consider it would recover any loss incurred arising from the guarantee provided by Nanjing Fullshare Technology.

#### *Liquidity risk*

In the management of the liquidity risk, Nanjing Fullshare Technology monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Nanjing Fullshare Technology's operations and mitigate the effects of fluctuations in cash flows. The management of Nanjing Fullshare Technology monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details Nanjing Fullshare Technology's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Nanjing Fullshare Technology can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

## Liquidity risk tables

	Within one year <i>RMB'000</i>	More than one year but not exceeding two years <i>RMB'000</i>	More than two years but not exceeding five years <i>RMB'000</i>	Total undiscounted cash flow <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
As at 31 December 2011					
Trade and other payables	197,157	–	–	197,157	197,157
Amount due to immediate holding company	91,985	–	–	91,985	91,985
Secured bank borrowing	141,894	–	–	141,894	139,746
Financial guarantees	4,000	–	–	4,000	–
	<u>435,036</u>	<u>–</u>	<u>–</u>	<u>435,036</u>	<u>428,888</u>
As at 31 December 2012					
Trade and other payables	103,723	–	–	103,723	103,723
Secured bank borrowing	4,920	4,920	80,588	90,428	80,000
Financial guarantees	46,279	–	–	46,279	–
	<u>154,922</u>	<u>4,920</u>	<u>80,588</u>	<u>240,430</u>	<u>183,723</u>
As at 31 December 2013					
Trade and other payables	79,165	–	–	79,165	79,165
Secured bank borrowing	4,920	80,588	–	85,508	80,000
Financial guarantees	37,689	–	–	37,689	–
	<u>121,774</u>	<u>80,588</u>	<u>–</u>	<u>202,362</u>	<u>159,165</u>
As at 30 September 2014					
Trade and other payables	68,115	–	–	68,115	68,115
Dividend payable	91,941	–	–	91,941	91,941
Secured bank borrowing	81,845	–	–	81,845	80,000
Financial guarantees	37,689	–	–	37,689	–
	<u>279,590</u>	<u>–</u>	<u>–</u>	<u>279,590</u>	<u>240,056</u>



The amount included above for financial guarantee contracts are the maximum amounts Nanjing Fullshare Technology could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of Nanjing Fullshare Technology's properties. Based on the expectations at the end of the reporting period, Nanjing Fullshare Technology considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

***c) Fair values of financial assets and liabilities***

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of Nanjing Fullshare Technology consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values due to short-term or immediate maturities.

The directors of Nanjing Fullshare Technology consider that the carrying amount of the interest-bearing non-current secured bank borrowing approximates its fair value as the interest is determined with reference to market interest rate.

**7. Turnover**

Turnover represents the net amounts received and receivable for properties sold by Nanjing Fullshare Technology to outside customers less sales related taxes.

**8. Segment information**

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of Nanjing Fullshare Technology that are regularly reviewed by the chief operating decision maker (the directors of Nanjing Fullshare Technology) in order to allocate resources to the segment and to assess its performance.

For management purpose, Nanjing Fullshare Technology operates in one business unit based on their products, and has one reportable and operating segment: Property development. The directors of Nanjing Fullshare Technology monitor the revenue of its business unit as a whole based on the monthly sales and pre-sales for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and results; and segments assets and liabilities are presented in the statements of comprehensive income and statements of financial position respectively.

**Information about geographical areas**

As all Nanjing Fullshare Technology's revenue is derived from customers based in the PRC (country of domicile) and all Nanjing Fullshare Technology's non-current assets are located in the PRC, no geographical information is presented.

**Information about major customers**

During the Relevant Periods and the nine months ended 30 September 2013, there was no one single external customer contributing over 10% of Nanjing Fullshare Technology's revenue.

**9. Other income**

	Year ended 31 December			Nine months ended 30 September	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Property rental income	–	13,086	15,074	11,590	13,126
Interest income	39	96	77	70	41
Software development	–	–	1,399	–	–
Government grant ( <i>Note</i> )	600	900	–	–	–
Property management fee income	–	949	–	–	–
Others	2	257	27	–	73
	<u>641</u>	<u>15,288</u>	<u>16,577</u>	<u>11,660</u>	<u>13,240</u>

*Note:* Unconditional government grants in respect of encouragement of use of environmental friendly construction materials were granted to Nanjing Fullshare Technology during the year ended 31 December 2011 and 2012.

**10. Finance cost**

	Year ended 31 December			Nine months ended	
				30 September	
	2011	2012	2013	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Interest expenses on bank borrowings wholly repayable within five years	9,228	5,498	5,049	3,745	3,745
Less: Interest capitalised in the cost of qualifying assets (note 15)	(9,228)	(5,498)	(5,049)	(3,745)	(3,745)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Borrowing costs capitalised during the years ended 31 December 2011, 2012 and 2013 and the nine months ended 30 September 2013 and 2014 arose from specific bank borrowings for properties development.

**11. Income tax expense**

	Year ended 31 December			Nine months ended	
				30 September	
	2011	2012	2013	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Current tax:					
PRC Enterprise Income Tax ("EIT")	-	33,600	22,598	21,523	9,391
PRC Land Appreciation Tax ("LAT")	-	49,635	23,052	22,144	10,715
	<u>-</u>	<u>83,235</u>	<u>45,650</u>	<u>43,667</u>	<u>20,106</u>

*Notes:*

- (a) Under the Law of the PRC on Enterprise Income Tax Law (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Nanjing Fullshare Technology is 25% for the Relevant Periods and nine months ended 30 September 2013.
- (b) The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, PRC LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

The tax charge for the year/period can be reconciled to the (loss) profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Nine months ended	
	2011	2012	2013	30 September	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss) profit before tax	<u>(4,822)</u>	<u>141,135</u>	<u>93,313</u>	<u>88,670</u>	<u>39,648</u>
Tax at the domestic income tax rate of 25%	(1,206)	35,284	23,328	22,168	9,912
Provision for LAT for the year/period	–	49,635	23,052	22,144	10,715
Tax effect of expenses not deductible for tax purpose	1,206	1,560	109	137	147
Tax effect of PRC LAT deductible for PRC EIT	<u>–</u>	<u>(3,244)</u>	<u>(839)</u>	<u>(782)</u>	<u>(668)</u>
Income tax expense for the year/period	<u>–</u>	<u>83,235</u>	<u>45,650</u>	<u>43,667</u>	<u>20,106</u>

**12. (Loss) profit for the year/period**

(Loss) profit for the year/period has been arrived at after charging (crediting):

	Year ended 31 December			Nine months ended 30 September	
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 RMB'000	2014 RMB'000
Directors' emoluments ( <i>note a</i> )	-	-	-	-	-
Staff costs, excluding directors' emolument					
Salaries, wages and other benefits	1,824	5,140	2,687	1,776	2,633
Retirement benefits scheme contributions	122	633	305	240	262
	<u>1,946</u>	<u>5,773</u>	<u>2,992</u>	<u>2,016</u>	<u>2,895</u>
Property rental income	-	(13,086)	(15,074)	(11,590)	(13,126)
Direct outgoings	<u>-</u>	<u>1,403</u>	<u>1,716</u>	<u>1,667</u>	<u>83</u>
	-	(11,683)	(13,358)	(9,923)	(13,043)
Auditors' remuneration ( <i>note c</i> )	-	-	-	-	-
Depreciation of property, plant and equipment	110	980	1,822	1,366	1,380
Costs of properties held for sale recognised as expenses (included as cost of sales)	-	191,015	68,635	65,575	32,323
Loss on disposal of property, plant and equipment	<u>-</u>	<u>58</u>	<u>1</u>	<u>-</u>	<u>189</u>

Notes:

**(a) Directors' emoluments**

No emolument was paid or payable to the directors of Nanjing Fullshare Technology for the Relevant Periods and the nine months ended 30 September 2013.

No director waived or agreed to waive any emoluments paid by Nanjing Fullshare Technology during the Relevant Periods and the nine months ended 30 September 2013. No emoluments were paid by Nanjing Fullshare Technology to any director as an inducement to join and upon joining Nanjing Fullshare Technology or as compensation for loss of office during the Relevant Periods and nine months ended 30 September 2013.

**(b) Employees' emoluments**

Of the five highest paid individuals of Nanjing Fullshare Technology none was the director of Nanjing Fullshare Technology during the Relevant Periods and the nine months ended 30 September 2013. Details of emoluments paid to these 5 individuals of Nanjing Fullshare Technology during the Relevant Periods and the nine months ended 30 September 2013 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
Salaries, allowances, and other benefits	956	803	1,211	841	1,007
Retirement benefits scheme contributions	43	47	49	38	64
	<u>999</u>	<u>850</u>	<u>1,260</u>	<u>879</u>	<u>1,071</u>

During the Relevant Periods and the nine months ended 30 September 2013, the emolument of each of the above employees was below HK\$1,000,000 per annum.

During the Relevant Periods and the nine months ended 30 September 2013, no emoluments were paid by Nanjing Fullshare Technology to the five highest paid individuals as an inducement to join or upon joining Nanjing Fullshare Technology, or as compensation for loss of office.

**(c) Auditors' remuneration**

Auditor's remuneration for the Relevant Periods and the nine months ended 30 September 2013 were borne by immediate holding company.

**13. Dividends**

	Year ended 31 December			Nine months ended 30 September	
	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interim dividends recognised as distribution during the year/period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>

For the three years ended 31 December 2011, 2012 and 2013 and nine months ended 30 September 2013, no dividend was declared or paid. For the nine months ended 30 September 2014, Nanjing Fullshare Technology declared dividends in aggregate amounts of approximately RMB100,000,000.

#### 14. Property, plant and equipment

	Leasehold land and building <i>RMB'000</i>	Furniture and fixture <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>COST</b>					
At 1 January 2011	–	3	288	617	908
Additions	–	–	83	2	85
At 31 December 2011 and 1 January 2012	–	3	371	619	993
Transferred from properties held for sale	13,586	–	–	–	13,586
Additions	–	6,556	181	–	6,737
Disposals	–	–	–	(271)	(271)
At 31 December 2012 and 1 January 2013	13,586	6,559	552	348	21,045
Additions	–	–	96	–	96
Disposals	–	–	(34)	–	(34)
At 31 December 2013 and 1 January 2014	13,586	6,559	614	348	21,107
Additions	–	–	936	1,135	2,071
Disposals	–	–	(14)	(346)	(360)
At 30 September 2014	13,586	6,559	1,536	1,137	22,818
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2011	–	–	51	52	103
Provided for the year	–	1	51	58	110
At 31 December 2011 and 1 January 2012	–	1	102	110	213
Provided for the year	185	656	80	59	980
Eliminated on disposals	–	–	–	(73)	(73)

	Leasehold land and building <i>RMB'000</i>	Furniture and fixture <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2012 and 1 January 2013	185	657	182	96	1,120
Provided for the year	370	1,312	107	33	1,822
Eliminated on disposals	—	—	(25)	—	(25)
At 31 December 2013 and 1 January 2014	555	1,969	264	129	2,917
Provided for the period	278	984	93	25	1,380
Eliminated on disposals	—	—	(13)	(153)	(166)
At 30 September 2014	833	2,953	344	1	4,131
<b>CARRYING VALUES</b>					
At 31 December 2011	—	2	269	509	780
At 31 December 2012	13,401	5,902	370	252	19,925
At 31 December 2013	13,031	4,590	350	219	18,190
At 30 September 2014	12,753	3,606	1,192	1,136	18,687

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold land and building	Over the shorter of the term of the lease, or 40 years
Furniture and fixture	5 years
Office equipment	5 years
Motor vehicles	10 years

Nanjing Fullshare Technology has pledged leasehold land and building with a net book value of nil, approximately RMB13,401,000, RMB13,031,000 and RMB12,753,000 as at 31 December 2011, 2012 and 2013 and 30 September 2014 to secure banking facility granted to Nanjing Fullshare Technology.



## 15. Properties under development

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
At the beginning of year/period	666,564	456,993	473,545	507,061
Additions	276,264	11,054	28,467	102,232
Interest capitalised (note 10)	9,228	5,498	5,049	3,745
Transferred to properties held for sale	(495,063)	—	—	—
	<u>456,993</u>	<u>473,545</u>	<u>507,061</u>	<u>613,038</u>

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Represented by:				
Land use right	448,974	448,974	448,974	448,974
Construction costs and capitalised expenditure	8,019	24,571	58,087	164,064
	<u>456,993</u>	<u>473,545</u>	<u>507,061</u>	<u>613,038</u>

The carrying amounts of properties under development situated on leasehold land in the PRC are as follows:

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Medium-term lease	<u>456,993</u>	<u>473,545</u>	<u>507,061</u>	<u>613,038</u>

As at 31 December 2013 and 2014, Nanjing Fullshare Technology's land use rights classified as properties under development amounting to approximately RMB353,452,000 and RMB448,974,000 respectively were pledged to secure banking facilities granted to independent third parties.

According to the accounting policy of Nanjing Fullshare Technology, properties under development are classified as current assets as the construction period of the relevant property development projects are expected to be completed in the normal operating cycle.

The carrying amounts of properties under development of approximately RMB456,993,000, RMB473,545,000, RMB507,061,000 and RMB613,038,000 as at 31 December 2011, 2012 and 2013 and 30 September 2014 respectively are expected not to be realised within the next twelve months from those respective dates.

#### 16. Properties held for sale

Nanjing Fullshare Technology's properties held for sale are situated in the PRC. All the properties held for sales are stated at cost.

As at 31 December 2011, 2012 and 2013 and 30 September 2014, Nanjing Fullshare Technology's properties held for sale amounting to approximately RMB105,631,000, RMB190,003,000, RMB171,447,000 and RMB153,629,000 respectively was pledged to secure banking facilities granted to Nanjing Fullshare Technology.

#### 17. Other receivables, prepayments and deposits

	As at 31 December		As at 30 September	
	2011	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables and deposits	221	90,276	81,208	72,224
Other tax prepaid	971	5,514	1,724	955
Prepayments	9,678	1,540	13,475	24,163
	<u>10,870</u>	<u>97,330</u>	<u>96,407</u>	<u>97,342</u>

Nanjing Fullshare Technology does not hold any collateral over these balances.

*Note (i):* Included in other receivables and deposits of nil, approximately RMB65,000,000, RMB64,974,000 and RMB64,974,000 as at 31 December 2011, 2012 and 2013 and 30 September 2014 respectively represented the amount due from Shenzhen Dazu, the major shareholder of Nanjing Fullshare Technology up to 11 July 2012. The amount is unsecured, interest-free and repayable on demand. The amount was fully settled subsequent to the end of the Relevant Periods.

*Note (ii):* Included in other receivables, prepayments and deposits of nil, approximately RMB1,509,000, RMB4,546,000 and RMB4,194,000 as at 31 December 2011, 2012 and 2013 and 30 September 2014 respectively represented the amounts due from related parties in relation to rental income receivables and prepaid construction costs.

The directors of Nanjing Fullshare Technology consider that there has not been a significant change in credit quality of the other receivables, prepayments and deposits and there is no recent history of default, therefore the amounts are considered recoverable.

#### **18. Tax prepaid**

Pursuant to the PRC tax rule, the local tax authority requires Nanjing Fullshare Technology to prepay the PRC LAT when pre-sales of properties have been occurred. Tax prepaid represents the PRC LAT and PRC EIT prepaid.

#### **19. Amount due from (to) immediate holding company**

The amount due from (to) immediate holding company is unsecured, interest-free and repayable on demand.

## 20. Amounts due from related parties

	As at 31 December		As at 30 September	
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Shenzhen Dazu* <sup>1</sup>				
深圳市大族控股集團有限公司	65,000	–	–	–
Nanjing Fullshare Investment* <sup>2</sup>				
南京豐盛投資集團有限公司	–	50,464	51,633	–
Nanjing Fullshare Energy Management Co., Ltd.*				
南京豐盛能源管理有限公司 (“Nanjing Fullshare Energy Management”) <sup>3</sup>	–	435	1,215	–
Hubei Fengshen Purifying Air Conditioning Equipment Engineering Co., Ltd.*				
湖北風神淨化空調設備工程有限公司 (“Hubei Fengshen”) <sup>3</sup>	–	2,000	1,500	–
Total	<u>65,000</u>	<u>52,899</u>	<u>54,348</u>	<u>–</u>

1 As further detailed in note 17(i), it is a major shareholder of Nanjing Fullshare Technology up to 11 July 2012.

2 It is a company controlled by a close family member of Mr. Ji Changqun (“Mr. Ji”).

3 It is a company controlled by Mr. Ji.

Maximum outstanding balances:

	During the year ended 31 December			During the nine months ended
	2011	2012	2013	30 September 2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Shenzhen Dazu	<u>65,000</u>	<u>65,000</u>	<u>–</u>	<u>–</u>
Nanjing Fullshare Investment	<u>–</u>	<u>50,464</u>	<u>51,633</u>	<u>51,633</u>
Nanjing Fullshare Energy Management	<u>–</u>	<u>435</u>	<u>1,215</u>	<u>1,215</u>
Hubei Fengshen	<u>–</u>	<u>3,500</u>	<u>2,000</u>	<u>1,500</u>

*Note:* The amounts due from related parties are unsecured, interest-free, non-trade nature and repayable on demand.

## 21. Bank balances and cash

- (i) Bank balances and cash comprised of cash on hand and deposits with an original maturity of three months or less.
- (ii) Bank balances carried interest at prevailing market interest rate ranged from 0.36% to 0.5% per annum for the year ended 31 December 2011, ranged from 0.35% to 0.5% per annum for the year ended 31 December 2012, 0.35% per annum for the year ended 31 December 2013 and 0.35% for the nine months ended 30 September 2014.
- (iii) Bank balances and cash are all denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulation and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

**22. Trade and other payables**

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
				RMB'000
Trade payables				
– to third parties	3,739	15,498	18,618	9,320
– to related parties	–	3,494	–	–
	<u>3,739</u>	<u>18,992</u>	<u>18,618</u>	<u>9,320</u>
Other payables	20,847	5,678	6,850	8,122
Other tax payables	10	54	169	822
Accrued expenses	<u>172,571</u>	<u>79,053</u>	<u>53,697</u>	<u>50,673</u>
	<u>197,167</u>	<u>103,777</u>	<u>79,334</u>	<u>68,937</u>

*Note:* Included in trade and other payables of nil, approximately RMB3,494,000, nil and nil as at 31 December 2011, 2012 and 2013 and 30 September 2014 respectively represented the amount due to a related party in relation to trade payable.

The following is an aged analysis of Nanjing Fullshare Technology's trade payables presented based on the invoice date at the end of reporting period:

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
				RMB'000
Within 90 days	–	17,346	471	562
91 – 180 days	81	1,246	574	227
181 – 365 days	3,522	301	78	330
1 – 2 years	22	99	17,469	7,968
Over 2 years	<u>114</u>	<u>–</u>	<u>26</u>	<u>233</u>
	<u>3,739</u>	<u>18,992</u>	<u>18,618</u>	<u>9,320</u>

Trade payables were accrued based on the terms of the relevant agreements and project progress and was not due for payment as at the end of each of the reporting period. Nanjing Fullshare Technology has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

**23. Receipts in advance**

Receipts in advance mainly represent sales proceeds received from customers in connection with Nanjing Fullshare Technology's pre-sale of properties for the Relevant Periods.

Included in receipts in advance of nil, nil, approximately RMB250,000 and RMB206,000 as at 31 December 2011, 2012 and 2013 and 30 September 2014 respectively represented the amounts due to related parties in relation to rental income received in advance.

**24. Secured bank borrowing**

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable:				
On demand or within one year	139,746	–	–	80,000
More than one year but not exceeding two years	–	–	80,000	–
More than two years but not more than five years	–	80,000	–	–
	<u>139,746</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
<i>Less:</i> amount due within one year shown under current liabilities	<u>139,746</u>	<u>–</u>	<u>–</u>	<u>80,000</u>
Amount shown under non-current liabilities	<u>–</u>	<u>80,000</u>	<u>80,000</u>	<u>–</u>

The secured bank borrowing carries interest at the prevailing market interest rate. The effective interest rates of the secured bank borrowing was 6.44% per annum for the year ended 31 December 2011, 6.62% per annum for the year ended 31 December 2012, 6.15% per annum for the year ended 31 December 2013 and 6.15% for the nine months ended 30 September 2014.

The bank borrowing was denominated in RMB.

As at 31 December 2011, 2012 and 2013 and 30 September 2014, the secured bank borrowings were secured against certain leasehold land and building and properties held for sale as disclosed in notes 14, 16 and 27.

## 25. Paid in capital

	As at 31 December			As at
	2011	2012	2013	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2014 <i>RMB'000</i>
Registered and paid in capital	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>

Nanjing Fullshare Technology was established on 11 July 2008 with registered capital of RMB560,000,000 which has already been fully paid up.

## 26. Commitment

At the end of the reporting periods, Nanjing Fullshare Technology had the following commitments for properties under development:

	As at 31 December			As at
	2011	2012	2013	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2014 <i>RMB'000</i>
Authorised but not contracted for	<u>38,347</u>	<u>50,943</u>	<u>158,902</u>	<u>416,628</u>
Contracted but not provided for	<u>1,083,660</u>	<u>1,068,442</u>	<u>947,294</u>	<u>870,966</u>



27. Pledge of assets

- (a) At the end of each reporting period, certain assets of Nanjing Fullshare Technology were pledged to secure banking facilities granted to Nanjing Fullshare Technology:

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Properties held for sale	105,631	190,003	171,447	153,629
Property, plant and equipment	–	13,401	13,031	12,753
	<u>105,631</u>	<u>203,404</u>	<u>184,478</u>	<u>166,382</u>

- (b) At the end of each reporting period, certain assets of Nanjing Fullshare Technology were pledged to secure banking facilities granted to independent third parties of Nanjing Fullshare Technology:

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Properties under development	–	–	353,452	448,974
	<u>–</u>	<u>–</u>	<u>353,452</u>	<u>448,974</u>

28. Contingent liabilities

Guarantees in respect of mortgage facilities for purchasers of Nanjing Fullshare Technology's property units:

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Guarantees in respect of mortgage facilities for certain purchasers of Nanjing Fullshare Technology's property units	4,000	46,279	37,689	37,689
	<u>4,000</u>	<u>46,279</u>	<u>37,689</u>	<u>37,689</u>

Nanjing Fullshare Technology has arranged bank financing for certain purchasers of Nanjing Fullshare Technology's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three months upon the completion of guarantee registration and receipt of such certificate by the bank; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, Nanjing Fullshare Technology is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and Nanjing Fullshare Technology is entitled to take over the legal title and possession of the related properties. Nanjing Fullshare Technology's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value are immaterial.

The fair value of Nanjing Fullshare Technology's financial guarantees has been assessed by CBRE, an independent qualified valuer not connected to Nanjing Fullshare Technology.

## 29. Related parties transactions

- (a) Save as disclosed elsewhere in the Financial Information, Nanjing Fullshare Technology entered into the following transactions with related parties during the Relevant Periods and for the nine months ended 30 September 2013:

	Year ended 31 December			Nine months ended 30 September	
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 RMB'000	2014 RMB'000
Consultancy service provided by Nanjing Fullshare New Energy Science & Technology Co., Ltd (南京豐盛新能源科技股份 有限公司) (Nanjing Fullshare New Energy) <sup>1</sup>	-	5,000	-	-	-
Construction service provided by Hubei Fengshen	25,339	2,500	2,250	-	5,427

(Unaudited)

	Year ended 31 December			Nine months ended	
	2011	2012	2013	30 September	
	RMB'000	RMB'000	RMB'000	2013	2014
				RMB'000	RMB'000
				(Unaudited)	
Design service provided by Jiangsu Fullshare Green Building Design Institute Ltd.* (江蘇豐盛綠色建築設計 研究院有限公司) ("Fullshare Green Design") (previously known as Jiangsu Donghai Fullshare Building Design Institute Ltd.)* (江蘇東海豐盛建築設計研究 院有限公司) <sup>1</sup>	–	600	1,562	1,402	400
Rental income received from Jiangsu Fullshare Jienong Supermarket Ltd.* (江蘇豐盛捷農超市有限公司) ("Jiangsu Fullshare Jienong") <sup>2</sup>	–	145	757	499	795
Rental income received from Fullshare Green Design	–	1,115	2,329	1,727	1,814
Rental expense paid to Nanjing Fullshare Holding	317	127	–	–	–
Software development service income received from Jiangsu Fullshare Jienong	–	–	1,399	–	–
Rental income received from Nanjing Fullshare Property Development Limited* (南京豐盛置業發展有限公司) <sup>1</sup>	–	–	57	–	221
Rental income received from Nanjing Fullshare Asset Management Limited* (南京豐 盛資產管理有限公司) <sup>3</sup>	–	–	787	588	588

<sup>1</sup> It is a company controlled by Mr. Ji.

<sup>2</sup> It is a company controlled by a close family member of Mr. Ji.

<sup>3</sup> It is a wholly-owned subsidiary of the Company.

Note: All terms were mutually agreed by both parties.

**(b) Compensation of key management personnel**

The remuneration of the directors of Nanjing Fullshare Technology are disclosed in note 12.

\* For identification purpose only

**II. EVENT AFTER REPORTING PERIOD**

No significant subsequent events occurred after 30 September 2014.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of Nanjing Fullshare Technology have been prepared in respect of any period subsequent to 30 September 2014.

Yours faithfully,

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Wong Hon Kei, Anthony**

Practising Certificate Number: P05591

Hong Kong

\* *For identification purpose only*

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The following is an illustrative and unaudited pro forma financial information of Fullshare Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) and Nanjing Fullshare Dazu Technology Company Limited (“Nanjing Fullshare Technology”) (together with the Group, hereinafter referred to as the “Enlarged Group”) (the “Unaudited Pro Forma Financial Information”), which have been prepared on the basis as set out in the notes below for the purpose of illustrating the effect of the proposed acquisition of the entire equity interests in Nanjing Fullshare Technology (the “NFT Acquisition”).

The Unaudited Pro Forma Financial Information has been prepared in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the effect of the NFT Acquisition as if the NFT Acquisition had been completed on 30 June 2014.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company to provide information of the Group upon completion of the NFT Acquisition. It is prepared for illustrative purpose only and based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group following the completion of the NFT Acquisition or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the pro forma financial information of the Group included in the published circular dated 25 September 2014, the accountants’ report of Nanjing Fullshare Technology as set out in Appendix II to the circular and other financial information included elsewhere in the circular.

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**
**UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE  
ENLARGED GROUP AS AT 30 SEPTEMBER 2014**

	<i>Pro forma</i> The Group, including Tianyun, as at 30 June 2014	Nanjing Fullshare Technology as at 30 September 2014			Nanjing Fullshare Technology as at 30 September 2014				The Enlarged Group as at 30 June 2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(A)	(B)	(C)	(D)	(E)=(B)+(C) +(D)	(F)	(G)	(H)	(I)=(A)+(E)+ (F)+(G)+(H)
	(Note 1)	(Note 2)	(Note 3)	(Note 4)		(Note 5)	(Note 6)	(Note 7)	
<b>Non-current assets</b>									
Property, plant and equipment	2,631	18,687	2,347	(144)	20,890				23,521
Investment properties	5,600	-			-				5,600
Investment in subsidiaries	-	-			-	667,000	(667,000)		-
Deferred tax asset	1,227	-			-				1,227
	<u>9,458</u>	<u>18,687</u>			<u>20,890</u>				<u>30,348</u>
<b>Current assets</b>									
Other receivables, prepayments and deposits	68,710	97,342			97,342				166,052
Tax prepaid	15,378	-			-				15,378
Properties under development	1,841,018	613,038	61,642		674,680				2,515,698
Properties held for sale	266,762	189,504	85,447	(50,433)	224,518				491,280
Pledged bank deposits	2,654	-			-				2,654
Bank balances and cash	-	7,817			7,817	(7,817)			-
	<u>2,194,522</u>	<u>907,701</u>			<u>1,004,357</u>				<u>3,191,062</u>
<b>Current liabilities</b>									
Consideration payable	423,915	-			-	659,183			1,083,098
Dividend payable	-	91,941			91,941				91,941
Trade and other payables	176,476	68,937			68,937			1,795	247,208
Receipts in advance	405,529	26,356			26,356				431,885
Income tax payables	58,647	85,440			85,440				144,087
Bank and other borrowings - due within a year	145,000	80,000			80,000				225,000
	<u>1,209,567</u>	<u>352,674</u>			<u>352,674</u>				<u>2,223,219</u>
<b>Net current assets</b>	<u>984,955</u>	<u>555,027</u>			<u>651,683</u>				<u>967,893</u>
<b>Total assets less current liabilities</b>	<u>994,413</u>	<u>573,714</u>			<u>672,573</u>				<u>998,191</u>
<b>Non-current liabilities</b>									
Convertible bonds	812,353	-			-				812,353
Bank and other borrowings - due after one year	85,000	-			-				85,000
Deferred tax liabilities	12,167	-	37,359	(12,644)	24,715				36,882
	<u>909,520</u>	<u>-</u>			<u>24,715</u>				<u>934,235</u>
<b>Net assets</b>	<u>84,893</u>	<u>573,714</u>			<u>647,858</u>				<u>63,956</u>

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**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

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*Notes:*

1. The amounts are extracted from the unaudited pro forma statement of assets and liabilities of the Company, its subsidiaries and unaudited pro forma financial information of the enlarged group as at 30 June 2014 included in the published circular (the “Tianyun circular”) of the Company dated 25 September 2014. For details of the pro forma adjustments relating to the acquisition of Tianyun, please refer to the Tianyun circular.
2. The amounts are extracted from the audited statements of financial position of Nanjing Fullshare Technology as at 30 September 2014, as set out in Appendix II to this circular.
3. Prior to 10 December 2010, Nanjing Fullshare Technology was held as to 50% and 50% by Nanjing Fullshare Industrial Holding Group Company Limited (“Nanjing Fullshare Holding”), a company with the same ultimate controlling party, Mr. Ji Changqun (“Mr. Ji”), as the Company and Shenzhen Dazu Laser Technology Co. Ltd (“Shenzhen Dazu Laser”) respectively. On 10 December 2010, Nanjing Fullshare Holding acquired 0.1% equity interests in Nanjing Fullshare Technology for a cash consideration of RMB560,000 and Nanjing Fullshare Technology became a direct non-wholly owned subsidiary of Nanjing Fullshare Holding. The identifiable assets and liabilities of Nanjing Fullshare Technology will be accounted for in the financial statements at fair value under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) “Business Combination” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as if consolidated financial statements had been prepared by Mr. Ji.

The details of the fair value of identifiable assets and liabilities of Nanjing Fullshare Technology at 10 December 2010 based on Nanjing Fullshare Technology’s unaudited management accounts are set out below:

	<i>RMB’000</i>
Property, plant and equipment	805
Properties under development	666,564
Other receivables, prepayments and deposits	36,460
Bank balances and cash	4,076
Trade and other payables	(10,878)
Bank and other borrowings	(132,246)
Amount due to immediate holding company	(11,350)
	<hr/>
	553,431
<i>Add:</i> Fair value increment of properties under development	149,436*
<i>Less:</i> Deferred tax liabilities arising from fair value increment of properties under development	(37,359)
	<hr/>
Fair value of identifiable net assets of Nanjing Fullshare Technology at 10 December 2010	<u><u>665,508</u></u>

\* *The amount of approximately RMB85,447,000, and RMB2,347,000 representing saleable area of approximately 67,556 sq.m. and 1,855.3 sq.m., had been reclassified to properties held for sale and property, plant and equipment when certain properties under development as at 10 December 2010 were completed respectively. The remaining amount of approximately RMB61,642,000 represents fair value increment of properties under development of incomplete projects.*

Deferred tax liability of approximately RMB37,359,000 represents 25% of the fair value adjustment on properties under development.

The valuation of properties under development are taken with reference to the valuation report carried out by Savills Valuation and Professional Services Limited, an independent professional qualified valuer not connected to the Group, based on market approach at 1 January 2011. For the purpose of preparation of the unaudited pro forma statement of assets and liabilities, the directors of the Company consider that the fair value of properties under development as at 1 January 2011 approximates the fair value of properties under development as at 10 December 2010.

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**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

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On 11 July 2012, Nanjing Fullshare Holding and Nanjing Ximeng Asset Management Co. Limited (“Ximeng Asset”) has acquired 48.9% and 1% equity interests in Nanjing Fullshare Technology respectively from Shenzhen Dazu Laser at aggregate consideration of RMB387,000,000. Nanjing Fullshare Holding and Ximeng Asset are under the ultimate control of Mr. Ji.

4. The adjustment represents the elimination of the fair value increment of properties under development and deferred tax liabilities recognised on 10 December 2010 thereon due to certain properties held for sales, with saleable area of approximately 39,873 sq.m. and 1,855.4 sq.m., were sold after 31 December 2011 and transferred to property, plant and equipment by the end of 31 December 2012 respectively and additional depreciation of RMB144,000 thereon on the property, plant and equipment.
5. On 8 December 2014, Nanjing Fengli Equity Investment Enterprise (“Nanjing Fengli”) and Jiangsu Province Fullshare Property Development Limited (“Jiangsu Fullshare Property”), both are wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Nanjing Fullshare Holding and Ximeng Asset, who directly hold 99% and 1% equity interest in Nanjing Fullshare Technology respectively, to acquire 99% and 1% equity interests in Nanjing Fullshare Technology respectively for an aggregate cash considerations of RMB667,000,000.

The adjustment represents the cash consideration of the NFT Acquisition of RMB667,000,000 which will be settled in cash upon the completion of the NFT Acquisition.

The directors of the Company consider that the consideration payable of RMB667,000,000 will be funded by a standby loan facility (the “Standby Loan Facility”) of RMB500,000,000 and/or the internal working capital of the Enlarged Group depending on the circumstances prevailing at the time the consideration becomes payable.

Details of the settlement of the consideration are set out in “Letter from the Board”.

6. The adjustment reflects the elimination of the cost of investment in Nanjing Fullshare Technology of RMB667,000,000.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared on the basis of business combination involving entities under common control, in which all of the combining enterprises are ultimately controlled by the same party both before and after the NFT Acquisition, and that the control is not transitory. The Group, Nanjing Fullshare Holding, Ximeng Asset and Nanjing Fullshare Technology are under the ultimate control of Mr. Ji as from 10 December 2010 (the “First Date under Common Control”) when Mr. Ji has gained effective control of Nanjing Fullshare Technology as set out in Note 3. Upon actual completion of the NFT Acquisition, merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA will be adopted in the consolidated financial statements of the Company of the Enlarged Group. For illustration purpose of this unaudited pro forma statement of assets and liabilities, the directors of the Company derived the estimated carrying amounts of the net assets of Nanjing Fullshare Technology as at the First Date under Common Control based on the Nanjing Fullshare Technology’s unaudited management accounts as adjusted by the fair value adjustments of properties under development, properties held for sale and related deferred tax liability. The calculation of the merger reserve is as follow:

	<i>RMB’000</i>
Cash consideration	667,000
Less: Fair value of identifiable net assets of Nanjing Fullshare Technology on 10 December 2010	<u>(665,508)</u>
Merger reserve	<u>1,492</u>

7. The estimated transaction costs in connection with the NFT Acquisition is approximately RMB1,795,000.



*The following is the text of a report prepared for the purpose of inclusion in this circular, received from the Company's reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.*



SHINEWING (HK) CPA Limited  
43/F., The Lee Gardens  
33 Hysan Avenue  
Causeway Bay, Hong Kong

30 December 2014

The Directors  
Fullshare Holdings Limited  
Unit 2526, Level 25  
Tower One, Admiralty Centre  
18 Harcourt Road, Admiralty  
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Fullshare Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2014, and related notes as set out on pages III-1 to III-4 of the circular in connection with the proposed acquisition of the entire equity interests in Nanjing Fullshare Dazhu Technology Company Limited (“Nanjing Fullshare Technology”) (the Group together with Nanjing Fullshare Technology hereinafter referred to as the “Enlarged Group”) (the “NFT Acquisition”) issued by the Company dated 30 December 2014 (the “Circular”). The applicable criteria on the basis of which the directors of the Company have compiled the pro forma financial information are described on pages III-1 to III-4 of the Circular.

The pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the NFT Acquisition on the Group’s financial position as at 30 June 2014 as if the NFT Acquisition had taken place at 30 June 2014. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2014, on which an accountants’ report has been published.

**DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION**

The directors of the Company are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**REPORTING ACCOUNTANT'S RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of the NFT Acquisition on unadjusted financial information of the Group as if the NFT Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the NFT Acquisition at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

Set out below is the management discussion and analysis of Nanjing Fullshare Technology for the three years ended 31 December 2013 and the nine months ended 30 September 2014.

### BUSINESS OVERVIEW

Nanjing Fullshare Technology is principally engaged in real estate development and sale.

During the three years ended 31 December 2013 and the nine months ended 30 September 2014, Nanjing Fullshare Technology focused on the development of FengShengShangHui 豐盛商匯 on the NFT Target Land. The NFT Target Land consists of two parcels of land located in (i) No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC (“**Site A**”); and (ii) East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC (“**Site C**”) respectively. Nanjing Fullshare Technology subdivided each parcels of land into two development projects (being Site A Phase I, Site A Phase II, Site C North Portion and Site C South Portion respectively) based on their respective development schedule, the table below sets out the key information of the development projects.

Project	Project type	Completion time/ estimated construction schedule	Site area Sq.m.	Total GFA Sq.m.	Saleable GFA Sq.m.
<b>Completed project</b> <i>(Note 1)</i>					
Site A Phase I	Office, commercial	December 2011	33,606	96,138	69,411
<b>Project held for future development</b> <i>(Note 1)</i>					
Site A Phase II	Office, commercial, hotel	January 2015 – December 2016	30,416	82,670	71,073
Site C North Portion	Office, commercial	June 2015 – May 2017	53,977	191,429	189,077
<b>Project under development</b> <i>(Note 1)</i>					
Site C South Portion	Office, commercial	March 2014 – April 2016	37,487	133,831	130,236
			155,486	504,068	459,797

Note:–

1. The projects are classified based on the criteria summarized as follows:–

**Completed project** – the completion certificate has been obtained from the relevant government construction authorities;

**Projects held for future development** – the relevant land use rights certificate have been obtained, and in each case, construction work has not yet commenced; and

**Projects under development** – the required construction commencement permits have been obtained but the relevant completion certificates have not been received.

The total gross floor area of the development projects is allocated for different uses as follows:–

	Office building <i>Sq.m.</i>	Commercial units <i>Sq.m.</i>	Hotel and serviced apartment <i>Sq.m.</i>	Car parking <i>Sq.m.</i>	Ancillary facilities <i>Sq.m.</i>	Stilt floor <i>Sq.m.</i>
<b>Completed project</b>						
Site A Phase I	64,732	1,372	–	3,307	26,727	–
<b>Project held for future development</b>						
Site A Phase II	–	11,938	42,319	18,820	5,648	3,945
Site C North Portion	12,627	46,492	69,961	59,997	2,352	–
<b>Project under development</b>						
Site C South Portion	70,096	24,968	–	38,767	–	–
	<u>147,455</u>	<u>84,770</u>	<u>112,280</u>	<u>120,891</u>	<u>34,727</u>	<u>3,945</u>

## FINANCIAL OVERVIEW

The table below sets out Nanjing Fullshare Technology's statement of profit or loss and other comprehensive income for the periods under review.

	Year ended 31 December			Nine months ended 30 September	
	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2013 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue	–	336,824	156,431	150,265	72,713
Cost of sales	–	(191,015)	(68,635)	(65,575)	(32,323)
Gross profit	–	145,809	87,796	84,690	40,390
Other income	641	15,288	16,577	11,660	13,240
Selling expenses	(2,609)	(6,442)	(2,560)	(1,495)	(7,878)
Administrative expenses	(2,854)	(13,520)	(8,500)	(6,185)	(6,104)
Finance cost	–	–	–	–	–
(Loss) profit before tax	(4,822)	141,135	93,313	88,670	39,648
Income tax expense	–	(83,235)	(45,650)	(43,667)	(20,106)
<b>(Loss) profit and total comprehensive (expense) income for the year/period</b>	<b>(4,822)</b>	<b>57,900</b>	<b>47,663</b>	<b>45,003</b>	<b>19,542</b>

## Revenue and gross profit

During the periods under review, Nanjing Fullshare Technology only recorded revenue from the sale of properties in relation to Site A Phase I. Nanjing Fullshare Technology commenced pre-sale of properties on Site A Phase I in 2011 and started to deliver in 2012. As such, no revenue was recorded for the year ended 31 December 2011.

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ON NANJING FULLSHARE TECHNOLOGY**

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Nanjing Fullshare Technology achieved contracted sales of RMB663.1 million during the period under review. The table below sets out the key information in relation to the contracted sales of the properties on Site A Phase I.

	<b>Contracted sales <i>RMB'000</i></b>	<b>Contracted sales area <i>Sq.m.</i></b>	<b>Contracted ASP <i>RMB/Sq.m.</i></b>
<b>Office building</b>			
Year ended 31 December 2011	64,376	4,761	13,522
Year ended 31 December 2012	373,807	26,487	14,113
Year ended 31 December 2013	104,765	5,666	18,490
Nine months ended 30 September 2014	<u>101,094</u>	<u>5,314</u>	<u>19,024</u>
In aggregate	<u><u>644,042</u></u>	<u><u>42,228</u></u>	<u><u>15,252</u></u>
<b>Commercial units</b>			
Year ended 31 December 2011	12,952	573	22,604
Year ended 31 December 2012	6,145	256	24,004
Year ended 31 December 2013	–	–	–
Nine months ended 30 September 2014	<u>–</u>	<u>–</u>	<u>–</u>
In aggregate	<u><u>19,097</u></u>	<u><u>829</u></u>	<u><u>23,036</u></u>

Among the abovementioned contracted sales, none of which was recognized as revenue for the year ended 31 December 2011. The table below sets out the amount of contracted sales recognized as revenue, together with the amount of sales related tax recognized, in each of the periods under review.

	Year ended 31 December			Nine months ended	Total
	2011	2012	2013	30 September 2014	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Office building	–	343,853	159,566	77,026	580,445
Commercial units	–	12,952	6,145	–	19,097
Gross revenue	–	356,805	165,711	77,026	599,542
Less: Sales related tax	–	(19,981)	(9,280)	(4,313)	(33,574)
Revenue	–	336,824	156,431	72,713	565,968

As at 30 September 2014, contracted sales of RMB63.6 million have not been recognized as revenue of Nanjing Fullshare Technology.

During the periods under review, Nanjing Fullshare Technology recorded gross profit of nil, RMB145.8 million and RMB87.8 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology recorded gross profit of RMB40.4 million.

The gross profit margin of Nanjing Fullshare Technology was nil, 43.3% and 56.1% for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, the gross profit margin of Nanjing Fullshare Technology was 55.5%. As disclosed above, Nanjing Fullshare Technology only recorded revenue after the delivery of the properties in relation to Site A Phase I in 2012, and thus recorded no revenue and in turn no gross profit for the year ended 31 December 2011.

The gross profit margin of Nanjing Fullshare Technology for the year ended 31 December 2012 is lower than that for the year ended 31 December 2013 and for the nine months ended 30 September 2014. This is mainly attributable to the rising contracted average selling price of the properties Nanjing Fullshare Technology sold during the periods under review.



**Other income**

Other income of Nanjing Fullshare Technology during the periods under review was primarily property rental income. The properties of Nanjing Fullshare Technology are for sale purpose and some of the unsold properties have been rent out to enhance the cashflow of Nanjing Fullshare Technology and therefore, such rental income is classified as “the other income”. Other income of Nanjing Fullshare Technology amounted to RMB0.6 million, RMB15.3 million and RMB16.6 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology recorded other income of RMB13.2 million.

**Selling expenses**

Selling expenses of Nanjing Fullshare Technology during the periods under review primarily consist of advertising expenses, sale commission and salaries and allowances. Selling expenses of Nanjing Fullshare Technology amounted to RMB2.6 million, RMB6.4 million and RMB2.6 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology recorded selling expenses of RMB7.9 million.

Selling expenses of Nanjing Fullshare Technology for the year ended 31 December 2012 is significantly higher than that for the year ended 31 December 2011 and 31 December 2013 as the selling activities of the properties on Site A Phase I peaked in 2013. Selling expenses of Nanjing Fullshare Technology for the nine months ended 30 September 2014 is significantly higher than that for the corresponding period in 2013 as Nanjing Fullshare Technology commenced the promotional and pre-sale activities in respect of the properties on Site C South Portion in 2014.

**Administrative expenses**

Administrative expenses of Nanjing Fullshare Technology during the periods under review primarily consist of salaries and allowances, property charges, depreciation, other tax expenses and preliminary design costs. Administrative expenses of Nanjing Fullshare Technology amounted to RMB2.9 million, RMB13.5 million and RMB8.5 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology recorded administrative expenses of RMB6.1 million.

The general increase in administrative expenses during the periods under review was mainly attributable to the increase in staff costs, which in turn due to the increase in staff number and remuneration adjustments. However, the decrease of administrative expenses for the year ended 31 December 2013 is due to (i) the reduction of head count as detailed in the section headed “Employees” in this Appendix below; and (ii) the suspension of a property development project, the preliminary design costs of which was recorded in 2012, amounting to RMB2.6 million.

**Finance costs**

During the period under review, Nanjing Fullshare Technology incurred no finance costs as all of the interests it incurred were capitalized in the cost of qualifying assets. Interests Nanjing Fullshare Technology capitalized amounted to RMB9.2 million, RMB5.5 million and RMB5.0 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology capitalized interests of RMB3.7 million.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the periods under review, Nanjing Fullshare Technology primarily financed its operations with cash flows generated internally from its operation activities, as well as secured bank borrowings and loans from immediate holding company.

As at 31 December 2011, 2012 and 2013 and at 30 September 2014, Nanjing Fullshare Technology had net assets of RMB548.6 million, RMB606.5 million, RMB654.2 million and RMB573.7 million respectively. The continuing increase in Nanjing Fullshare Technology’s net assets is mainly attributable to the profits generated over the year ended 31 December 2011, 2012 and 2013, the decrease of net asset as at the 30 September 2014 is mainly due to the declaration of dividend. As at 31 December 2011, 2012 and 2013 and at 30 September 2014, Nanjing Fullshare Technology had net current assets of RMB547.8 million, RMB666.6 million, RMB716.0 million, and RMB555.0 million respectively. The fluctuation in Nanjing Fullshare Technology’s net current assets position was mainly the result of the classification of its secured bank borrowings and the declaration of dividend.

Nanjing Fullshare Technology's borrowings primarily consist of bank borrowings and amount from immediate holding company. The table below sets out its borrowings by type and maturity profile as at the end of each of the periods under review.

	As at 31 December			As at
	2011	2012	2013	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Amount due from immediate holding company</b>				
On demand or within one year	91,985	–	–	–
	<u>91,985</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Secured bank borrowings</b>				
On demand or within one year	139,746	–	–	80,000
More than one year but not exceeding two years	–	–	80,000	–
More than two years but not exceeding five years	–	80,000	–	–
	<u>139,746</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
<b>Total borrowings</b>	<u>231,731</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

The amount due from immediate holding company was unsecured, interest-free and repayable on demand. The amount due from immediate holding company was denominated in RMB.

The secured bank borrowing carried interest at the prevailing market interest rate. The effective interest rates of the secured bank borrowing was 6.44% for the year ended 31 December 2011, 6.62% per annum for the year ended 31 December 2012, 6.15% per annum for the year ended 31 December 2013 and 6.15% for the nine months ended 30 September 2014. The secured bank borrowing was denominated in RMB.

Nanjing Fullshare Technology conducts its financial activities, including financing, investment and operation in compliance with the applicable laws and regulations and according to the requirements of accounting standards for business enterprises and internal control regulations.

Nanjing Fullshare Technology does not use of financial instruments for hedging purpose. No foreign currency net investments are hedged by currency borrowings and other hedging instruments.

## EMPLOYEES

Nanjing Fullshare Technology remunerated its employees by reference to their qualification, experience, responsibilities, profitability of Nanjing Fullshare Technology and current market conditions. As required by applicable PRC regulations, Nanjing Fullshare Technology participated in various employee benefit plans organised by the municipal and provincial governments, including housing provident fund, pension, medical, maternity and unemployment benefit plans.

Nanjing Fullshare Technology incurred staff costs of RMB1.9 million, RMB5.8 million and RMB3.0 million for the three years ended 31 December 2011, 2012 and 2013, respectively. For the nine months ended 30 September 2014, Nanjing Fullshare Technology incurred staff costs of RMB2.9 million.

As at 31 December 2011, 2012 and 2013 and at 30 September 2014, Nanjing Fullshare Technology employed 46, 104, 33 and 69 full-time employees respectively. The following table sets out the detailed information of the employees of Nanjing Fullshare Technology in the periods shown:

	As at 31 December		As at 30 September	
	2011	2012	2013	2014
Administration	31	83	9	29
Construction	11	16	18	29
Sales and marketing	4	5	6	11
Total	<u>46</u>	<u>104</u>	<u>33</u>	<u>69</u>

The significant change in the number of employees for the year ended 31 December 2012 and 2013 is due to the carve-out of the entire property management division, which comprised of 80 employees, in January 2013 by Nanjing Fullshare Technology. Due to the low revenue contribution from the property management services and high administrative expenses to manage the mass headcounts involved, the management of Nanjing Fullshare Technology decided to discontinue the property management services and carve the division out.

## PLEDGE OF ASSETS

At the end of each of the periods under review, Nanjing Fullshare Technology pledged part of its assets to secure banking facilities granted to itself and independent third parties of Nanjing Fullshare Technology. The table below sets out the carrying value of the assets Nanjing Fullshare Technology pledged at the end of each of the periods under review.

	As at 31 December			As at
	2011	2012	2013	30 September
	RMB'000	RMB'000	RMB'000	2014
Properties held for sale <i>(Note 1)</i>	105,631	190,003	171,447	153,629
Property, plant and equipment <i>(Note 1)</i>	–	13,401	13,031	12,753
Properties under development <i>(Note 2)</i>	–	–	353,452	448,974
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>105,631</u>	<u>203,404</u>	<u>537,930</u>	<u>615,356</u>

Notes:–

1. Certain properties held for sale and property, plant and equipment were pledged to secure banking facilities granted to Nanjing Fullshare Technology.
2. The properties under development were pledged to secure banking facilities granted to independent third parties of Nanjing Fullshare Technology.

## MATERIAL INVESTMENTS, CAPITAL ASSETS, ACQUISITION AND DISPOSAL

During the period under review, Nanjing Fullshare Technology did not hold any significant investments, and did not have any material acquisitions and disposals of subsidiaries and associated companies.

Nanjing Fullshare Technology will continue to focus on the development of the NFT Target Land, which is expected to be funded by cash flows generated internally from its operation activities as well as bank borrowings. Other than the development of the NFT Target Land, Nanjing Fullshare Technology did not have any future plans for material investments or capital assets.

**DIVIDENDS**

No dividend was declared or paid during the three years ended 31 December 2011, 2012 and 2013.

For the nine months ended 30 September 2014, Nanjing Fullshare Technology declared dividends of RMB100.0 million. Dividends of approximately RMB86.9 million in aggregate have been paid subsequent to 30 September 2014. The source of fund for the dividend payment was mainly from the repayment of other receivable made by the former shareholder of Nanjing Fullshare Technology, which amounted to approximately RMB65.0 million, and subsequent sale proceeds of the properties on Site A Phase I and Site C South Portion.

**GEARING RATIO**

During the period under review, Nanjing Fullshare Technology's only interest-bearing borrowing was its secured bank borrowings.

Nanjing Fullshare Technology's computed its gearing ratio with its secured bank borrowings minus its cash and cash equivalents over its total equity. The gearing ratio of Nanjing Fullshare Technology at the end of each of the periods under review is as follows:–

	As at 31 December		As at 30 September	
	2011	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings	139,746	80,000	80,000	80,000
Cash and cash equivalents	<u>(25,185)</u>	<u>(9,702)</u>	<u>(4,562)</u>	<u>(7,817)</u>
Net debts	114,561	70,298	75,438	72,183
Total equity	<u>548,609</u>	<u>606,509</u>	<u>654,172</u>	<u>573,714</u>
Gearing ratio (%)	<u>20.9%</u>	<u>11.6%</u>	<u>11.5%</u>	<u>12.6%</u>

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## APPENDIX IV                      MANAGEMENT DISCUSSION AND ANALYSIS ON NANJING FULLSHARE TECHNOLOGY

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### FOREIGN CURRENCY EXPOSURE

As Nanjing Fullshare Technology's monetary assets and liabilities are all denominated in RMB and Nanjing Fullshare Technology conducts its business transactions only in RMB, the currency risk of Nanjing Fullshare Technology is remote and Nanjing Fullshare Technology does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### CONTINGENT LIABILITIES

Nanjing Fullshare Technology has arranged bank financing for certain purchasers of Nanjing Fullshare Technology's property units and provided guarantees to secure obligations of such purchasers for repayments. The table below sets out the Nanjing Fullshare Technology's financial guarantees at the end of each of the periods under review.

	As at 31 December		As at 30 September	
	2011	2012	2013	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees in respect of mortgage facilities for certain purchasers of Nanjing Fullshare Technology's property units	4,000	46,279	37,689	37,689

*The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuations as at 30 September 2014 of the properties to be acquired by the Company.*



Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

EA Licence: C-023750  
savills.com

The Directors  
Fullshare Holdings Limited  
Unit 2526, Level 25  
Tower One, Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

30 December 2014

Dear Sirs,

In accordance with the instructions from Fullshare Holdings Limited (豐盛控股有限公司) (the “Company”) for us to value the properties held by Nanjing Fullshare Dazu Technology Company Limited (南京豐盛大族科技股份有限公司) (“Nanjing Fullshare Technology”) situated in the People’s Republic of China (“PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 September 2014 (“date of valuation”) for circular purpose.



**BASIS OF VALUATION**

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation is prepared in compliance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in accordance with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

**PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY**

In valuing the property in Group I which is to be held by the Company for sale, we have made reference to the comparable market transactions as available in the market and where appropriate, on the basis of capitalization of the rental incomes derived from the existing tenancies with due allowance for reversionary income potential of the property.

In valuing the property in Group II which is to be held by the Company for owner occupation, we have made reference to the comparable market transactions as available in the market assuming sale with the benefit of vacant possession.

In valuing the property in Group III which is to be held by the Company under development, we have valued the property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licences from relevant authorities for the development proposal have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable market transactions as available in the market and have also taken into account the construction cost expended. The “market value when completed” represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the date of valuation.

In valuing the properties in Group IV which are to be held by the Company for future development, we have adopted the direct comparison approach by making reference to comparable market transactions as available in the market and have also taken into account the costs (if any) expended as at the date of valuation.

**TITLE INVESTIGATIONS**

We have been provided with copies of extracts of the title documents relating to the properties. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser, King & Wood Mallesons Lawyers, regarding the title to the properties.

**VALUATION CONSIDERATIONS AND ASSUMPTIONS**

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, costs expended, construction cost to be expended, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore approximations. We have not carried out detailed on-site measurements to verify the correctness of the site and the floor areas of the properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

**SITE INSPECTION**

We have inspected the exterior and where possible, the interior of the properties. Site inspection to the properties was conducted by our Ms. Maria Howe (Senior Manager) and Ms. Shimin Shen (Valuation Assistant) on 16 October 2014. Ms. Maria Howe is a registered member of China Institute of Real Estate Appraisers (CIREA) and Ms. Shimin Shen has obtained her bachelor degree in Business Administration and has about 3 years' experience in property analysis and valuation. During the course of our inspection, we did not note any serious defects. Moreover, no structural survey has been made, we are therefore unable to report that the properties are free of rot, infestation, or any other structural defects. No test has been carried out to any of the services.

**REMARKS**

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**

*MRICS MHKIS RPS(GP)*

*Director*

*Note: Mr. Anthony C.K. Lau is a qualified valuer and has over 22 years' experience of valuing properties in both the PRC and Hong Kong.*

## SUMMARY OF VALUES

No.	Property	Market value in existing state as at 30 September 2014 (RMB)
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**Group I – Property to be held by the Company for sale in the PRC**

1.	Various units of Fengshengshanghui (豐盛商匯), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	432,000,000
<b>Sub-total:</b>		<u>432,000,000</u>

**Group II – Property to be held by the Company for owner occupation in the PRC**

2.	Office Units 201 to 208, 212 and 213, Level 2, Block 8 of Fengshengshanghui (豐盛商匯), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	31,000,000
<b>Sub-total:</b>		<u>31,000,000</u>

No.	Property	Market value in existing state as at 30 September 2014 (RMB)
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**Group III – Property to be held by the Company under development in the PRC**

3.	South Portion of Site C (Land Lot Nos. 14100169002 and 14100169005), East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, PRC	479,000,000
<b>Sub-total:</b>		<u>479,000,000</u>

**Group IV – Properties to be held by the Company for future development in the PRC**

4.	North Portion of Site C (Land Lot Nos. 14100169002 and 14100169005), East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, PRC	442,000,000
5.	Site A2 (Land Lot No. 14106045011), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	196,000,000
<b>Sub-total:</b>		<u>638,000,000</u>
<b>Grand-total:</b>		<u><u>1,580,000,000</u></u>

## VALUATION CERTIFICATE

## Group I – Property to be held by the Company for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
1.	Various units of Fengshengshanghui (豐盛商匯), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	<p>Fengshengshanghui (the “Development”) is a commercial development erected on a parcel of land with a site area of approximately 64,022.30 sq.m. (689,136 sq.ft.).</p> <p>The property is located in Ruanjian Avenue of Yuhuatai District, which is located at the south of the urban area of Nanjing. Developments in the vicinity are dominated by low-rise office, scientific research developments, commercial developments and other various public facilities. It takes about a 15-minute’s drive to the city centre of Nanjing from the property.</p>	As at the date of valuation, portion of the property was subject to various tenancies with the latest one due to expire on 18 April 2027 at a total monthly rental of approximately RMB1,500,000 while the remaining portion was vacant.	RMB432,000,000

The property comprises various units and car parking spaces of the development with a total gross floor area of approximately 27,530.45 sq.m. (296,337 sq.ft.). Details of the uses and approximate gross floor area of the property are as follows:

Use	Approximate Gross Floor Area	
	(sq.m.)	(sq.ft.)
Commercial	543.69	5,852
Office	23,679.69	254,888
Car park	3,307.07	35,597
<b>Total:</b>	<b>27,530.45</b>	<b>296,337</b>

As advised by the Company, the property was completed in 2011.

The land use rights of the property have been granted for a term expiring on 28 February 2049 for commercial finance use.

*Notes:*

1. Pursuant to the various Real Estate Title Certificates, the building ownership rights of the property with a total gross floor area of approximately 27,340.50 sq.m. have been granted to Nanjing Fullshare Technology. Details of the certificates are as follows:

<b>Certificate No.</b>	<b>Date of Issue</b>	<b>Use</b>	<b>Gross Floor Area</b> <i>(sq.m.)</i>
Yu Chu Zi Di No. 315678	10 July 2012	Commercial	543.69
Yu Chu Zi Di No. 315679	10 July 2012	Office	1,372.09
Yu Chu Zi Di No. 315739	10 July 2012	Office	552.65
Yu Chu Zi Di No. 315743	10 July 2012	Office	165.86
Yu Chu Zi Di Nos. 315749 to 315750	10 July 2012	Office	598.60
Yu Chu Zi Di Nos. 315752 to 515817, 315826 to 315828 and 315831 to 315870	10 July 2012	Office	20,800.54
Yu Chu Zi Di Nos. 344876 to 344940	5 September 2013	Car park	<u>3,307.07</u>
<b>Total:</b>			<b><u><u>27,340.50</u></u></b>

As advised by the Company, portion of the office property with a total gross floor area 189.95 sq.m. was sold and are currently in the process of the application for the transition for the Real Estate Title Certificates.

2. As advised by the Company, portion of the property with a total gross floor area of approximately 3,138.65 sq.m. has been sold under various sales and purchase agreements at a total consideration of approximately RMB62,300,000 as at the date of valuation. We have taken into account the aforesaid amount in our valuation.
3. As advised by the Company, the property is subject to a mortgage.
4. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:
  - (i) Nanjing Fullshare Technology has legally obtained the land use rights with granted land nature and the building ownership rights (excluding the buildings which have been sold out and delivered) under the protection of PRC laws and is entitled to transfer, let or mortgage such land use rights and building ownership rights within the land use term;
  - (ii) in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Nanjing Fullshare Technology can sell, transfer, let or mortgage such mortgaged portion; and
  - (iii) in respect of the buildings and their corresponding land use rights that have been sold out but the relevant ownership transfer registration has not been conducted, Nanjing Fullshare Technology is not entitled to transfer, let, mortgage or by other legal means dispose of such buildings and their corresponding land use rights without the consent from the purchaser or the termination of the relevant sale and purchase agreement.

## Group II – Property to be held by the Company for owner occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
2.	Office Units 201 to 208, 212 and 213, Level 2, Block 8 of Fengshengshanghui (豐盛商匯), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	<p>Fengshengshanghui (the “Development”) is a commercial development erected on a parcel of land with a site area of approximately 64,022.30 sq.m. (689,136 sq.ft.).</p> <p>The property is located in Ruanjian Avenue of Yuhuatai District, which is located at the south of the urban area of Nanjing. Developments in the vicinity are dominated by low-rise office and scientific research developments, commercial developments and other various public facilities. It takes about a 15-minute’s drive to the city centre of Nanjing from the property.</p> <p>The property comprises various office units of the development with a total gross floor area of approximately 1,855.40 sq.m. (19,972 sq.ft.).</p> <p>As advised by the Company, the property was completed in 2011.</p> <p>The land use rights of the property have been granted for a term expiring on 28 February 2049 for commercial finance use.</p>	As at the date of valuation, the property was owner-occupied for office use.	RMB31,000,000



*Notes:*

1. Pursuant to the various Real Estate Title Certificates, the building ownership rights of the property with a total gross floor area of approximately 1,855.40 sq.m. have been granted to Nanjing Fullshare Technology. Details of the certificates are as follows:

<b>Certificate No.</b>	<b>Date of Issue</b>	<b>Use</b>	<b>Gross Floor Area (sq.m.)</b>
Yu Chu Zi Di Nos. 315818 to 315825	10 July 2012	Office	1,126.20
Yu Chu Zi Di Nos. 315829 to 315830	10 July 2012	Office	<u>729.20</u>
	<b>Total:</b>		<b><u><u>1,855.40</u></u></b>

2. As advised by the Company, the property is subject to a mortgage.
3. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:
  - (i) Nanjing Fullshare Technology has legally obtained the land use rights with granted land nature and the building ownership rights under the protection of PRC laws and is entitled to transfer, let or mortgage such land use rights and building ownership rights within the land use term; and
  - (ii) in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Nanjing Fullshare Technology can sell, transfer, let or mortgage such mortgaged portion.

## Group III – Property to be held by the Company under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
3.	South Portion of Site C (Land Lot Nos. 14100169002 and 14100169005), East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, PRC	<p>The property comprises portion of a parcel of land with a site area of approximately 91,464.07 sq.m. (984,519 sq.ft.) on which a commercial development is being constructed.</p> <p>The property is located in Ruanjian Avenue of Yuhuatai District, which is located at the south of the urban area of Nanjing. Developments in vicinity are dominated by low-rise office, scientific research developments, various retail developments and other public facilities. It takes about a 15-minute's drive to the city centre of Nanjing from the property.</p>	As at the date of valuation, the property was under construction.	RMB479,000,000

As advised by the Company, the property has a site area of approximately 37,487 sq.m. (403,510 sq.ft.). According to the latest development proposal provided by the Company, the property will have a total planned gross floor area of approximately 133,831.06 sq.m. (1,440,558 sq.ft.) upon completion. Details of the uses and approximate gross floor areas of the property are as follows:

Use	Approximate Gross Floor Area	
	(sq.m.)	(sq.ft.)
Office	70,096.03	754,514
Commercial	24,967.95	268,755
Car park	38,767.08	417,289
<b>Total:</b>	<b>133,831.06</b>	<b>1,440,558</b>

The property is scheduled to be completed in April 2016.

The land use rights of the property have been granted for a term expiring on 28 February 2050 for commercial finance use.

*Notes:*

1. Pursuant to the Land Grant Contract No. 320102009CR0088 dated 28 July 2009 and its supplementary agreement dated 10 December 2013, the land use rights of a parcel of with a site area of approximately 91,462.80 sq.m. have been granted to Nanjing Fullshare Technology for a term of 40 years for commercial finance use at a total land grant fee of RMB343,000,000. According to the said supplementary agreement, the construction works are required to be completed before 10 June 2017.

As advised by the Company, the property only comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 91,464.07 sq.m. have been granted to Nanjing Fullshare Technology. Details of the certificates are as follows:

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Site Area</b> <i>(sq.m.)</i>	<b>Usage and Land Use</b> <b>Term Expiry Date</b>
Ning Yu Guo Yong (2011) Di No. 04273	31 May 2011	42,638.60	Commercial: 28 February 2050
Ning Yu Guo Yong (2013) Di No. 10404	26 August 2013	48,825.47	Commercial: 28 February 2050
		91,464.07	

As advised by the Company, the property only comprises portion of the land parcel as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit Di Zi Di No. 320114201011102 dated 29 March 2010, Nanjing Fullshare Technology is permitted to develop a parcel of land with a site area of approximately 91,462.80 sq.m.

As advised by the Company, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. Pursuant to three Construction Works Planning Permits – Jain Zi Di Nos. 320114201390098, 320114201390139 and 320114201490013 dated between 14 November 2013 and 23 January 2014, the total approved construction scale of various buildings is 133,832.40 sq.m.
5. Pursuant to two Construction Works Commencement Permits – Nos. 320100820140005 and 320100820140009 dated 3 March 2014 and 18 March 2014, the construction works of various buildings with a construction scale of 133,804.4 sq.m. is approved for commencement.

6. As advised by the Company, the total construction cost expended as at the date of valuation was approximately RMB129,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB475,000,000. We have taken into account the aforesaid amounts in our valuation.
7. The market value when completed of the property as at the date of valuation is estimated to be approximately RMB1,533,000,000.
8. As advised by the Company, the property is subject to a mortgage.
9. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:
  - (i) Nanjing Fullshare Technology has obtained the relevant Land Use Rights Certificates of the property and is entitled to transfer, let, mortgage or by other legal means dispose of the land use rights of the property;
  - (ii) Nanjing Fullshare Technology has legally obtained the relevant construction planning approvals and permits from the relevant authorities and legally possessed the rights of the property;
  - (iii) the difference between the total gross floor area of the property, being 133,831.06 sq.m. and the approved construction scale of 133,804.4 sq.m. as mentioned above in Note 5 arises from Block No. 1 on Site C of the property. The gross floor area of Block No.1 on Site C as stated on the Construction Works Planning Permit – Jian Zi Di No. 320114201390098 is 5,810 sq.m. while the construction scale of the aforementioned building is 5,782 sq.m. as stated on the Construction Works Commencement Permit No. 320100820140005 and thus, there exists a difference of 28 sq.m. in the gross floor area of the aforesaid building as mentioned on the Construction Works Planning Permit and Construction Works Commencement Permit. The aforementioned Construction Works Planning Permit and Construction Works Commencement Permit were issued by two separate administrative divisions of the government, being 南京市規劃局 (Planning Bureau of Nanjing City) and 南京市雨花臺區住房和建設局 (Housing and Construction Bureau of Yuhuatai District of Nanjing City) respectively and according to our understanding, the two permits mentioned above are both valid. Since the aforesaid building is at the early stage of its construction, there exists a possibility that there could be an error between the existing planning gross floor area of the building and that when the examination of the construction is completed. Under Section 7 of the Administrative Regulation relating to the Permissible Area of Construction Works Project (Trial) (《關於建築工程規劃許可面積的管理規定(試行)》) issued by the Planning Bureau of Nanjing City on 21 January 2013, it stipulates that relative error of less than 1% or absolute error of less than 1,000 sq.m. for construction project with a construction scale over 50,000 sq.m. is reasonable error. In this circumstance, if the actual gross floor area of Block No.1 on Site C upon examination of completion of construction is within 5,810 sq.m. or +/- 116.2 sq.m., the error is considered to be reasonable. Therefore, the existing gross floor area as stated on the said Construction Works Commencement Permit is less than that as stated on the said Construction Works Planning Permit by 28 sq.m. falls within the range of the reasonable error; and
  - (iv) in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Nanjing Fullshare Technology can sell, transfer, let or mortgage such mortgaged portion.

## Group IV – Properties to be held by the Company for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
4.	North Portion of Site C (Land Lot Nos. 14100169002 and 14100169005), East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, PRC	<p>The property comprises portion of a parcel of land with a site area of approximately 91,464.07 sq.m. (984,519 sq.ft.).</p> <p>The property is located in Ruanjian Avenue of Yuhuatai District, which is located at the south of the urban area of Nanjing. Developments in the vicinity are dominated by low-rise office, scientific research developments, various retail developments and other public facilities. It takes about a 15-minute's drive to the city centre of Nanjing from the property.</p> <p>As advised by the Company, the property has a site area of approximately 53,977 sq.m. (581,008 sq.ft.).</p> <p>According to the latest development proposal provided by the Company, the property will have a total planned gross floor area of approximately 191,429.00 sq.m. (2,060,542 sq.ft.) upon completion. As advised by the Company, detailed development plan of the property has not been finalized yet.</p> <p>The land use rights of the property have been granted for a term expiring on 28 February 2050 for commercial finance use.</p>	As at the date of valuation, the property was a bare land.	RMB442,000,000

*Notes:*

1. Pursuant to the Land Grant Contract No. 320102009CR0088 dated 28 July 2009 and its supplementary agreement dated 10 December 2013, the land use rights of a parcel of with a site area of approximately 91,462.80 sq.m. have been granted to Nanjing Fullshare Technology for a term of 40 years for commercial finance use at a total land grant fee of RMB343,000,000. According to the said supplementary agreement, the construction works are required to be completed before 10 June 2017.

As advised by the Company, the property only comprises portion of the land parcel as stated in the Land Grant Contract mentioned above.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 91,464.07 sq.m. have been granted to Nanjing Fullshare Technology. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Usage and Land Use Term Expiry Date
Ning Yu Guo Yong (2011) Di No. 04273	31 May 2011	42,638.60	Commercial: 28 February 2050
Ning Yu Guo Yong (2013) Di No. 10404	26 August 2013	48,825.47	Commercial: 28 February 2050
		<u>91,464.07</u>	

As advised by the Company, the property only comprises portion of the land parcel as stated in the Land Use Rights Certificates mentioned above.

3. Pursuant to the Construction Land Planning Permit Di Zi Di No. 320114201011102 dated 29 March 2010, Nanjing Fullshare Technology is permitted to develop a parcel of land with a site area of approximately 91,462.80 sq.m.

As advised by the Company, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

4. As advised by the Company, the property is subject to a mortgage.
5. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:
  - (i) Nanjing Fullshare Technology has obtained the relevant Land Use Rights Certificates of the property and is entitled to transfer, let, mortgage or by other legal means dispose of the land use rights of the property; and
  - (ii) in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Nanjing Fullshare Technology can sell, transfer, let or mortgage such mortgaged portion.

## Group IV – Properties to be held by the Company for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2014
5.	Site A2 (Land Lot No. 14106045011), 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 30,416.26 sq.m. (327,401 sq.ft.).</p> <p>The property is located in Ruanjian Avenue of Yuhuatai District, which is located at the south of the urban area of Nanjing. Developments in the vicinity are dominated by low-rise office and scientific research developments, commercial developments and other various public facilities. It takes about a 15-minute's drive to the city centre of Nanjing from the property.</p> <p>As advised by the Company, the property has a site area of approximately 30,416 sq.m. (327,398 sq.ft.). According to the latest development proposal provided by the Company, the property will have a total planned gross floor area of approximately 82,669.64 sq.m. (889,856 sq.ft.) upon completion. As advised by the Company, detailed development plan of the property has not been finalized yet.</p> <p>The land use rights of the property have been granted for a term expiring on 28 February 2049 for commercial use.</p>	As at the date of valuation, the property was a bare land.	RMB196,000,000

*Notes:*

1. Pursuant to the Land Use Rights Certificate Ning Yu Guo Yong (2013) Di No. 14323 dated 29 November 2013, the land use rights of the property with a site area of approximately 30,416.26 sq.m. have been granted to Nanjing Fullshare Technology for a term expiring on 28 February 2049 for commercial finance use. According to the Land Grant Contract – Ning Guo Tu Zi Rang He No. [2008] 144 dated 8 August 2008 (“Land Grant Contract”), the construction works are required to be commenced before 1 June 2009 and to be completed before 1 June 2011.
2. Pursuant to the Construction Land Planning Permit – Di Zi Di Ning Gui Cheng Nan Yong Di No. 20070037 dated 1 August 2007, Nanjing Fullshare Technology is permitted to use a parcel of land with a site area of approximately 64,022.4 sq.m. for development.

As advised by the Company, the property only comprises portion of the land parcel as stated in the Construction Land Planning Permit mentioned above.

3. As advised by the Company, the total cost expended as at the date of valuation was approximately RMB16,200,000. We have taken into account the aforesaid amount in our valuation.
4. As advised by the Company, the property is subject to a mortgage.
5. We have been provided with a legal opinion on the title to the property issued by the Company’s PRC legal adviser, which contains, inter-alia, the following information:
  - (i) Nanjing Fullshare Technology has obtained the relevant Land Use Rights Certificates of the property and is entitled to transfer, let, mortgage or by other legal means dispose of the land use rights of the property; and
  - (ii) the commencement date and completion date of the construction works of the property have been delayed in accordance with the Land Grant Contract and Nanjing Fullshare Technology has not received any notice from relevant government authorities for the claims in relation to the idle land and the obligations under the said Land Grant Contract. Nanjing Fullshare also provided two letters issued by 中國(南京)軟件谷管理委員會規劃建設局 (Ruanjiangu Administrative Committee and Construction Planning Bureau of Nanjing, PRC) and 中國(南京)軟件谷管理委員會軟件谷發展促進局 (Ruanjiangu Administrative Committee and Development Advancement Bureau of Nanjing, PRC) on 17 October 2014 and 24 October 2014 elaborating that the delay of the construction works was due to (i) development of the infrastructure facilities and the selection of the best location of the 5-star hotel have delayed the construction of the hotel; (ii) the change in the planning and development of ancillary facilities in the neighborhood have made the planning scheme of the property unable to be finalized; and (iii) the provision of the ancillary facilities in the neighborhood is not adequate so as to make the project unable to be implemented. In addition, Planning Bureau of Nanjing has issued a letter on 1 December 2014 in relation to the Planning Approval before the application for the relevant Construction Works Planning Permit of the property. In these circumstances, the possibility of the land use rights of the property be resumed by the government is relatively small. However, Nanjing Fullshare Technology is still subject to the possibility of being required to pay idle land fee and default charges over the delay of the completion of the property according to the relevant rules and regulations, and the Land Grant Contract. Nanjing Fullshare Technology may consider requesting for a reduction of the said idle land fee and default charges due to the reasons as aforesaid mentioned; and
  - (iii) in respect of the mortgaged portion of the property, prior approval from the mortgagee has to be obtained within the mortgage period before Nanjing Fullshare Technology can sell, transfer, let or mortgage such mortgaged portion.
6. Based on the Legal Opinion, we have assumed that extension of the commencement date and completion date of the construction works of the property would be obtained in undertaking our valuation. We have also not taken into account the aforesaid idle land fee and default charges over the delay of the completion of the property because the Company can claim for such charges levied by the government authorities from Nanjing Fullshare Technology in undertaking our valuation.



**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, were as follows:

**(i) Long positions in the Shares, underlying Shares of the Company**

<b>Name of Director</b>	<b>Name of company in which interests were held</b>	<b>Nature of interests</b>	<b>Number of issued Shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Mr. Ji	The Company	Ultimate beneficial owner <i>(Note 2)</i>	10,143,036,404 <i>(Note 1)</i>	127.27%

*Notes:*

- (1) These Shares represent (i) 4,543,036,404 Shares held by Magnolia Wealth; and (ii) 5,600,000,000 Shares to be allotted and issued to Magnolia Wealth upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds in the principal amount of HK\$420,000,000 subscribed by Magnolia Wealth pursuant to the subscription agreement (the "Subscription Agreement") dated 21 August 2012 entered into amongst the Company, Mr. Kan Che Kin, Billy Albert ("Mr. Kan") and Magnolia Wealth. The Subscription Agreement was completed on 12 December 2013. On 23 June 2014, the Company received a deed of waiver and undertaking dated 18 June 2014 from Magnolia Wealth, in which Magnolia Wealth, (a) irrevocably and unconditionally undertake and agree to waive all rights to the interest in respect of the convertible bonds subscribed by it pursuant to the Subscription Agreement and all rights arising therefrom or in connection therewith; (b) convert the full amounts of all its convertible bonds at the last business day of conversion period and will not be entitled to have any redemption right in respect of its convertible bonds.
- (2) Mr. Ji is the sole shareholder and the sole director of Magnolia Wealth and is deemed to be interested in the same 10,143,036,404 Shares pursuant to the SFO.

**(ii) Long positions in the shares of the Company's associated corporation**

Name of director	Name of associated corporation	Nature of interests	Number of shares held	Approximate percentage of the issued share capital of the associated corporation
Mr. Ji	Magnolia Wealth	Beneficial owner	1	100%

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

**Long positions in the Shares or underlying shares of the Company**

<b>Name of shareholders</b>	<b>Number of issued Shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Magnolia Wealth	10,143,036,404 <i>(Note)</i>	127.27%

*Note:*

These Shares represent (i) 4,543,036,404 Shares held by Magnolia Wealth; and (ii) 5,600,000,000 Shares to be allotted and issued to Magnolia Wealth upon the exercise in full of the conversion rights attaching to the 2% coupon convertible bonds in the principal amount of HK\$420,000,000 subscribed by Magnolia Wealth pursuant to the Subscription Agreement dated 21 August 2012 entered into amongst the Company, Mr. Kan and Magnolia Wealth. The Subscription Agreement was completed on 12 December 2013. On 23 June 2014, the Company received a deed of waiver and undertaking dated 18 June 2014 from Magnolia Wealth, in which Magnolia Wealth, (a) irrevocably and unconditionally undertake and agree to waive all rights to the interest in respect of the convertible bonds subscribed by it pursuant to the Subscription Agreement and all rights arising therefrom or in connection therewith; (b) convert the full amounts of all its convertible bonds at the last business day of conversion period and will not be entitled to have any redemption right in respect of its convertible bonds.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at the Latest Practicable Date.

### 3. COMPETING BUSINESS

As disclosed in the RTO Circular, pursuant to the Non-Competition Undertaking, save for continuing their engagements in the Excluded Projects and certain exceptions set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed Glossary of Technical Terms of the RTO Circular) development business in the PRC and they will be only involved in the commercial property development business. As at the Latest Practicable Date, the Controlling Shareholders were engaging in the development of the six property projects located in Kunshan, Nanjing, Wenchang and Dujiangyan in the PRC and ten property projects located in Australia and Canada through the Excluded Companies. Nanjing Fullshare Technology was one of the Excluded Companies through which the Controlling Shareholders are engaged in one of the Excluded Projects. The Group focused on the development of residential properties and the Controlling Shareholders, through the Excluded Companies (including Nanjing Fullshare Technology), mainly focused on the development of non-residential properties. As the Controlling Shareholders are allowed under the Non-Competition Undertaking to continue their engagements in the Excluded Projects and the NFT Acquisition involves the Group acquiring the entire issued share capital in Nanjing Fullshare Technology, being an Excluded Company through which the Controlling Shareholders engage in an Excluded Project, the NFT Acquisition does not constitute any breach of the Non-Competition Undertaking. As stated in the Company's interim report for the six months ended 30 June 2014, the Group will be actively seeking for high-quality real estate project to add to its reserve in the second half of year 2014. The Group has identified Nanjing, the PRC as the key location for future development after analysis and research. Since the recent completion of the acquisition of 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited, the Company has expanded its footage into the property market in Nanjing. The Directors believe that the NFT Acquisition is a good opportunity for the Group to build up the Group's experience in commercial property development by leveraging on the relevant experience of the established management team of the Controlling Shareholders. As the commercial project on the NFT Target Land will comprise of office buildings, hotels and shopping malls, the Directors believe that the the commercial project on the NFT Target Land will diversify the Group's project portfolio and business risks. In addition, the commercial project on the NFT Target Land is the only commercial project in which the Controlling Shareholders engage in Nanjing, and therefore the NFT Acquisition will minimize any competition between the Group and the Controlling Shareholders.

As at the Latest Practicable Date, there were three Excluded Projects located in Nanjing, the PRC, namely (i) a commercial property project named FengShengShangHui 豐盛商匯 of Nanjing Fullshare Technology; (ii) a property project for scientific and educational use named XinChengKeJiYuan 新城科技園 of Jiangsu Anke Science and Technology Development Co., Ltd.; and (iii) a commercial property project named ShengShiGongGuan 盛世公館 of Nanjing Yanzih Low Income Real Estate Development Co., Ltd.. The NFT Acquisition involves the acquisition of the entire issued share capital of Nanjing Fullshare Technology which will continue to develop

FengShengShangHui 豐盛商匯 in Nanjing. All the units of ShengShiGongGuan 盛世公館 have already been sold out. As such, upon the completion of the NFT Acquisition, XinChengKeJiYuan 新城科技園 is the only Excluded Project located in Nanjing. Since XinChengKeJiYuan 新城科技園 is for scientific and educational use, the Directors consider that there is no material competition between XinChengKeJiYuan 新城科技園 and the existing property projects of the Group or FengShengShangHui 豐盛商匯. Save as disclosed above, the Controlling Shareholders have no current intention or plan to engage in any property development business, whether residential or non-residential, in Nanjing. The Company has no current intention to further develop or acquire any non-residential property business. Hence, there will not be any actual competition between the Controlling Shareholders' property development business and the Enlarged Group's property development business immediately after the NFT Completion. If any member of the Group enters into any agreement involving development or acquisition of any non-residential property business in the future, the Company will comply with the relevant Listing Rules requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Enlarged Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### **5. DIRECTORS' INTEREST IN ASSETS**

On 22 September 2013, Nanjing Fullshare Asset Management Limited (南京豐盛資產管理有限公司), an indirectly wholly-owned subsidiary of the Company, entered into the property leasing agreement with Nanjing Fullshare Technology which was indirectly owned as to 79.74% by Mr. Ji as at the Latest Practicable Date, for a term of 3 years commencing on 1 January 2013 (unless at any time either party gives at least three months' prior written notice of termination to the other party and agreed by such party), pursuant to which Nanjing Fullshare Technology has agreed to lease a property located in Nanjing to Nanjing Fullshare Asset Management Limited for office premises at an annual rental payable of RMB786,642.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

## 6. DIRECTORS' INTEREST IN CONTRACT

There was no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Enlarged Group.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

## 8. QUALIFICATION AND CONSENTS OF EXPERTS

- (a) The following is the qualification of the experts who have given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
SHINEWING (HK) CPA Limited ("Shinewing")	Certified Public Accountants
Fortune Financial Capital Limited ("Fortune Financial")	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
Savills Valuation and Professional Services Limited ("Savills")	Independent property valuer
KWM	PRC legal advisers

- (b) As at the Latest Practicable Date, each of Shinewing, Fortune Financial, Savills and KWM did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (c) Each of Shinewing, Fortune Financial, Savills and KWM has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively.
- (d) As at the Latest Practicable Date, each of Shinewing, Fortune Financial, Savills and KWM did not have any interest, direct or indirect, in any assets which have been, since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by the Enlarged Group within two years immediately preceding the issue of this circular and which are or may be material:

- (a) the acquisition agreement (the “**Fullshare Acquisition Agreement**”) dated 21 August 2012 entered into between Mighty Fame Limited (“**Mighty Fame**”), a wholly-owned subsidiary of the Company, and Nanjing Fullshare Industrial Holding Group Co. Limited (“**Nanjing Fullshare Holding**”) in relation to the acquisition (the “**Fullshare Acquisition**”) of the entire equity interest of Nanjing Fullshare Asset Management Limited (“**Nanjing Fullshare Asset Management**”) at a consideration of HK\$500 million, and the acquisition supplemental agreements dated 27 February 2013, 28 June 2013, 18 August 2013 and 25 October 2013 to amend certain terms of the Fullshare Acquisition Agreement;
- (b) the subscription agreement (the “**Subscription Agreement**”) dated 21 August 2012 entered into amongst the Company, Magnolia Wealth and Mr. Kan Che Kin, Billy Albert (“**Mr. Kan**”), a former Director, in relation to the subscription of convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of HK\$500 million convertible into 10,000,000,000 conversion shares at HK\$0.05 per conversion share, the extension agreements dated 27 February 2013, 28 June 2013 and 25 October 2013 to extend the long stop date of the Subscription Agreement and the supplemental agreement to the Subscription Agreement dated 25 October 2013 to amend certain terms of the Subscription Agreement;

- (c) the confirmation letter dated 21 August 2012 entered into amongst the Company, Mighty Fame, Nanjing Fullshare Holding, Magnolia Wealth and Mr. Kan in relation to the Fullshare Acquisition, the issue of 1,688,000,000 new Shares (the “**Offer Shares**”) at HK\$0.05 per Offer Share on the basis of 4 Offer Shares for every 1 Share held (the “**Open Offer**”), the principal amount of the Offer Shares were HK\$84,400,000. The Subscription Agreement and the application for a waiver in respect of the obligation of Magnolia Wealth to make a mandatory general offer to other Shareholders in respect of the Shares as a result of the underwriting of the Offer Shares pursuant to the underwriting agreement (the “**Underwriting Agreement**”) dated 25 October 2013 entered into between the Company and Magnolia Wealth in relation to the Open Offer and the conversion of new shares issuable upon exercise of the conversion rights under the Convertible Bonds pursuant to the Subscription Agreement pursuant to Note 1 on the dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers;
- (d) the sale and purchase agreement dated 18 January 2013 entered into between the Company and Mr. Kan in relation to the disposal of Warderly Group Limited, pursuant to which Mr. Kan conditionally agreed to acquire and the Company conditionally agreed to sell the entire issued share capital of Warderly Group Limited at a considerations of HK\$1;
- (e) the sale and purchase agreement dated 18 January 2013 entered into between the Company and Mr. Kan in relation to the disposal of Rich Honest (Europe) Limited, pursuant to which Mr. Kan conditionally agreed to acquire and the Company conditionally agreed to sell the entire issued share capital of Rich Honest (Europe) Limited at a considerations of HK\$1;
- (f) the sale and purchase agreement dated 18 January 2013 entered into between the Company and Mr. Kan in relation to the disposal of Olevia Home Appliances Limited, pursuant to which Mr. Kan conditionally agreed to acquire and the Company conditionally agreed to sell the entire issued share capital of Olevia Home Appliances Limited at a considerations of HK\$1;
- (g) the disposal agreement dated 5 April 2013 entered into between the Company and Homely Manufacturing Limited in respect of the sale and purchase of 1 ordinary share of Up Stand Holdings Limited (“**Up Stand**”), which was wholly-owned by the Company, with par value of HK\$1, representing the entire issued share capital of Up Stand, and the extension letters dated 28 June 2013 and 25 October 2013;
- (h) the non-competition undertaking dated 25 October 2013 entered into amongst Mr. Ji, Magnolia Wealth and the Company to minimize direct competition between Mr. Ji and Magnolia Wealth and the Group as enlarged by the acquisition of Nanjing Fullshare Asset Management and its subsidiaries (the “**2013 Enlarged Group**”);



- (i) the Underwriting Agreement dated 29 October 2013 and entered into between the Company and Magnolia Wealth in respect of the issue of 1,688,000,000 New Shares on the basis of 4 Offer Shares for every 1 Share held at a subscription price of HK\$0.05 per Offer Share;
- (j) the deed of indemnity dated 25 October 2013 entered into between Mr. Ji, Magnolia Wealth and the Company, according to which Mr. Ji and Magnolia Wealth will fully indemnify the Company against any loss or liability suffered by the Company and/or any other member of the Group as enlarged by the acquisition of Nanjing Fullshare Asset Management and its subsidiaries, resulting from or by reference to any non-compliance of the 2013 Enlarged Group in respect of the business of the 2013 Enlarged Group under the Fullshare Acquisition;
- (k) the equity transfer agreement dated 5 September 2014 entered into between Nanjing Fengli, Nanjing Tonglu Asset Management Limited (“**Nanjing Tonglu**”) and Nanjing Changfa Dushi Real Estate Development Co. Ltd. pursuant to which Nanjing Fengli conditionally agreed to buy and Nanjing Tonglu conditionally agreed to sell 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited at a consideration of RMB500 million;
- (l) the placing agreement entered into between the Company and Guotai Junan Securities (Hong Kong) Limited (the “**Placing Agent**”), as the placing agent, dated 7 November 2014 pursuant to which the Company has appointed the Placing Agent, and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for up to 680,000,000 new placing Shares at the placing price of HK\$0.45 per placing Share;
- (m) the equity transfer agreement dated 20 November 2014 entered into between Nanjing Fengli and Jiangsu Sufeng Investment Company Limited (“**Jiangsu Sufeng**”) and a supplemental agreement dated 12 December 2014 entered into between Nanjing Fengli, Jiangsu Fullshare Property and Jiangsu Sufeng, pursuant to which Nanjing Fengli and Jiangsu Fullshare Property conditionally agreed to buy 99% and 1%, respectively, and Jiangsu Sufeng conditionally agreed to sell 99% and 1%, respectively, equity interest in Jiangsu Ruiheng Construction Company Limited at a consideration of RMB200 million;
- (n) the NFT Share Transfer Agreement; and

- (o) the placing agreement entered into between the Company and the Placing Agent dated 17 December 2014 pursuant to which the Company has appointed the Placing Agent, and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for up to 1,000,000,000 new placing Shares at the placing price of HK\$0.48 per placing Share.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Unit 2526, Level 25, Tower One, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Ms. Seto Ying. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 2526, Level 25, Tower One, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on weekdays (Saturdays and public holidays excepted) from the date of this circular up to and including 14 January 2015:

- (a) the memorandum of association and articles of association of the Company;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 23 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on 24 to 43 of this circular;
- (d) the annual reports of the Company for the two financial years ended 30 April 2012 and 30 April 2013 and for the financial year ended 31 December 2013 and the interim report of the Company for the six months ended 30 June 2014;
- (e) the accountants' report of Nanjing Fullshare Technology, the text of which is set out in Appendix II to this circular;
- (f) the report from Shinewing on unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;
- (g) the valuation report from Savills, the text of which is set out on Appendix V to this circular;
- (h) the PRC legal opinion issued by KWM in relation the NFT Target Land and the commercial project thereon;
- (i) the written consents of the experts as referred to in the paragraph headed "Qualification and consents of experts" in this appendix;
- (j) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (k) a copy of the circular dated 25 September 2014 issued by the Company; and
- (l) this circular.

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## Fullshare Holdings Limited

### 豐盛控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00607)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Fullshare Holdings Limited (the “**Company**”) to be held at Unit 2526, Level 25, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 16 January 2015 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

#### **ORDINARY RESOLUTIONS**

1. “**THAT**

- (a) a share transfer agreement dated 8 December 2014 (the “**NFT Agreement**”) entered into among Nanjing Fengli Equity Investment Enterprise (limited partnership)\* (南京豐利股權投資企業(有限合夥)) (“**Nanjing Fengli**”) and Jiangsu Province Fullshare Property Development Limited\* (江蘇省豐盛房地產開發有限公司) (“**Jiangsu Fullshare Property**”), each being a wholly-owned subsidiary of the Company, as purchasers, and Nanjing Fullshare Industrial Holding Group Co. Limited\* (南京豐盛產業控股集團有限公司) (“**Nanjing Fullshare Holding**”) and Nanjing Xinmeng Asset Management Limited\* (南京新盟資產管理有限公司) (“**Xinmeng Asset**”), as vendors, pursuant to which Nanjing Fengli and Jiangsu Fullshare Property have conditionally agreed to acquire from Nanjing Fullshare Holding and Xinmeng Asset 99% and 1% of the issued share capital in Nanjing Fullshare Dazhu Technology Co., Ltd.\* (南京豐盛大族科技股份有限公司) (“**Nanjing Fullshare Technology**”), respectively, and Nanjing Fullshare Holding and Xinmeng Asset have conditionally agreed to sell 99% and 1% of the issued share capital in Nanjing Fullshare Technology to Nanjing Fengli and Jiangsu Fullshare Property, respectively at an aggregate consideration of RMB667,000,000 subject to the terms and conditions of the NFT Agreement and all other transactions contemplated under the NFT Agreement (a copy of the NFT Agreement is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) be and are hereby confirmed, approved and ratified; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) any one director of the Company be and is hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for completion of the NFT Agreement.”
2. “**THAT**, Mr. Fang Jian be and is hereby re-elected as a director of the Company and the remuneration of Mr. Fang as determined by the board of directors of the Company be and is hereby confirmed, approved and ratified.”

Yours faithfully,  
By Order of the Board  
**Fullshare Holdings Limited**  
**Ji Changqun**  
*Chairman*

Hong Kong, 30 December 2014

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Unit 2526, Level 25  
Tower One, Admiralty Centre  
18 Harcourt Road, Admiralty  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the EGM convened by the above notice shall be entitled to appoint another person as his proxy to attend and, subject to the provisions of the articles of association of the Company, vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM the vote of the joint holder whose name stands first on the register of members of the Company in respect of the joint holding who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
3. In order to be valid, the form of proxy for use at the EGM must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, at the office of the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for holding the EGM or adjournment thereof.
4. As at the date of this notice, the board of Directors consists of Mr. Ji Changqun, Mr. Shi Zhiqiang, Mr. Wang Bo, Mr. Eddie Hurip, Mr. Zhou Yanwei and Mr. Fang Jian (all being executive Directors), and Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung (all being independent non-executive Directors).