

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

April 11, 2022

	SZ HEC	GD HEC Tech	YC HEC CJ
Ticker	Privately held	600673.SH	1558.HK
Recent Price		Rmb6.89	HK\$4.70
Market Cap		Rmb20.8bn	HK\$4.1bn
Forecast	Bankruptcy	Rmb2.63 (-62%)	HK\$3.29 (-30%)

Our investigation and analysis show that SZ HEC has been seriously doctoring its books for years. The standard trick is to use puppet companies to fake transactions, thus bloating balance sheet. All in all, we estimate that SZ HEC had financial blackholes of Rmb24.2bn at the end of 2020, accounting for 94% of its reported net assets.

One of the most outrageous accounting frauds was to pretend to take up a minority stake in a company controlled by a puppet. This associated company had merely Rmb0.5m of net assets at the end of 2020 but SZ HEC jacked it up by a ludicrous 30,000x to Rmb16.2bn, creating a Rmb5.5bn asset blackhole.

SZ HEC's other asset blackholes involve such usual suspects as:

- Intangibles (Rmb8.6bn in fake acquisition of patented and non-patented technologies, dubious R&D expenditure, and endless revaluation of exploration and mining rights sold back and forth among related parties);
- Prepayments (Rmb4.6bn of installment payments in the "sale and buy back" of equity stakes and Rmb2.4bn of questionable clinical trial fees prepaid to another puppet);
- Receivables (Rmb1.8bn in fake cordyceps and technology sales); and
- Rmb1.3bn of financial assets for sale.

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Disclaimer

We are a group of seasoned equities analysts with many years of experience in the research of economic and political trends as well as individual stocks around the world. With background in various international investment banks, we have followed the development of the Chinese equities market right from day one.

We are determined to expose as much of the fraud in the Chinese stock market as we can. The most widespread and serious fraud is probably that undertaken by listed companies, in fabricating non-existent businesses and stealing shareholders money, among other tricks.

In exposing these crimes we challenge the listed companies to prove the integrity of their announcements and financial statements. The listed companies, of course, want everybody to believe that their announcements and financial statements are true. Their auditors, employees, independent directors, lawyers, shareholders and even the general public all hope that these announcements and financial statements are true.

We have made our best effort to ascertain that everything we say in this report is accurate. We have obtained our information from public sources that we believe to be accurate and reliable, or from sources whom we believe are not insiders or connected parties to the companies mentioned herein. However, we are certainly NOT in the business of making investment recommendations. This is not an investment report and should not be regarded as such. Read and use our reports at your own risk. Most important of all, DO YOUR OWN RESEARCH BEFORE YOU COMMIT OTHER PEOPLE'S MONEY.

We and/or our associates/partners may have long or short positions in the equities and/or their derivatives at the time of publication of our reports, and we and/or our associates/partners may maintain or change our positions at any time.

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Chapter 1 Two N&S COs, Two YZG COs and Two Individuals in the Scam

We at Emerson Analytics are specialists in uncovering financial fraud committed by listed companies. In the last eight years or so, we have exposed 12 such companies.

This report involves two listed companies, Guangdong HEC Technology Holding Co., Ltd. (廣東東陽光科技控股股份有限公司, GD HEC Tech, 600673.SH) and Yichang HEC Changjiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司, YC HEC CJ, 1558.HK).

These two listcos are controlled by SZ HEC Industrial Development Co., Ltd. (深圳市東陽光實業發展有限公司, SZ HEC), whose ultimate controlling shareholders are Guo Meilan (郭梅蘭) and her son Zhang Yushuai (張寓帥).

This report comprises two parts, and you are now reading part one. It provides detailed analysis backed by ample evidence to show that SZ HEC's accounts actually consisted of huge asset blackholes to the tune of Rmb24.2bn or as much as 94% of its equity. In Part II, we will explain the fraudulent accounting committed by SZ HEC, GD HEC Tech and YC HEC CJ in their revenues and profits, and look into their massive connected party transactions.

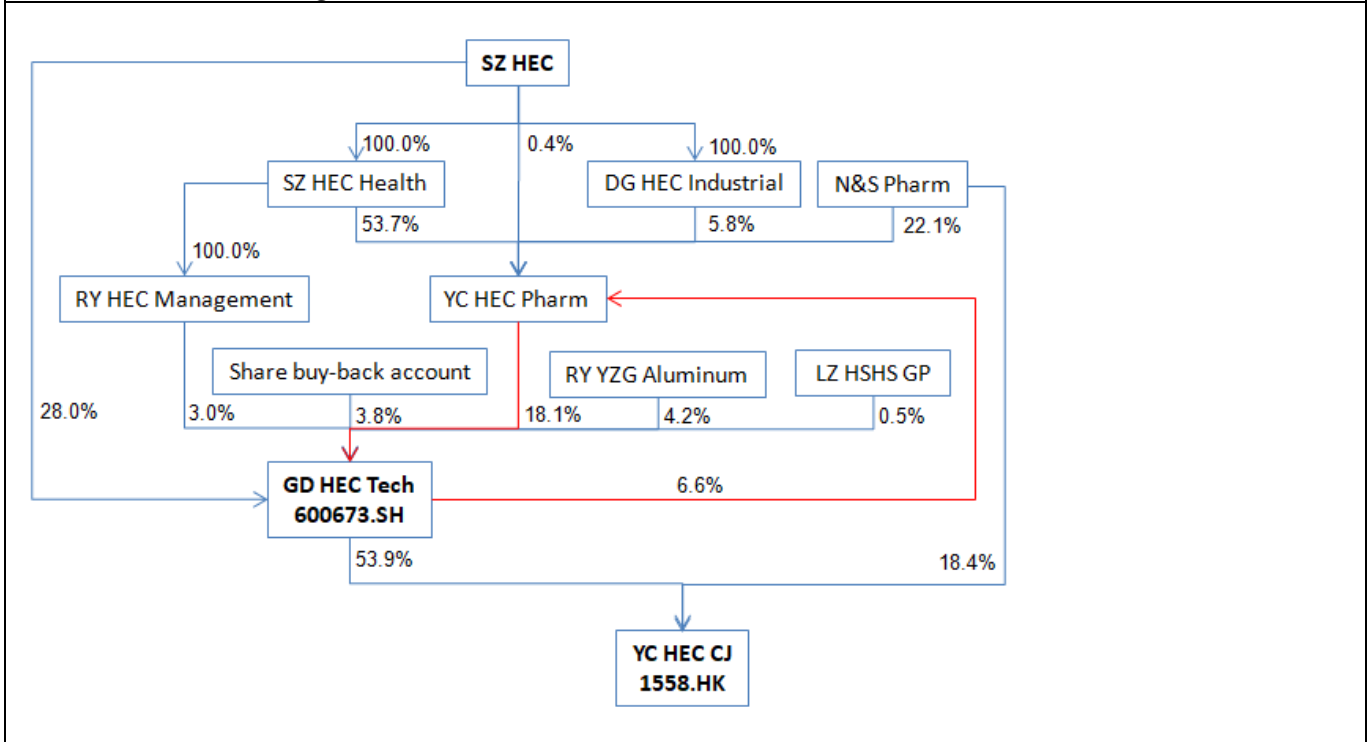
1.1 Structure of SZ HEC, GD HEC Tech and YC HEC CJ

At the end of 2020, SZ HEC consolidates 216 entities in its financial statements. Beyond the two listcos, this report touches on 23 of SZ HEC's subsidiaries. To facilitate reading and writing, we will refer to these companies in their English abbreviated form. A list of these abbreviated names and their full names can be found in Appendix I.

The figure below depicts the shareholding structure of the two listcos, GD HEC Tech and YC HEC CJ, as of June 30, 2021. SZ HEC directly held 28.0% of GD HEC Tech as its single largest shareholder. It further controlled 18.1% and 3.0% of GD HEC Tech through YC HEC Pharm and RY HEC Management. In addition, it also had effective control over RY YZG Aluminum and LZ HSHS GP, which we will demonstrate later. All in all, it could exercise effective control over 53.8% of voting rights in the A-share listco.

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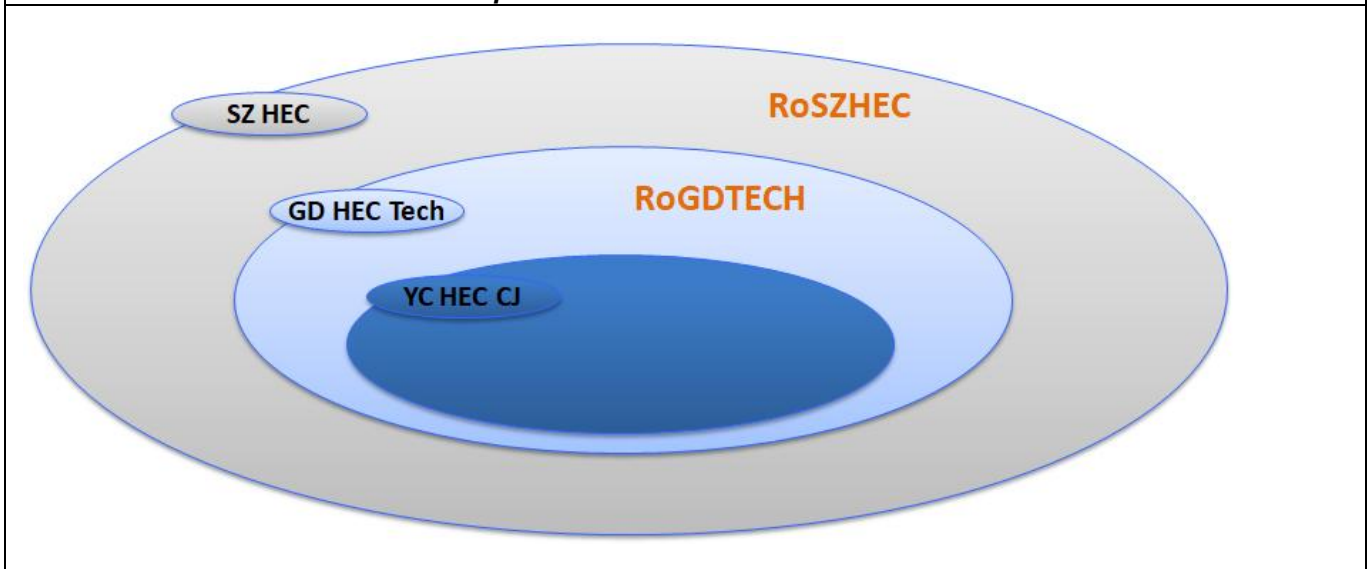
Exhibit 1 – Shareholding structure of two listcos



Sources: National Enterprise Credit Information Publicity System (NECIPS), GD HEC Tech and Emerson Analytics

Exhibit 2 below shows a Venn diagram of the three companies’ structure. We call the GD HEC Tech subsidiaries that are outside of YC HEC CJ the rest of GD HEC Tech (RoGDTECH) subsidiaries. RoSZHEC is similarly defined. This report discusses a dozen transactions between subsidiaries in these three group companies, and such definition can help simplify our description. We also indicate in Appendix I the structural locations of these 23 subsidiaries within the three groups.

Exhibit 2 – Structure of the three companies



Source: Emerson Analytics

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Exhibit 1 above shows that GD HEC Tech held 53.9% of YC HEC CJ as of June 30, 2021. Changes in equity control over YC HEC CJ are summarized as follows:

- In July 2018, GD HEC Tech acquired a 50.4% stake in YC HEC CJ at Rmb3,221m from YC HEC Pharm;
- In December 2021, GD HEC Tech disposed of a 51.4% stake in YC HEC CJ at Rmb3,723m to GD HEC Pharm.

YC HEC Pharm and GD HEC Pharm are both RoSZHEC subsidiaries. Thus, the above change was a “buy and sell back” scheme. We will discuss other similar schemes later in our report, including the “sale and buy back” trick as discussed in Section 4.1.

1.2 Two N&S Companies Behind the Scene

As can be seen from Exhibit 1 above, N&S Pharm held 22.1% of YC HEC Pharm and 18.4% of YC HEC CJ. According to the Hong Kong listco’s IPO prospectus, N&S Pharm, together with N&S International, are entities incorporated in Hong Kong and indirectly wholly-owned by Mo Kit (毛傑).

We got the following information from Hong Kong Companies Registry:

- **N&S Pharm:** On December 6, 2010, its sole director changed from Guo Meigao (郭梅高) to Mo. Then on November 30, 2018, Mo passed on the directorship to Feng Yi (馮毅);
- **N&S International:** On July 27, 2010, its sole director changed from Guo Meigao to Mo. Again, on November 30, 2018, Mo passed on the directorship to Feng.

According to the administrative sanction notice published August 5, 2019 by the China Securities Regulatory Commission, Guo Meigao is head of procurement department at SZ HEC. He is the brother of controlling shareholder Guo Meilan and uncle of Zhang Yushuai.

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Exhibit 3 – Guo Meigao, procurement head, Guo Meilan's brother and Zhang Yushuai's uncle

中国证监会行政处罚决定书（郭梅高）

〔2019〕79号

Guo Meigao, male, born in January 1958, head of procurement department at SZ HEC

郭梅高，男，1958年1月出生，时任深圳市东阳光实业发展有限公司采购部部长，住址：广东省东莞市。

依据《中华人民共和国证券法》（以下简称《证券法》）的有关规定，我会对郭梅高内幕交易“东阳光科”行为进行了立案调查、审理，并依法向当事人告知了作出行政处罚的事实、理由、依据及当事人依法享有的权利，当事人未提出陈述、申辩意见，也未要求听证。本案现已审理终结。

经查明，郭梅高存在以下违法事实：

一、内幕信息及其形成过程

2015年12月29日，宜昌东阳光长江药业股份有限公司（以下简称东阳光药）在香港主板上市。东阳光药上市后，东阳光药和广东东阳光科技控股股份有限公司（以下简称东阳光科）实际控制人张某能一直谋求东阳光药回归A股，实现资产证券化。

2016年6月，张某能考虑通过发行股份换股的方式将东阳光药的內资股注入东阳光科，并让深圳市东阳光实业发展有限公司（东阳光科第一大股东，以下简称深圳东阳光实业）的邓某华推动相关工作。

2016年6月30日，东阳光科董事会秘书潘某雄通过邮件向中介机构相关人员发送东阳光药內资股单独上市的方案。

2016年9月6日，张某能与深圳东阳光实业的其他6位管理人员邓某华、唐某发、郭某平、卢某新、朱某伟、张某伟召开集团管理层工作会议，张某能列席该会议。张某能介绍了中金公司关于东阳光科购买东阳光药內资股股份的最终方案，并征求其他管理人员的意见，其他管理人员一致同意。

2016年9月30日，相关方就东阳光科收购东阳光药內资股向香港证券及期货事务监察委员会（以下简称香港证监会）递交有关全面要约收购豁免申请书。2016年10月14日，香港证监会就豁免函提出反馈意见，随后东阳光科组织境内外法律顾问回复，并于10月18日向香港证监会递交了首次反馈回复。2016年11月1日，东阳光科收到香港证监会的进一步反馈意见，并于11月7日向香港证监会递交了反馈回复。2016年11月14日，全面要约收购豁免申请得到香港证监会批准。

2016年11月15日，东阳光科紧急停牌。2016年11月16日，东阳光科发布了《关于重大事项停牌的公告》，称深圳东阳光实业准备筹划涉及本公司的重大事项，该事项可能涉及重大资产重组，公司股票自11月16日起开始停牌。

2017年2月16日，东阳光科发布了《第九届董事会第二十七次会议决议的公告》、《第九届监事会第十六次会议决议的公告》、《发行股份购买资产暨关联交易报告书（草案）》等多项公告，称东阳光科拟通过发行股份购买资产的方式，向宜昌东阳光药业股份有限公司（以下简称宜昌东阳光药业）购买其持有的东阳光药22,620万股內资股股份（占东阳光药股份总数的50.04%）。经交易双方友好协商，并参考东阳光药H股的市场价格，宜昌东阳光药业持有的东阳光药22,620万股內资股股份的交易作价确定为322,108.80万元。

前述东阳光科拟通过发行股份购买东阳光药內资股股份事项属于《证券法》第七十五条第二款第一项、第六十七条第二款第二项规定的内幕信息。内幕信息敏感期的起点不晚于2016年6月30日，内幕信息敏感期的终点是2016年11月15日。张某能、朱某伟等人为内幕信息知情人。

Guo Meigao, uncle of insider Zhang *shuai

郭梅高系内幕信息知情人张某能的舅舅，与张某能关系亲密；与内幕信息知情人朱某伟是老乡，关系较好。郭梅高与

Source: <http://www.csrc.gov.cn/csrc/c101928/c1042424/content.shtml>

Feng's Chinese identity card number is 51028319*****0019 and his address is in Chang'an Town, Dongguan City, Guangdong Province. While this is not the registered address of SZ HEC or GD HEC Tech, it is where the two companies' headquarters are located. Two staff members from different departments at SZ HEC told us that Feng works at SZ HEC headquarters and is responsible for funding activities.

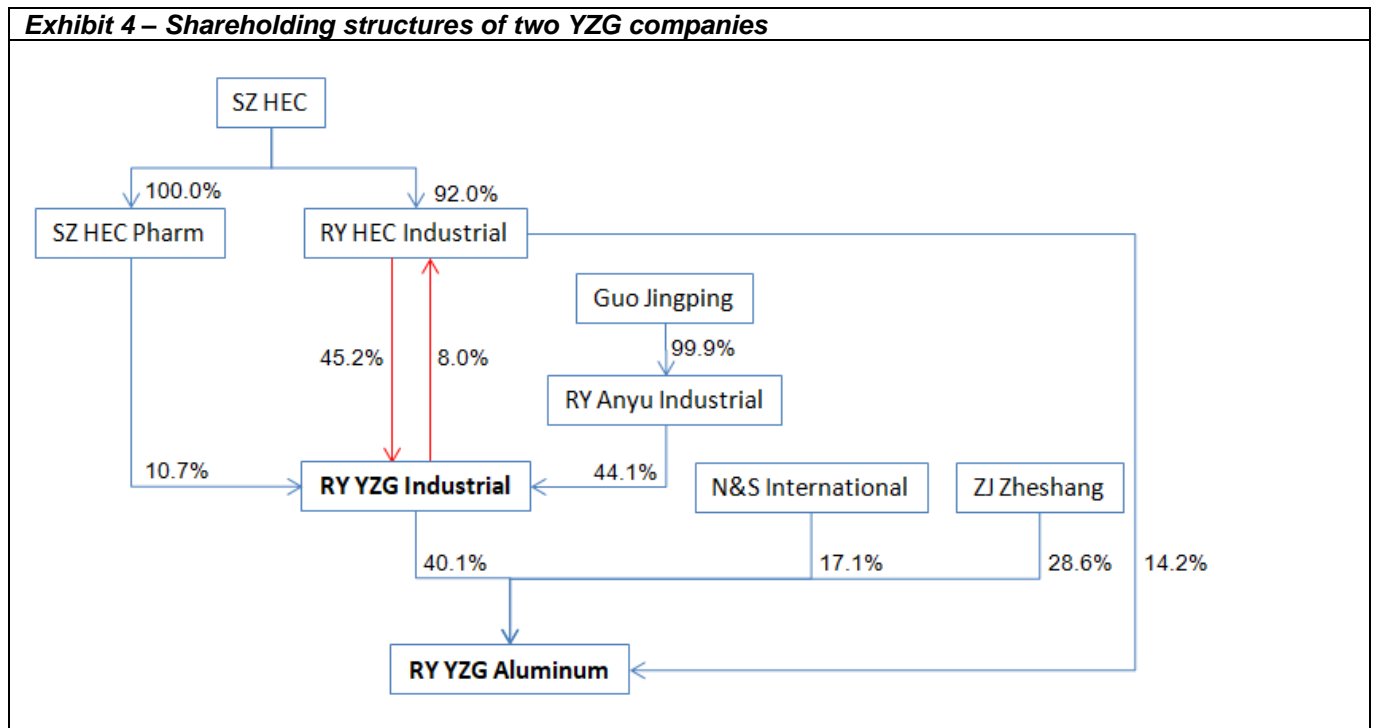
Mo's predecessor Guo Meigao and his successor Feng are both staff of SZ HEC. It is quite clear that they are merely frontmen to enable SZ HEC to control the two N&S companies behind the scene.

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Through the NECIPS we found 17 companies in mainland China that the two N&S companies invest in. Except for four wholly-owned subsidiaries and one 97% held entity, the other 12 companies all have shareholding relationship with SZ HEC only.

1.3 Two YZG Companies Fully Controlled by SZ HEC

From Exhibit 1 above, we see that RY YZG Aluminum held 4.2% in GD HEC Tech. The shareholding structures of RY YZG Aluminum and its parent company RY YZG Industrial are depicted in Exhibit 4 below. Guo Jingping (郭京平) is the nephew of Guo Meilan¹. From July 2002 to December 2016, he was director/chairman of GD HEC Tech. It is obvious that the two YZG companies are also fully controlled by SZ HEC.



Sources: NECIPS and Emerson Analytics

One can see in the Exhibits 1 and 4, depicted in red lines, the rather uncommon interlocking shareholding structure. GD HEC Tech acquired its stake in YC HEC CJ by way of a new issue of shares to YC HEC Pharm, thereby giving rise to the interlocking ownership. GD HEC Tech had undertaken to resolve the interlocking situation before July 5, 2021 but failed to do so. Clearly, the controlling shareholders couldn't care less about their integrity.

¹ [GD HEC Tech Ultra-short-term Financing Bond Second Tranche 2020 Issuing Prospectus](#), p.42

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1.4 He Xin - Another Puppet Just Like Feng Yi

Just like Feng Yi, He Xin (何新) is also a staff member at SZ HEC.

- As can be seen in Exhibit 5, He Xin is the legal representative and the sole executive director of FZ YZK Pharmtech, an indirect subsidiary of the Hong Kong-listed YC HEC CJ;
- RY Yongxing Technology is a wholly owned subsidiary of N&S International. He Xin has always been its legal representative, sole manager and executive director.

Exhibit 5 – He Xin's positions

序号	企业名称	职位	注册资本	地区	行业	法定代表人	legal representative	职起止时间
1	LZ GYZG Investment 林芝市巴宜区高原之光投资有限公司	执行董事兼总经理	executive director, manager	区	商务服务业	何新 He Xin	存续	2015-12 至今
2	森森旺 乳源瑶族自治县森森旺投资有限公司	经理, 执行董事	500万元人民币	广东省	商务服务业	何新	在职	2016-08 至今
3	RY Yuanmao Investment 源茂投资 乳源瑶族自治县源茂投资有限公司	监事	supervisor 3万元人民币	广东省	商务服务业	易华梅	在职	至今
4	新佳医药 宜都新佳医药科技有限公司	执行董事兼总经理	10万元人民币	湖北省	批发业	何新	存续	2019-08 至今
5	RY Yongxing Technology 永星技术 乳源县永星技术服务有限公司	经理, 执行董事	manager, executive director		专业技术服务业	何新 He Xin	在职	至今
6	FZ YZK Pharmtech 阳之康 福建省福州阳之康医药科技有限公司	执行董事	executive director	福建省	研究和试验发展	何新 He Xin	存续	2019-10 至今

Source: <https://www.qcc.com/>

We can summarize this chapter as follows:

- The two N&S companies, N&S Pharm and N&S International, have always been controlled by SZ HEC but pretended to be independent third parties in their various transactions with SZ HEC;
- The two YZG companies, RY YZG Industrial and RY YZG Aluminum, have also been under SZ HEC's control; and

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- The two individuals, Feng Yi and He Xin, present themselves as independent third parties but they are actually SZ HEC's staff.

These six entities play an extensive role in SZ HEC's fraudulent activities. Appendix II lists the 16 puppet companies we have found to be deceiving regulators and investors. Virtually all these companies are related to the four companies and two individuals named above.

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Chapter 2 Non-existent Rmb5.5bn Long-term Investment in YD MKR Pharm

SZ HEC reported net assets of Rmb25.7bn at the end of 2020. Our analysis and investigation suggest that there are blackholes totaling Rmb24.2bn on its 2020 balance sheet, equivalent to 94% of its net assets.

Blackholes in the balance sheet are usually related to the exaggerated profit and loss accounts. We will present our evidences of SZ HEC and the two listcos faking their revenues and profits in Part II of this report.

Exhibit 6 – Rmb24.2bn of asset blackholes

Accounts	Details	Blackholes (Rmb m)
Long-term equity investment	33.9% stake in YD MKR Pharm	5,500
Intangible assets	Patents	1,885
Intangible assets	Non-patented technologies	5,233
Intangible assets	Exploration and mining rights	1,466
Other non-current assets	Installment payments to LZ GYZG Investment	4,610
Other non-current assets	Prepaid clinical trial fees to RY Yuanmao Investment	2,432
Other non-current assets	Prepayment of performance bond to RY Yongxing Technology	1,338*
Accounts receivable	Fake sales of cordyceps	1,127
Accounts receivable	Sales of technologies to RY Weixiang Technology	637
Financial assets held for sale	Investments in ZJ Zheshang LLP	1,296
Total		24,186

Source: Emerson Analytics

* Asset blackholes at the end of 2019 and excluded from the total

2.1 A Newly Established Associate Valued at Rmb5.5bn?

At the end of 2020, SZ HEC had long-term investments totaling Rmb6,074m, with Rmb5,500m of which being attributed to an associated company YD MKR Pharm.

Exhibit 7 below presents YD MKR Pharm's balance sheet numbers reported by SZ HEC. It had total assets and net assets of Rmb16,191m, with insignificant debts outstanding at the end of 2020. LZ HEC PharmRes, which is regarded as a wholly owned subsidiary of SZ HEC², has a 33.9% stake in YD MKR Pharm. Thus, SZ HEC recorded a value of Rmb5,500m (= 16,191 x 33.9%) for its long-term investment in YD MKR Pharm.

² 深圳市東陽光實業發展有限公司 2021 年度第二期超短期融資券募集說明書 (SZ HEC Ultra-short-term Financing Bond Second Tranche 2021 Issuing Prospectus, hereinafter referred to as the August Prospectus) published in August 2021, p.142

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Exhibit 7 – YD MKR Pharm net assets reported as Rmb16,191m

3. 重要联营企业的主要财务信息				
项 目	期末数/本期数			
	宜都迈凯瑞医药科技 有限公司	宜昌三江水都投资 YD MKR Pharm 有限公司	乳源县立东电子科 技有限公司	广东乳源农村商业银 行股份有限公司
流动资产	4,292,847,569.67	128,142,144.56	141,578,269.66	2,956,205,580.94
其中：现金和现 金等价物	518,827.78	38,784,410.47	57,060,811.44	1,203,935,926.19
非流动资产	11,897,700,000.00	691,813,105.19	316,515,013.27	575,558,739.55
资产合计	16,190,547,569.67	819,955,249.75	458,093,282.93	3,531,764,320.49
流动负债	20,045.00	16,549,848.47	101,204,941.21	3,202,385,852.70
非流动负债		100,000,000.00	76,374,808.85	
负债合计	20,045.00	116,549,848.47	177,579,750.06	3,202,385,852.70
少数股东权益				
归属于母公司所 有者权益	16,190,527,524.67	Net equity 401.28	280,513,532.87	329,378,467.79
按持股比例计算 的净资产份额	5,500,000,000.00	Equity attributable to SZ HEC 13.15		41,893,459.77

Source: [SZ HEC 2020 annual report](#), p.151

Our investigation into changes in YD MKR Pharm's shareholders and registered/paid-in capital reveals the following:

- YD MKR Pharm was established in Yichang City on May 13, 2020 with Rmb10m of registered capital. N&S Pharm was the only shareholder and paid in Rmb1m of capital on July 22, 2020;
- On December 23, 2020, LZ HEC PharmRes increased the registered capital of YD MKR Pharm by Rmb5.14m in return for a 33.9% stake; and
- However, the two shareholders have never paid in any additional capital, thus leaving the paid-up capital unchanged at merely Rmb1m.

How can this company be valued at Rmb5,500m?

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

2.2 Net Asset of Rmb0.5m but Reported as Rmb16.2bn

We have obtained key financial figures of YD MKR Pharm from the NECIPS, as shown in Exhibit 8 below. The company had paid-up capital of Rmb1m at the end of 2020, achieved net loss of Rmb0.4725m for the year, with net assets thus at a mere Rmb0.5275m, a minuscule fraction of the Rmb16,191m reported by SZ HEC. Can anyone be more outrageous than SZ HEC?

Exhibit 8 – Actual YD MKR Pharm net assets merely Rmb0.5m

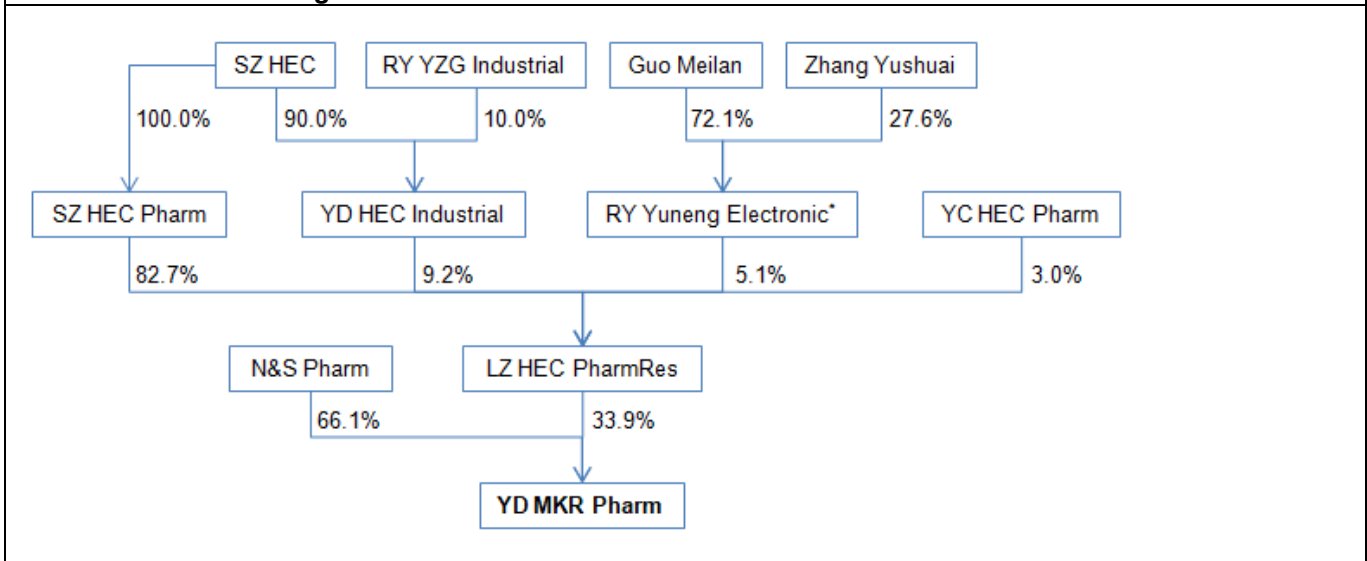
Year ended Dec 31 (Rmb m)	2020
Total assets	0.5475
Total liabilities	0.0200
Total equity	0.5275
Revenue	0.0000
Net income	-0.4725

Source: NECIPS

2.3 Attributable Interest Less Than 33.9%

Exhibit 9 below presents the shareholding structure of YD MKR Pharm as at the end of 2020. It is obvious that SZ HEC's attributable interest in YD MKR Pharm is less than the 33.9% claimed.

Exhibit 9 – Shareholding structure of YD MKR Pharm



Source: NECIPS

The shareholding structures of RY YZG Industrial and YC HEC Pharm can be found in Exhibit 4 and Exhibit 1, respectively

* 乳源瑶族自治县寓能电子实业有限公司

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

2.4 BNCT Project in Yichang: Just a Signpost Amid Wild Grass

According to the NECIPS, YD MKR Pharm is engaged in businesses relating to boron neutron capture therapy (BNCT). The only project related to BNCT in Yichang City is the Changjiang SCSD Health City (長江山城水都健康城). According to SZ HEC's [website](#), "The project calls for total investment of Rmb26.8bn on a site planned to exceed 50,000 mu³. Driven by BNCT, we aim to build the country's largest treatment center for tumor".

Our investigators conducted a site visit in mid-2021 based on its overall construction plan. Despite SZ HEC's claim that construction began in March 2018, we could not see any sign of construction. All we could see was a signpost touting the project, standing lonely on a piece of land overgrown with wild grass, next to some farm houses. Where are YD MKR Pharm's Rmb16,191m assets?

Exhibit 10 – Changjiang SCSD Health City: signpost amid wild grass



Source: Emerson Analytics

³ One mu equals 666.67 square meters. So 50k mu is more than 33.3m square meters.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Chapter 3 Intangible Asset Blackholes of Rmb8.6bn

SZ HEC's balance sheet carries Rmb13.7bn of net intangible assets (original cost Rmb15.9bn) at the end of 2020. This comprised Rmb2,504m of patents, Rmb6,324m of non-patented technologies and Rmb1,857m of exploration and mining rights.

There is no detailed public information about these patents and non-patented technologies except for that in [深圳市東陽光實業發展有限公司 2021 年度第一期超短期融資券募集說明書](#) (SZ HEC Ultra-short-term Financing Bond First Tranche 2021 Issuing Prospectus, hereinafter referred to as the April Prospectus) published in April 2021. Fortunately, a one-time disclosure is good enough if it is sufficiently detailed.

The April Prospectus covers data as of September 30, 2020. We will ignore the minute differences due to the timing of data in our calculations of asset blackholes at the end of 2020.

3.1 Acquisition of Patents through Subsidiary's Equity Issue is a Lie

Exhibit 11 below shows the details of the top five patents. As can be seen, the first two items, RNAi-based pesticide technology and lung cancer detection technology based on microfluidic chips are worth a total of Rmb2,038m (= 1,621 + 417) at cost. These two patents have no bearing to SZ HEC's businesses.

Exhibit 11 – Pesticide technology and lung cancer detection technology worth Rmb2,038m at cost

2020 年 9 月末专利技术前五大明细				
	Book cost	万元	Rmb 0,000	Book value
名称	账面原值	摊销	减值准备	账面净值
RNAi 农药技术	162,100.00	12,157.50		149,942.50
基于微流控芯片的肺癌检测技术	41,700.00	3,127.50		38,572.50
RNAi-based pesticide technology Lung cancer detection technology based on microfluidic chips				24,281.88
艾司奥美拉唑肠溶胶囊	20,500.00	854.17		19,645.83
左氧氟沙星片	18,710.00	3,274.25		15,435.75

Source: the April Prospectus, p.175

How did this Rmb2,038m of patents come about? It came from the acquisition of patents by way of RY HEC Biotech's equity issue to N&S International in 2018.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Exhibit 12 – N&S International makes Rmb2,038m equity investment using patents

15. 无形资产								
项目	土地使用权	专利技术	非专利技术	采矿权	探矿权	林权	其他	合计
账面原值		Patents						
期初数	3,666,861,179.42	417,632,019.73	513,546,006.21	325,601,790.38	1,675,680,489.15	204,476,190.48	23,537,123.92	6,827,334,799.29
本期增加金额	78,395,850.13	2,038,094,339.62	20,350,907.54		1,015,000.00		5,812,060.75	2,143,668,158.04
1) 购置	78,395,850.13	94,339.62			1,015,000.00		5,812,060.75	85,317,250.50
2) 内部研究开发支出			20,350,907.54					20,350,907.54
3) 少数股东投资[注]		2,038,000,000.00						2,038,000,000.00

Minority shareholder's investment

[注]: 少数股东投资增加系香港南北兄弟国际投资有限公司以无形资产增资乳源瑶族自治县东阳光生物科技有限公司所致。
N&S International makes equity investment in RY HEC Biotech using intangible assets.

Source: [SZ HEC 2018 annual report](#), p.65

The so-called equity issue was a lie because SZ HEC says RY HEC Biotech was a wholly owned subsidiary. The Rmb2,038m of patents is therefore a blackhole on SZ HEC's books.

Exhibit 13 – SZ HEC indirectly owns 100% of RY HEC Biotech

序号	子公司名称	持股比例 (%)		表决权比例 (%)	注册资本	期末实际出资额
		直接Stake (%)	间接Stake (%)			
38	宜都市宏硕贸易有限公司	-	100	100	3,000.00	3,000.00
39	德国东阳光药业有限公司	-	90	90	5.00(欧元)	37.45
40	东阳光药业(香港)有限公司	-	100	100	3,000.00(港币)	2,381.43
41	乳源瑶族自治县东阳光生物科技有限公司	-	100	100	1,000.00	1,000.00
42	RY HEC Biotech 器械有限公司	-	100	100	1,000.00	1,000.00
43	宜昌山城水都冬虫夏草有限公司	-	64	64	18,442.11	69,250.25
44	乳源南岭好山好水冬虫夏草有限公司	-	100	100	1,000.00	1,000.00

Source: the August Prospectus, p.208

RY HEC Biotech's key financial data from the NECIPS, shown in Exhibit 14 below, supports our conclusion. At the end of 2018, RY HEC Biotech had total assets of merely Rmb114m, with no sign of the purported Rmb2,038m patents.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

The Rmb2,500m for the cordyceps ecological tending technology is apparently faked.

- It is difficult to imagine that an R&D expense can be a very large whole number;
- According to SZ HEC, the cordyceps business contributed Rmb200m of revenue in 2013 and has since been growing rapidly. Why would there be a need for additional huge R&D spending? and
- More importantly, as we will prove in Part II of this report, the bulk of the cordyceps business revenue has been created out of thin air over a number of years.

The Rmb2,951.2m of three other non-patented technologies had two similarities with the Rmb2,038m of patents in Section 3.1 above: (i) as shown in Exhibit 16 below, these non-patented technologies also arose from “acquisition”, and (ii) these non-patented technologies also had no bearing to the company’s existing businesses. It is quite likely that this acquisition of non-patented technologies was just a lie.

Exhibit 16 – Three other non-patented technologies acquired

18. 无形资产								
项 目	土地使用权	专利技术	非专利技术	采矿权	探矿权	林权	其他	合 计
账面原值		Non-patented technologies						
期初数	3,740,069,232.80	2,455,726,359.35	533,896,913.75	325,601,790.38	1,676,695,489.15	204,476,190.48	29,192,894.07	8,965,658,869.98
本期增加金额	22,334,195.22	8,000,000.00	5,751,391,337.24		872,630.81		235,344.82	5,782,833,508.09
1) 购置	22,334,195.22		2,951,191,337.24		872,630.81		235,344.82	2,974,633,508.09
Purchase 研发			2,800,200,000.00					2,800,200,000.00
3) 少数股东投入		8,000,000.00						8,000,000.00
本期减少金额							137,805.15	137,805.15
1) 处置							137,805.15	137,805.15
期末数	3,762,403,428.02	2,463,726,359.35	6,285,288,250.99	325,601,790.38	1,677,568,119.96	204,476,190.48	29,290,433.74	14,748,354,572.92

Source: [SZ HEC 2019 annual report](#), p.76

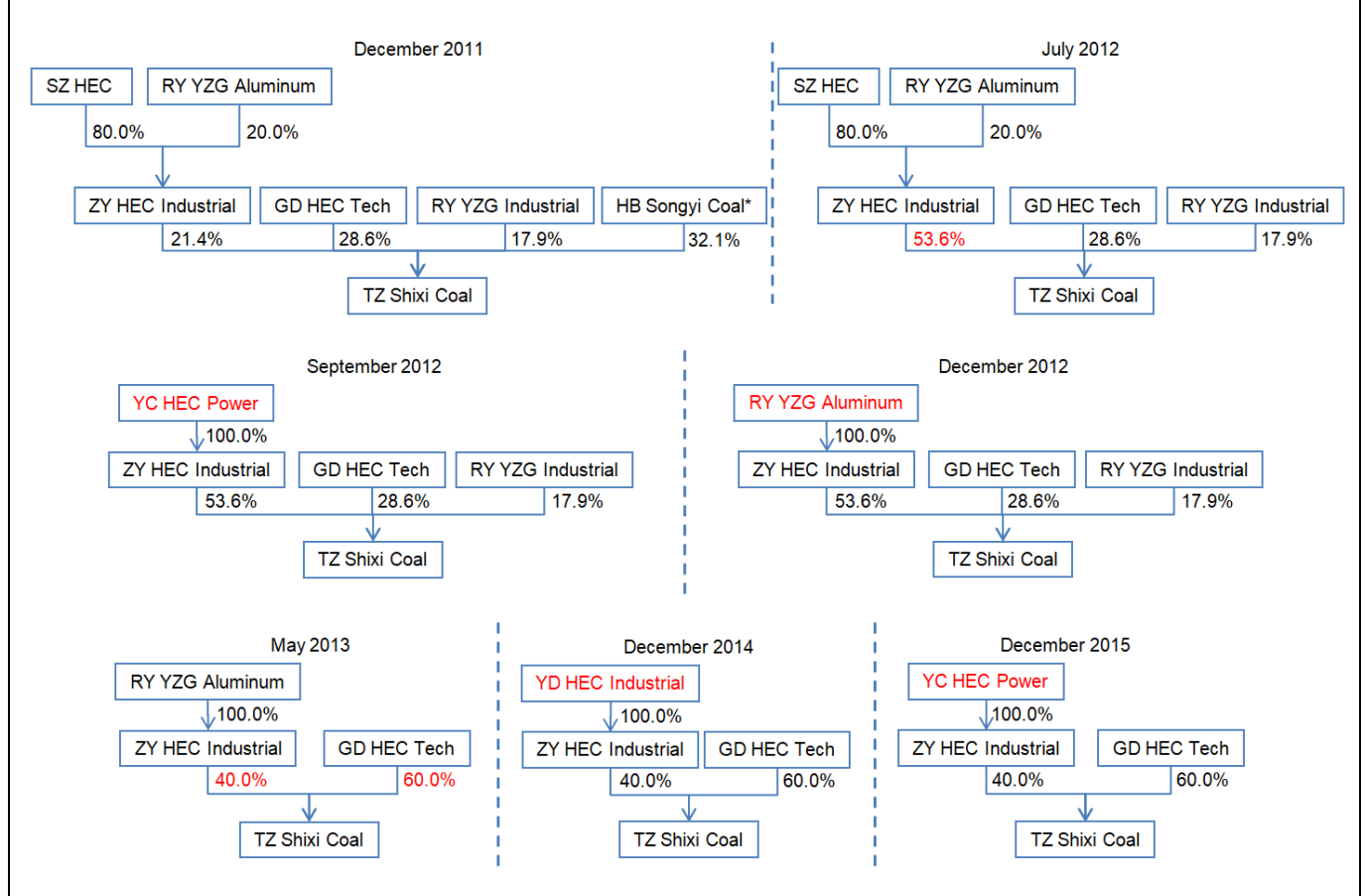
3.3 Amazing Journey to Exploration and Mining Rights Revaluation

At the end of 2020, SZ HEC had Rmb1,857m exploration and mining rights on its books, whereas GD HEC Tech had Rmb1,002m of such rights. Virtually all of these rights belonged to TZ Shixi Coal’s mines. As can be seen from Exhibit 17 below, the shareholding of TZ Shixi Coal went through several changes

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

during 2011-15, which were closely related to the upward revaluation of various exploration and mining rights.

Exhibit 17 – Changes in TZ Shixi Coal ownership



Sources: NECIPS and Emerson Analytics

* 湖北松宜煤業有限公司

(1) The 2011 Transaction

The upper left chart in Exhibit 17 shows the shareholding structure of TZ Shixi Coal at the end of 2011. TZ Shixi Coal was reported in SZ HEC’s accounts as an associated company, though it was controlled by SZ HEC. GD HEC Tech treated TZ Shixi Coal as its associated company too.

During the year, SZ HEC sold its exploration right of Hongcun Dam – Dazhu Dam Coal Mine (洪村壩 – 大竹壩煤礦) to TZ Shixi Coal. The selling price was Rmb169m⁴ or 15x its original cost of Rmb11m⁵ for an appreciation of Rmb158m.

⁴ [SZ HEC 2011 annual report](#), p.68

⁵ SZ HEC 2011 annual report, p.43

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

(2) The 2012 Transactions

The next year, TZ Shixi Coal went through three rounds of shareholding changes:

- In July 2012, ZY HEC Industrial acquired 32.1% stake in TZ Shixi Coal from HB Songyi Coal to become the majority owner at 53.6%. GD HEC Tech remained at 28.6% and RY YZG Industrial at 17.9%;
- In September 2012, YC HEC Power bought the entire issued capital of ZY HEC Industrial from SZ HEC and RY YZG Aluminum; and
- In December 2012, RY YZG Aluminum bought the entire share capital of ZY HEC Industrial from YC HEC Power.

During the year, SZ HEC sold three exploration rights to TZ Shixi Coal. The selling price was Rmb505m⁶ or 10x its original cost of Rmb50m⁷ for an appreciation of Rmb455m.

(3) The 2013 Transaction

In May 2013, GD HEC Tech bought 13.6% of TZ Shixi Coal from ZY HEC Industrial and another 17.9% from RY YZG Industrial, giving it a total of 60%. TZ Shixi Coal has been consolidated by both GD HEC Tech and SZ HEC since then.

TZ Shixi Coal's Rmb1,059m of exploration and mining rights were valued at Rmb1,720m for the purpose of these acquisitions, representing an appreciation of Rmb661m⁸. It is worth noting that this value appreciation did not show up in GD HEC Tech's assets, but reduced its capital reserves⁹.

At the end of the year, SZ HEC carried Rmb1,118m¹⁰ of exploration and mining rights on its books, whereas GD HEC Tech's exploration and mining rights were put at Rmb1,066m¹¹. The small gap of Rmb52m indicates that SZ HEC had other tiny mines beyond those held by TZ Shixi Coal.

(4) The 2014 Transaction

In December 2014, YD HEC Industrial acquired the entire share capital of ZY HEC Industrial from RY YZG Aluminum. This enabled SZ HEC to revalue upward its exploration and mining rights by Rmb854m (= 733 + 121), as shown in the red box in Exhibit 18 below.

⁶ [SZ HEC 2012 annual report](#), p.92

⁷ SZ HEC 2012 annual report, p.61

⁸ <http://static.cninfo.com.cn/finalpage/2013-03-26/62273391.PDF>, p.9

⁹ [GD HEC Tech 2013 annual report](#), p.142

¹⁰ [SZ HEC 2013 annual report](#), p.64

¹¹ GD HEC Tech 2013 annual report, p.122

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Exhibit 18 – Corporate merger led to appreciation of exploration and mining rights for SZ HEC

15. 无形资产							
项 目	土地使用权	专利技术	非专利技术	采矿权	探矿权	其他	合 计
账面原值				Mining rights	Exploration rights		
期初数	3,289,525,105.56	74,983,994.55	333,040,389.09	198,110,429.57	919,411,033.90	12,840,733.43	4,827,911,686.10
本期增加金额	90,344,933.24	7,648,025.18	8,009,857.25	124,631,360.81	742,319,177.37	802,843.60	973,756,197.45
1) 购置	85,878,632.20		276,318.00	3,535,900.00	9,758,636.43	802,843.60	100,252,330.23
Corporate acquisition		7,648,025.18	7,733,539.25				15,381,564.43
3) 企业合并增加				121,095,460.81	732,560,540.94		853,656,001.75
3) 其他	4,466,301.04						4,466,301.04
本期末减少金额							
期末数	3,379,870,038.80	82,632,019.73	341,050,246.34	322,741,790.38	1,661,730,211.27	13,643,577.03	5,801,667,883.55

Source: [SZ HEC 2014 annual report](#), p.50

This 2014 purchase premium only appeared on SZ HEC's books but not those of GD HEC Tech. As shown in Exhibit 18, SZ HEC carried exploration and mining rights of Rmb1,984m at the end of 2014. On the other hand, GD HEC Tech carried exploration and mining rights of Rmb1,079m¹².

SZ HEC and GD HEC Tech thus carried different values on their books for the same mine. In Exhibit 19 below, the left side presents details of the exploration rights held by GD HEC Tech at the end of 2019. On the right are details of the top five exploration rights held by SZ HEC at the end of September 2020.

As can be seen from Exhibit 19, the Hongcun Dam – Dazhu Dam Coal Mine was valued very differently: at Rmb187m in the GD HEC Tech disclosure but almost 4x higher at Rmb728m in the SZ HEC disclosure. In four short years, the exploration rights of Hongcun Dam – Dazhu Dam Coal Mine on SZ HEC's books jumped 66 times from Rmb11m to Rmb728m.

¹² [GD HEC Tech 2014 annual report](#), p.113

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Exhibit 19 – Differences of exploration rights between SZ HEC and GD HEC Tech

类别	名称	形成时间	期末余额
探矿权	陶家寨煤矿探矿权	2004-7-20	Book cost, 3,121.07
	茅坝井田探矿权	2004-7-20	17,924.65
	狮溪煤矿探矿权	2004-7-20	11,689.51
	天生桥—中山煤矿探矿权	2004-7-20	16,547.67
	文笔山—瓦窑坪煤矿探矿权	2004-7-20	24,266.14
	洪村坝—大竹坝煤矿探矿权	2004-7-20	18,705.59
	Exploration rights of Hongcun Dam – Dazhu Dam Coal Mine 权[注]		39.63

2020年9月末探矿权前五大明细 (单Book cost)	
名称	账面原值
洪村坝—大竹坝煤矿探矿权	72,803.24
Exploration rights of Hongcun Dam – Dazhu Dam Coal Mine	31,125.17
茅坝井田探矿权	24,488.74
天生桥—中山煤矿探矿权	17,836.50
狮溪煤矿探矿权	11,689.51

Sources: <http://static.cninfo.com.cn/finalpage/2020-05-06/1207704049.PDF>, p.23 (left) and the April Prospectus, p.176 (right)

The series of transactions detailed above allowed SZ HEC to create Rmb1,466m (= 158 + 455 + 854) of surplus in its exploration and mining rights out of thin air. For GD HEC Tech, its exploration and mining rights asset blackholes amounted to Rmb613m (= 158 + 455).

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Chapter 4 Rmb7.0bn Blackholes in Other Non-current Assets

The blackholes in SZ HEC's other non-current assets involved three puppet companies all related to He Xin (please refer to Exhibit 5 above):

- LZ GYZG Investment was created on December 28, 2015 with Rmb3m of registered capital and zero paid in by He Xin. He is its legal representative, sole manager and executive director;
- RY Yuanmao Investment was established on August 8, 2016 with a registered capital of Rmb5m but has not paid up any equity capital so far. He Xin holds the 5% stake and is the sole supervisor; and
- RY Yongxing Technology was established on November 14, 2017 with a registered capital of Rmb10m. He Xin is its legal representative, sole manager and executive director.

4.1 Rmb4.6bn Installment Payments to LZ GYZG Investment

At the end of 2017-20, SZ HEC had installment payments to LZ GYZG Investment of Rmb800m, Rmb2,510m, Rmb4,610m and again Rmb4,610m, respectively. The installment payments arose out of the “sale and buy back” trick using two different SZ HEC subsidiaries in the RoSZHEC group:

- In December 2015, YC HEC PharmRes sold 20m shares (25% of the total) in the registered capital of DG HEC PharmRes to LZ GYZG Investment at Rmb720m;
- Less than two years later, in September 2017, LZ HEC PharmRes announced its plan to buy back those 20m shares (now diluted to 17.8% of total) at a whopping Rmb3.2bn; and
- In December 2018, the purchase price was raised to a staggering Rmb5.0bn.

As can be seen in Exhibit 20, LZ GYZG Investment has reported zero interest income from the huge amount of installment payments that it supposedly was holding for years. The reality is clear: the assets were merely receivables rather than cash. Experienced investors should know that a company with a huge amount of receivables matching its payables but without any revenue/costs is usually a vehicle for accounting fraud.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Exhibit 20 – Key financial data of LZ GYZG Investment

Year ended Dec 31 (Rmb m)	2016	2017	2018	2019	2020
Total assets	720	820	2,510	4,610	4,610
Total liabilities	720	820	2,510	4,610	4,610
Total equity	0	0	0	0	0
Revenue	0	0	0	0	0
Net income	0	0	0	0	0
Installment payments		800	2,510	4,610	4,610

Sources: NECIPS and Emerson Analytics

4.2 Rmb2.4bn Clinical Trial Fees Prepaid to RY Yuanmao Investment

At the end of 2017-20, the clinical trial fees prepaid to RY Yuanmao Investment stood at Rmb601m, Rmb1,727m and Rmb2,559m and Rmb2,432m, respectively. The balance of clinical trial fees prepaid on SZ HEC's balance sheet should match the balance of deposits in RY Yuanmao Investment's books¹³.

Exhibit 21 below shows the key financial data of RY Yuanmao Investment. At the end of 2020, its total assets were Rmb81m and total liabilities Rmb133m, significantly less than the amount of clinical trial fees it supposedly had received from SZ HEC.

Exhibit 21 – Key financial data of RY Yuanmao Investment

Year ended Dec 31 (Rmb m)	2017	2018	2019	2020
Total assets	601	2	73	81
Total liabilities	601	119	168	133
Total equity	0	-118	-95	-52
Revenue	0	0	396	240
Net income	0	-118	23	43
Clinical trial fees	601	1,727	2,559	2,432

Sources: NECIPS and Emerson Analytics

¹³ As the clinical trial progressed, RY Yuanmao Investment would recognize portion of its deposits as revenue, thereby reducing the balance of deposits. Simultaneously, SZ HEC would recognize the same amounts of clinical trial fees prepaid as intangible assets or as expenses, thus reducing the balance of clinical trial fees prepaid.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

4.3 Prepayment of Performance Bond to RY Yongxing Technology

At the end of 2017-20, the performance bond paid to RY Yongxing Technology stood at Rmb600m, Rmb1,210m, Rmb1,338m and zero respectively. This performance bond arose from the “buy and sell back” scheme over a 25% stake in GD HEC Pharm.

- In March 2017, DG HEC PharmRes and RY HEC Industrial bought a 25% stake in GD HEC Pharm from N&S Pharm;
- According to the transfer agreement, N&S Pharm will receive 49% of the net income arising from the sales of drugs being developed by GD HEC Pharm. RY Yongxing Technology is nominated by Mo Kit to receive the performance bond;
- In March 2020, DG HEC PharmRes and RY HEC Industrial sold back the 25% stake to N&S Pharm. RY Yongxing Technology returned all the performance bond; and
- Currently, N&S Pharm holds 15.9% stake through its subsidiaries due to share dilution of GD HEC Pharm.

Exhibit 22 below shows the key financial data of RY Yongxing Technology. At the end of 2019, it had total assets of merely Rmb10m, way below the Rmb1,338m performance bond that it supposedly had received. Clearly, the performance bond was a complete farce.

The change in performance bond outstanding from Rmb1,338m at the end of 2019 to zero next year was, therefore, not a matter of returning the performance bond. It was simply that SZ HEC managed to exploit bigger asset blackholes to cover up this one.

Exhibit 22 – Key financial data of RY Yongxing Technology

Year ended Dec 31 (Rmb m)	2017	2018	2019	2020
Total assets	600	10	10	52
Total liabilities	600	0	8	50
Total equity	0	10	2	3
Revenue	0	0	0	0
Net income	0	0	-8	0
Performance bond	600	1,210	1,338	0

Sources: NECIPS and Emerson Analytics

As shown in Exhibits 20, 21 and 22, the three companies in this chapter display a similar financial pattern. RY Yuanmao Investment and RY Yongxing Technology made their total assets/liabilities match the “money” from SZ HEC only in 2017. Compared with them, the crooks seemed to be more serious about matching LZ GYZG Investment’s accounts for all years.

SZ HEC Ponzi Scheme I – Rmb24.2bn of Asset Blackholes

Chapter 5 Blackholes in Accounts Receivable and Financial Assets Held for Sale

At the end of 2020, SZ HEC had Rmb4,273m of accounts receivable and Rmb7,305m of financial assets held for sale. We reckon that as much as Rmb3,060m in these two accounts did not really exist.

5.1 Rmb1.8bn Accounts Receivable from Fake Cordyceps and Technologies Sales

As we will explain in Section 1.1 in Part II of this report, SZ HEC's sales of cordyceps to top clients were a complete lie. Three of these "clients", namely GZ ZCT Trading, GZ Hengtai Biotech and GZ Lisheng Trading also appeared in SZ HEC's list of top five accounts receivable. At the end of 2020, its accounts receivable from the three companies totaled Rmb1,127m, which must be blackholes.

Exhibit 23 – Top five accounts receivable

单位名称	Book cost		Provision
	账面余额	占应收账款余额的比例 (%)	坏账准备
GZ ZCT Trading 广州正春堂贸易有限公司	902, 555, 800. 00	20. 17	45, 127, 790. 00
乳源县维香科技有限公司	636, 950, 000. 00	14. 23	
RY Weixiang Technology 义乌布杰东阳光(韶关)铝材销售有限公司	219, 932, 453. 05	4. 92	4, 398, 649. 06
GZ Hengtai Biotech 广州亨泰生物科技有限公司	146, 710, 700. 00	3. 28	7, 335, 535. 00
广州丽生贸易有限公司	136, 957, 590. 00	3. 06	6, 847, 879. 50
GZ Lisheng Trading 小计	2, 043, 106, 543. 05	45. 66	63, 709, 853. 56

Source: SZ HEC 2020 annual report, p.51

SZ HEC sold patented and non-patented technologies to RY Weixiang Technology worth Rmb187m and Rmb601m¹⁴, respectively, in 2019 and 2020. As shown in Exhibit 23, it had Rmb637m of accounts receivable from RY Weixiang Technology at the end of 2020, presumably from the sale of such technologies.

RY Weixiang Technology is 97% controlled by N&S International which is completely under SZ HEC's control. It is difficult to believe that the accounts receivable between them actually exists as transactions between independent entities.

¹⁴ SZ HEC 2020 annual report, p.168

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5.2 Rmb1.3bn Financial Assets Held for Sale

In 2017, SZ HEC made an investment through DG HEC PharmRes of Rmb2.0bn¹⁵ into Zhejiang Zheshang Industry-finance Limited Liability Partnership (浙江浙商產融投資合夥企業(有限合夥), ZJ Zheshang LLP). ZJ Zheshang LLP holds 99.999% of Zhejiang Zheshang Industry-finance Holdings Limited (浙江浙商產融控股有限公司, ZJ Zheshang). However, ZJ Zheshang LLP, said to be the largest investor in Zhejiang province, has now slid into a huge financial crisis¹⁶.

According to the NECIPS, RY YZG Aluminum “luckily” obtained an investment worth Rmb704m from ZJ Zheshang in 2020. Given that RY YZG Aluminum is actually controlled by SZ HEC, the investment of Rmb2.0bn should result in a blackhole of Rmb1,296m (= 2,000 – 704).

Before we continue into Part II of this report, we want to note that SZ HEC is the most outrageous, absurd and unscrupulous of all the companies that we have busted for faking their accounts, and we believe our readers will agree with us.

When we publish this report electronically on the Internet and distribute it to our readers, we have posted a printed version to various Chinese regulatory authorities. These include the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the People’s Bank of China. We are convinced that they will take appropriate and effective regulatory actions.

¹⁵ SZ HEC 2020 annual report, p.60

¹⁶ [誰是浙商產融?號稱浙江最大投資企業 接盤盾安資產曾踩雷宜華系 千億資本巨頭“四面楚歌”](#)

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Appendix I SZ HEC's Subsidiaries in the Report

Short name	Full name	Chinese name	Part of
CQ HEC Industrial	Chongqing HEC Industrial Development Co., Ltd.	重慶東陽光實業發展有限公司	RoSZHEC
DG HEC Industrial	Dongguan HEC Industrial Development Co., Ltd.	東莞市東陽光實業發展有限公司	RoSZHEC
DG HEC PharmRes	Dongguan HEC Pharm Research Co., Ltd.	東莞東陽光藥物研發有限公司	RoSZHEC
FZ YZK Pharmtech	Fuzhou YZK Pharmtech Co., Ltd.	福建省福州陽之康醫藥科技有限公司	YC HEC CJ
GD HEC Pharm	Guangdong HEC Pharm Co., Ltd.	廣東東陽光藥業有限公司	RoSZHEC
HEC Technology (HK)	HEC Science & Technology (Hong Kong) Company Limited	東陽光科技（香港）有限公司	RoGDTECH
LZ HEC PharmRes	Linzhi HEC Pharm Research Co., Ltd.	林芝東陽光藥業研發有限公司	RoSZHEC
RY HEC Biotech	Ruyuan HEC Biotech Co., Ltd.	乳源瑤族自治縣東陽光生物科技有限公司	RoSZHEC
RY HEC Industrial	Ruyuan HEC Industrial Development Co., Ltd.	乳源瑤族自治縣東陽光實業發展有限公司	RoSZHEC
RY HEC Management	Ruyuan HEC Management Co., Ltd.	乳源瑤族自治縣東陽光企業管理有限公司	RoSZHEC
RY Ruifeng Trading	Ruyuan Ruifeng Trading Co., Ltd.	乳源瑞豐貿易有限公司	RoGDTECH
SZ HEC Health	Shenzhen HEC Health Co., Ltd.	深圳市東陽光健康藥業有限公司	RoSZHEC
SZ HEC Pharm	Shenzhen HEC Pharm Co., Ltd.	深圳市東陽光藥業有限公司	RoSZHEC
TZ Shixi Coal	Tongzi Shixi Coal Co., Ltd.	桐梓縣獅溪煤業有限公司	RoGDTECH
YC HEC Pharm	Yichang HEC Pharm Co., Ltd.	宜昌東陽光藥業股份有限公司	RoSZHEC
YC HEC PharmRes	Yichang HEC Pharm Research Co., Ltd.	宜昌東陽光藥研發有限公司	RoSZHEC
YC HEC Power	Yichang HEC Power Co., Ltd.	宜昌東陽光火力發電有限公司	RoSZHEC
YC SCK Trading	Yichang SCK Trading Co., Ltd.	宜昌盛草康商貿有限公司	RoSZHEC
YC SCSD Cordyceps	Yichang SCSD Cordyceps Co., Ltd.	宜昌山城水都冬蟲夏草有限公司	RoSZHEC
YD HEC Industrial	Yidu HEC Industrial Development Co., Ltd.	宜都市東陽光實業發展有限公司	RoSZHEC
YD Hongshuo Trading	Yidu Hongshuo Trading Co., Ltd.	宜都市宏碩貿易有限公司	RoSZHEC
YD Nengda Trading	Yidu Nengda Trading Co., Ltd.	宜都能達貿易有限公司	RoSZHEC
ZY HEC Industrial	Zunyi HEC Industrial Development Co., Ltd.	遵義市東陽光實業發展有限公司	RoSZHEC

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Appendix II Puppet Companies

Short name	Full name	Chinese name	Related?
GZ Hengtai Biotech	Guangzhou Hengtai Biotech Co., Ltd.	廣州亨泰生物科技有限公司	N.A.
GZ Lisheng Trading	Guangzhou Lisheng Trading Co., Ltd.	廣州麗生貿易有限公司	N.A.
GZ ZCT Trading	Guangzhou ZCT Trading Co., Ltd.	廣州正春堂貿易有限公司	Y
LZ GYZG Investment	Linzhi GYZG Investment Co., Ltd.	林芝市巴宜區高原之光投資有限公司	Y
LZ HSHS GP	Linzhi HSHS General Partnership	林芝市巴宜區好山好水投資合夥企業（普通合夥）	Y
LZ ZCT Trading	Linzhi ZCT Trading Co., Ltd.	林芝市巴宜區正春堂商貿有限公司	Y
N&S International	North & South Brother International Investment H.K. Co. Limited	香港南北兄弟國際投資有限公司	Y
N&S Pharm	North & South Brother Pharmacy Investment Company Limited	南北兄弟藥業投資有限公司	Y
RY Anyu Industrial	Ruyuan Anyu Industrial Development Co., Ltd.	乳源瑤族自治縣安宇實業發展有限公司	Y
RY Weixiang Technology	Ruyuan Weixiang Technology Co., Ltd.	乳源縣維香科技有限公司	Y
RY Yongxing Technology	Ruyuan Yongxing Technology Co., Ltd.	乳源縣永星技術服務有限公司	Y
RY Yuanmao Investment	Ruyuan Yuanmao Investment Co., Ltd.	乳源瑤族自治縣源茂投資有限公司	Y
RY YZG Aluminum	Ruyuan YZG Aluminum Co., Ltd.	乳源陽之光鋁業發展有限公司	Y
RY YZG Industrial	Ruanyuan YZG Industrial Development Co., Ltd.	乳源瑤族自治縣陽之光實業發展有限公司	Y
TJ Zhenxiang Trading	Tianjin Zhenxiang Trading Co., Ltd.	天津禎祥國際貿易有限公司	N.A.
YD MKR Pharm	Yidu MKR Pharm Technology Co., Ltd.	宜都邁凱瑞醫藥科技有限公司	Y