



ZZ CAPITAL INTERNATIONAL LIMITED

中植資本國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 08295

# 2017

## First Quarterly Report



This report is printed on environmentally friendly paper



## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of ZZ Capital International Limited 中植資本國際有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 report 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 report misleading.*

## HIGHLIGHTS

- During the reporting period, investment advisory and management income in the First Quarter Fiscal 2017 amounted to HK\$3.00 million (2016: HK\$186.85 million) was recognised, representing a 98% decrease when compared to that of the corresponding period in 2016, in accordance with the IAM Agreement signed between Zhongzhi Capital and ACCF, a wholly owned subsidiary of the Group. Zhongzhi Capital is a controlling shareholder of the Company as at 30 June 2017. While the investment advisory and management income earned during the three months ended 30 June 2016 was solely caused by a disposal of assets in the investment portfolio managed by the Group, there was no such disposal event in the First Quarter Fiscal 2017. Therefore, a significant reduction in investment advisory and management income was resulted. The Group recorded corporate advisory income of HK\$2.21 million (2016: HK\$7.64 million) for the First Quarter Fiscal 2017 with the decrease being due to the shift of business focus from corporate advisory to alternative investments overseas.
- A gain on foreign exchange of HK\$0.67 million (2016: Nil) was recognised for the First Quarter Fiscal 2017, this gain is mostly driven by the revaluation of foreign currencies due to foreign currency transactions paid on behalf of overseas offices. A growth in net interest income to HK\$0.52 million (2016: HK\$0.31 million) was contributed by the increased bank balances placed at time deposits.
- As a result, the Group's overall revenue and other income dropped by a substantial amount to HK\$6.39 million (2016: HK\$194.79 million).
- As the Group continued to develop its global investment execution capacity, costs rose significantly for the First Quarter Fiscal 2017. Operating expenses for the First Quarter Fiscal 2017 were HK\$44.90 million (2016: HK\$33.39 million), an increase of 34.50% against the corresponding period in 2016. The increase was mainly attributable to ascended staff cost by HK\$12.32 million due to the increment in headcount and higher rental expenses increased by HK\$10.23 million for the occupancy of new Hong Kong office. Such increase was partially offset by the one-off provision for value-added tax and surtax amounting to HK\$12.56 million following the earning of investment advisory and management income from Zhongzhi Capital during the corresponding period in 2016. Staff cost of HK\$22.27 million represented our largest cost component for the First Quarter Fiscal 2017.
- With other comprehensive loss of HK\$0.59 million (2016: Nil) derived from currency translation differences, the Group recorded a total comprehensive loss of HK\$39.10 million in the First Quarter Fiscal 2017 (2016: total comprehensive income of HK\$142.72 million). Basic loss per share for the First Quarter Fiscal 2017 was HK1.09 cents (2016: basic earnings per share of HK4.02 cents).
- Net assets value as at 30 June 2017 was HK\$933.14 million (31 March 2017: HK\$972.24 million), 4% lower than the net assets value as at 31 March 2017.
- The Board does not recommend payment of a dividend for the First Quarter Fiscal 2017 (2016: Nil).

The board (the "Board") of directors (the "Directors") of ZZ Capital International Limited 中植資本國際有限公司 (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 30 June 2017 (the "First Quarter Fiscal 2017"), together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2017

	Note	Three months ended 30 June 2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	5,204	194,490
Net investment loss	3	(4)	(15)
Net interest income	3	516	312
Other income and net gain	3	674	—
Revenue and other income	3	6,390	194,787
Operating expenses		(44,903)	(33,386)
<b>(Loss)/Profit before tax</b>		<b>(38,513)</b>	161,401
Income tax expense	5	—	(18,685)
<b>(Loss)/Profit for the period</b>		<b>(38,513)</b>	142,716
<b>Other comprehensive loss:</b>			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		(589)	—
<b>Other comprehensive loss for the period</b>		<b>(589)</b>	—
<b>Total comprehensive (loss)/income for the period</b>		<b>(39,102)</b>	142,716
<b>(Loss)/Earnings per share attributable to ordinary equity holders of the Company</b>	6		
— Basic (HK cents)		(1.09)	4.02
— Diluted (HK cents)		(1.09)	4.02

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the three months ended 30 June 2017*

	Attributable to owners of the Company					
	Issued capital HK\$'000 (Unaudited)	Share premium account HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 April 2017	35,505	706,245	9,000	—	221,493	972,243
Currency translation differences	—	—	—	(589)	—	(589)
Total comprehensive loss for the period	—	—	—	—	(38,513)	(38,513)
<b>At 30 June 2017 (Unaudited)</b>	<b>35,505</b>	<b>706,245</b>	<b>9,000</b>	<b>(589)</b>	<b>182,980</b>	<b>933,141</b>
At 1 April 2016	35,505	706,245	9,000	—	142,311	893,061
Total comprehensive income for the period	—	—	—	—	142,716	142,716
At 30 June 2016 (Unaudited)	35,505	706,245	9,000	—	285,027	1,035,777

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

30 June 2017

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investments holding. The subsidiaries are principally engaged in the provision of corporate advisory services and related activities, investment advisory and management, as well as alternative investments globally.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2017 (the "First Quarterly Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The principal accounting policies used in the preparation of the First Quarterly Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2017. However, the First Quarterly Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the annual financial statements for the year ended 31 March 2017.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the First Quarterly Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The First Quarterly Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the Company's functional currency. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Inter-company transactions and balances between the Group companies are eliminated.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS (Con't)

30 June 2017

### 3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	Three months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Revenue</b>		
Corporate advisory income	2,209	7,640
Investment advisory and management income	2,995	186,850
	<b>5,204</b>	194,490
<b>Net investment loss</b>		
Net fair value loss on financial assets measured at fair value through profit or loss	(4)	(15)
<b>Net interest income</b>		
Interest income from financial assets — Bank deposits	516	312
<b>Other income and net gain</b>		
Gain on exchange difference	674	—
<b>Revenue and other income</b>	<b>6,390</b>	194,787

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS (Con't)

30 June 2017

### 4. OPERATING SEGMENT INFORMATION

The Group's principal businesses are in the provision of corporate advisory services and related activities, investment advisory and management, as well as alternative investments globally. The executive directors have been identified as the chief operating decision-maker ("CODM"), responsible for making strategic decisions, allocating resources and assessing performance of the operating segments. The CODM, taking into account the maturity of the Group's various businesses, its operations and related resources allocation, considers the Group to have one key reportable segment during the period. The reportable segment identified is the provision of corporate advisory services and investment advisory and management ("Corporate advisory and IAM"). "Others" segment consists of other corporate activities and shared services. Information provided to the CODM is measured in a manner consistent with that in the First Quarterly Financial Statements. The CODM expects as the Group's business continues to evolve, the appropriateness of operating segments and reportable segments will need to be reviewed in due course.

	Corporate advisory and IAM HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	5,204	—	5,204
Segment profit/(loss) before income tax	2,509	(41,022)	(38,513)
Other segment information:			
Interest income	144	372	516
Depreciation	—	274	274



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS (Con't)

30 June 2017

### Geographical information

Revenue from external customers

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	2,209	7,389
Mainland China	2,995	187,101
	5,204	194,490

The revenue information above is based on the location of the customers.

### Information about major customers

Revenue from the major customers amounting to 10% or more of the Group's revenue is set out below:

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	2,995	186,850
Customer B	750	—
Customer C	750	—

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS (Con't)

30 June 2017

### 5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the First Quarter Fiscal 2017. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Three months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax		
Provision for the period	—	(18,685)
Deferred tax		
Origination and reversals of temporary differences	—	—
	—	(18,685)

As at 30 June 2017, the Group has tax losses of approximately HK\$141,676,000 (31 March 2017: HK\$109,674,000) incurred by subsidiaries which are subject to the approval by the relevant tax authority. The Group has not recognised deferred income tax assets of approximately HK\$23,377,000 (31 March 2017: HK\$18,096,000) in respect of these losses of approximately HK\$141,676,000 (31 March 2017: HK\$109,674,000) that can be carried forward against future taxable income.

### 6. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share for the First Quarter Fiscal 2017 is based on the unaudited consolidated loss of approximately HK\$38,513,000 attributable to ordinary equity holders of the Company for the First Quarter Fiscal 2017 (2016: profit of HK\$142,716,000) and the weighted average number of 3,550,496,836 shares in issue for the First Quarter Fiscal 2017 (2016: 3,550,496,836 shares).

Diluted loss/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted loss per share amount was the same as basic loss per share amount for the First Quarter Fiscal 2017 (2016: diluted earnings per share the same as basic earnings per share) as there were no potential dilutive ordinary shares outstanding during the First Quarter Fiscal 2017 (2016: Nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS (Con't)

30 June 2017

### 7. DIVIDENDS

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2017 (2016: Nil).

### 8. EVENTS AFTER THE REPORTING PERIOD

- (a) On 12 July 2017, the Company entered into a term sheet with Zhongzhi Capital (HK) Company Limited, an intermediate holding company of the Company, and African Emerald Company Limited, a wholly-owned subsidiary of Zhongzhi Capital (HK) Company Limited, to set forth certain main terms and conditions of (a) the proposed acquisition by the Company of certain parts of the convertible loan notes and class D shares with nominal value EURO.00001 per share of Building Energy 1 Holdings plc ("Building Energy") from African Emerald Company Limited issued by Building Energy; and (b) the proposed acquisition by the Company of certain quotas with preference rights of NRG Tech S.r.l. from Zhongzhi Capital (HK) Company Limited, at an aggregate consideration of HK\$50 million subject to further terms and conditions. Details of the above transactions are set out in the announcement of the Company dated 12 July 2017.
- (b) On 14 July 2017, ZZCI Index Partners LLC, an indirect wholly-owned subsidiary of the Company, entered into a unit purchase agreement as the buyer with Mr. Gabriel Hammond, Mr. Daniel Hammond and Mr. Kenny Feng as the sellers, the sellers' representative and GKD Index Partners, LLC, pursuant to which the buyer and the sellers have conditionally agreed to acquire and to sell the entire issued and outstanding unit interest in GKD Index Partners, LLC respectively, subject to the terms and conditions therein. The total consideration consists of cash and equity interests in the buyer. Please refer to the announcement of the Company dated 14 July 2017 for further details.

### 9. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

The First Quarterly Financial Statements were approved and authorised for issue by the Board on 9 August 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

China's gross domestic product grew 6.9% in the First Quarter Fiscal 2017, the same figure as the previous quarter, beating analyst forecasts of 6.8%, and exceeding of Beijing's target of growing GDP by 6.5% this year. Hong Kong's Hang Seng Index rose 6.2%, while the S&P/HKEX GEM Index declined by 22.3% during the quarter.

In June 2017, Morgan Stanley Capital International ("MSCI") said it would begin tracking some 222 mainland shares for Chinese companies as part of its emerging markets index. In total, those 222 companies are worth US\$3.8 trillion in combined market value, but will account for 0.7% of the MSCI's emerging market index. This decision will grant global investors greater access to the world's second largest economy.

Against this backdrop, we continued our efforts in the First Quarter Fiscal 2017 to build out our global execution capabilities across Hong Kong, London, New York, and Tel Aviv, formulated and communicated our investment strategies and processes to the Board, launched the new [www.zzcapitalinternational.com](http://www.zzcapitalinternational.com) website on 18 May 2017, and received Board approval of the 2016/17 Annual Report on 14 June 2017, which was subsequently released to the public during the month.

On 23 May 2017, ZZCI Holdings (I) Limited, a direct wholly-owned subsidiary of the Company, entered into an agreement as the buyer, and ZZ Capital Holdings No.1 Company Limited, a connected person of the Company, as the seller, whereby the buyer agreed to purchase and the seller agreed to sell 0.673% equity interest in SSC Holdco Limited at a consideration of US\$1,880,000. The only asset of SSC Holdco Limited is 100% interests in a pharmaceutical company, Angiotech Pharmaceuticals, Inc., a diversified medical device manufacturer of branded, private label and OEM products. While being the first completed private equity investment by the Company, such acquisition was subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement under the GEM Listing Rules. Details of the transaction were disclosed in the announcement of the Company dated 23 May 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS (Con't)

### Financial review

During the reporting period, investment advisory and management income in the First Quarter Fiscal 2017 amounted to HK\$3.00 million (2016: HK\$186.85 million) was recognised, representing a 98% decrease when compared to that of the corresponding period in 2016, in accordance with an investment and advisory management agreement (“IAM Agreement”) signed on 2 February 2016 between 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited\*) (“Zhongzhi Capital”) and Asian Capital (Corporate Finance) Limited (“ACCF”), a wholly owned subsidiary of the Group. Zhongzhi Capital is a controlling shareholder of the Company as at 30 June 2017. While the investment advisory and management income earned during the three months ended 30 June 2016 was solely caused by a disposal of assets in the investment portfolio managed by the Group, there was no such disposal event in the First Quarter Fiscal 2017. Therefore, a significant reduction in investment advisory and management income was resulted. The Group recorded corporate advisory income of HK\$2.21 million (2016: HK\$7.64 million) for the First Quarter Fiscal 2017 with the decrease being due to the shift of business focus from corporate advisory to alternative investments overseas.

A gain on foreign exchange of HK\$0.67 million (2016: Nil) was recognised for the First Quarter Fiscal 2017, this gain is mostly driven by the revaluation of foreign currencies due to foreign currency transactions paid on behalf of overseas offices. A growth in net interest income to HK\$0.52 million (2016: HK\$0.31 million) was contributed by the increased bank balances placed at time deposits.

As a result, the Group’s overall revenue and other income dropped by a substantial amount to HK\$6.39 million (2016: HK\$194.79 million).

As the Group continued to develop its global investment execution capacity, costs rose significantly for the First Quarter Fiscal 2017. Operating expenses for the First Quarter Fiscal 2017 were HK\$44.90 million (2016: HK\$33.39 million), an increase of 34.50% against the corresponding period in 2016. The increase was mainly attributable to ascended staff cost by HK\$12.32 million due to the increment in headcount and higher rental expenses increased by HK\$10.23 million for the occupancy of new Hong Kong office in Cheung Kong Center. Such increase was partially offset by the one-off provision for value-added tax and surtax amounting to HK\$12.56 million following the earning of investment advisory and management income from Zhongzhi Capital during the corresponding period in 2016. Staff cost of HK\$22.27 million represented our largest cost component for the First Quarter Fiscal 2017.

The resultant pre-tax loss for the First Quarter Fiscal 2017 was approximately HK\$38.51 million, compared to a pre-tax profit of approximately HK\$161.40 million for the corresponding period in 2016.

\* For identification purposes only

## MANAGEMENT DISCUSSION AND ANALYSIS (Con't)

With other comprehensive loss of HK\$0.59 million (2016: Nil) derived from currency translation differences, the Group recorded a total comprehensive loss of HK\$39.10 million in the First Quarter Fiscal 2017 (2016: total comprehensive income of HK\$142.72 million). Basic loss per share for the First Quarter Fiscal 2017 was HK1.09 cents (2016: basic earnings per share of HK4.02 cents).

Net assets value as at 30 June 2017 was HK\$933.14 million (31 March 2017: HK\$972.24 million), 4% lower than the net assets value as at 31 March 2017.

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2017 (2016: Nil).

### Outlook

China's Fifth National Financial Work Conference held in June this year elevated the importance of finance and financial stability, recommended deleveraging, and encouraged investment support to the real economy. China's outbound capital flow remains tight and some well known institutions are undergoing regulatory scrutiny. With the completed and announced transactions during First Quarter Fiscal 2017, we have laid the foundation for the year and will be highly prudent and selective at evaluating new investment opportunities while systematically managing our portfolio. Overall we expect that the general sentiment for investment activity to be somewhat subdued in 2017 given the Chinese government's focus on supporting its currency and maintaining stability in the lead up to the Communist Party's 19th Party Congress later this year.

As at 30 June 2017, our investment portfolio grew significantly and stood at HK\$14.81 million in equities (31 March 2017: HK\$0.12 million) and without interest bearing securities.

The Group's strong cash position at approximately HK\$865.64 million as at 30 June 2017 (31 March 2017: HK\$964.28 million) positions us well to weather the macro uncertainty, and the newly completed investments will strengthen and diversify our income sources, enhance long-term profitability and shareholder value. Such investment and portfolio activities however are by nature subject to market volatility and other risks, which may impact the Group's profitability from time to time.



## OTHER INFORMATION

### Events after the reporting period

- (a) On 12 July 2017, the Company entered into a term sheet as the transferee with African Emerald Company Limited and Zhongzhi Capital (HK) Company Limited (“Zhongzhi Capital (HK)”), each as a transferor and a connected person of the Company, to set forth certain main terms and conditions of (a) the proposed acquisition by the Company of certain parts of the convertible loan notes and class D shares of nominal value EUR0.00001 per share of Building Energy 1 Holdings plc (“Building Energy”) from African Emerald Company Limited issued by Building Energy; and (b) the proposed acquisition by the Company of certain quotas with preference rights of NRG Tech S.r.l. from Zhongzhi Capital (HK), at an aggregate consideration of HK\$50 million subject to further terms and conditions to be set out in the Definitive Agreement(s). Details of the above transactions were disclosed in the announcement of the Company dated 12 July 2017.
- (b) On 14 July 2017, ZZCI Index Partners LLC, an indirect wholly-owned subsidiary of the Company, entered into a unit purchase agreement as the buyer with Mr. Gabriel Hammond, Mr. Daniel Hammond and Mr. Kenny Feng as the sellers, the sellers’ representative and GKD Index Partners, LLC, pursuant to which the buyer has conditionally agreed to acquire and the sellers have conditionally agreed to sell the entire issued and outstanding unit interest in GKD Index Partners, LLC, subject to the terms and conditions therein. Details of above transaction were disclosed in the announcement of the Company dated 14 July 2017.

The above transaction constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules. Such acquisition is therefore subject to the reporting, announcement and shareholders’ approval requirements under the GEM Listing Rules. An extraordinary general meeting of the Company will be convened for the purpose of considering and, if thought fit, approving, among other things, the unit purchase agreement and the transactions contemplated thereunder. As enhanced disclosure comparable to the standard for listing documents for new listing applicants is required in the circular, the Company is currently unable to estimate with certainty the date of dispatch of the circular. The Company will notify its shareholders of the expected date of dispatch of the circular in due course.

## OTHER INFORMATION (Con't)

### Share option scheme

The Company has adopted a share option scheme on 7 June 2010 (the "Share Option Scheme"). The principal terms of the Share Option Scheme were summarised in the section headed "Share Option Scheme" in Appendix V to the Company's prospectus dated 11 June 2010.

The purpose of the Share Option Scheme is to enable the Company to grant options to the participants as incentive or reward for their contributions to the Group.

During the First Quarter Fiscal 2017, no option was granted, exercised or lapsed under the Share Option Scheme.

### Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at 30 June 2017, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("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 (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION (Con't)

### Substantial shareholders' interests and short positions in the shares and underlying shares of the Company

As at 30 June 2017, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

#### Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Jinhui Capital Company Limited ("Jinhui") (Note 1)	Beneficial owner	2,159,552,102	60.82%
Zhongzhi Capital (HK) (Note 1)	Interest of controlled corporation	2,159,552,102	60.82%
深圳前海中植金輝投資管理合夥企業(有限合夥) (Shenzhen Qianhai Zhongzhi Jinhui Investment Management Partnership Enterprise (Limited Partnership)* ("Shenzhen Zhongzhi") (Notes 1 and 3)	Interest of controlled corporation	2,159,552,102	60.82%
Kang Bang Qi Hui (HK) Company Limited ("Kang Bang") (Note 2)	Beneficial owner	455,820,525	12.84%
常州康邦齊輝投資中心 (有限合夥) (Notes 2 and 3)	Interest of controlled corporation	455,820,525	12.84%
西藏康邦勝博企業管理有限公司 (Tibet Kangbang Sheng Bo Business Management Company Limited*) ("Tibet Kangbang") (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%

## OTHER INFORMATION (Con't)

### Substantial shareholders' interests and short positions in the shares and underlying shares of the Company (Con't)

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
常州京江資本管理有限公司 (Changzhou Jingjiang Capital Management Company Limited*) ("Changzhou Jingjiang") (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%
Zhongzhi Capital (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%
中海晟融(北京)資本管理有限公司 (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%
中海晟豐(北京)資本管理有限公司 (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%
Mr. XIE Zhikun ("Mr. Xie") (Note 3)	Interest of controlled corporation	2,615,372,627	73.66%

\* For identification purposes only

#### Notes:

- Jinhui is a wholly-owned subsidiary of Zhongzhi Capital (HK), which in turn is wholly-owned by Shenzhen Zhongzhi. As such, each of Jinhui, Zhongzhi Capital (HK) and Shenzhen Zhongzhi is deemed to be interested in the 2,159,552,102 shares in the Company by virtue of the SFO.
- Kang Bang is a wholly-owned subsidiary of 常州康邦齊輝投資中心(有限合夥). As such, each of Kang Bang and 常州康邦齊輝投資中心(有限合夥) is deemed to be interested in the 455,820,525 shares of the Company by virtue of the SFO.
- Shenzhen Zhongzhi is owned as to 95% by Tibet Kangbang as limited partner and 5% by Changzhou Jingjiang as general partner, and 常州康邦齊輝投資中心(有限合夥) is owned as to 99% by Changzhou Jingjiang as limited partner and 1% by Tibet Kangbang as general partner. Tibet Kangbang and Changzhou Jingjiang are wholly-owned subsidiaries of Zhongzhi Capital which in turn is owned as to 95% by 中海晟融(北京)資本管理有限公司. 中海晟融(北京)資本管理有限公司 is owned as to 99.933% by 中海晟豐(北京)資本管理有限公司 which is wholly and beneficially owned by Mr. Xie. As such, each of Tibet Kangbang, Changzhou Jingjiang, Zhongzhi Capital, 中海晟融(北京)資本管理有限公司, 中海晟豐(北京)資本管理有限公司 and Mr. Xie is deemed to be interested in an aggregate of 2,615,372,627 shares of the Company held by Jinhui and Kang Bang by virtue of the SFO.

## OTHER INFORMATION (Con't)

### Substantial shareholders' interests and short positions in the shares and underlying shares of the Company (Con't)

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### Purchase, sale or redemption of the listed securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the First Quarter Fiscal 2017.

### Directors' interests in competing business

Ms. DUAN Di and Ms. ZHANG Yun, executive Directors up until the date of this report, served certain capacities in Zhongzhi Capital and/or its subsidiaries as listed below which provide asset management, investment management and/or investment advisory services that may compete or are likely to compete with the business of the Group:

*Ms. DUAN Di*

Name of company

Capacity

Zhongzhi Capital  
Shenzhen Zhongzhi

Legal representative and director  
Legal representative

## OTHER INFORMATION (Con't)

### Directors' interests in competing business (Con't)

Ms. ZHANG Yun

<u>Name of company</u>	<u>Capacity</u>
Changzhou Jingjiang	Legal representative and director
常州康邦齊輝投資中心(有限合夥)	Legal representative
常州康成企業管理諮詢有限公司	Legal representative and director
江陰植乾企業管理諮詢有限公司	Legal representative and director
江陰龍武企業管理諮詢有限公司	Legal representative and director
江陰橘石京企業管理諮詢有限公司	Legal representative and director
江陰伊澤企業管理諮詢有限公司	Legal representative and director
江陰瑞茲企業管理諮詢有限公司	Legal representative and director
江陰魔騰企業管理諮詢有限公司	Legal representative and director
江陰提莫企業管理諮詢有限公司	Legal representative and director
拉薩輝澤企業管理合夥企業(有限合夥)	Legal representative
拉薩元瀚企業管理合夥企業(有限合夥)	Legal representative
江陰迅捷企業管理諮詢合夥企業(有限合夥)	Legal representative
常州植輝企業管理諮詢有限公司	Legal representative and director
江陰達瑞企業管理諮詢有限公司	Legal representative and director
江陰慧森企業管理諮詢有限公司	Legal representative and director
江陰哲駿企業管理諮詢有限公司	Legal representative and director
江陰正澤企業管理諮詢有限公司	Legal representative and director
常州康輝企業管理諮詢合夥企業(有限合夥)	Legal representative
深圳鑫創企業管理有限公司	Legal representative and director
拉薩康軍企業管理合夥企業(有限合夥)	Legal representative
拉薩迪君企業管理合夥企業(有限合夥)	Legal representative
拉薩伯曼企業管理合夥企業(有限合夥)	Legal representative
拉薩銳衫企業管理合夥企業(有限合夥)	Legal representative

Zhongzhi Capital, through its wholly-owned subsidiaries, Jinhui and Kang Bang, indirectly owns a 73.66% interest in the Company and is the controlling shareholder of the Company. Zhongzhi Capital's key business include private equity investments in the primary market, private placement, mergers and acquisitions of overseas businesses and funds which may compete or are likely to compete with the business of the Group.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competed or might compete with the businesses of the Group nor any conflict of interest which any such person had or might have with the Group as at the 30 June 2017.





## OTHER INFORMATION (Con't)

### Audit committee

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee include reviewing and overseeing the financial reporting system, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Stephen MARKSCHEID (chairman of the audit committee), Mr. Edouard MERETTE and Mr. ZHANG Weidong.

The audit committee has reviewed the First Quarterly Financial Statements and is of the opinion that the preparation of those statements complies with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board  
**ZZ Capital International Limited**  
中植資本國際有限公司  
**DUAN Di**  
Chairman

Hong Kong, 9 August 2017

*As at the date hereof, the executive Directors are Ms. DUAN Di (Chairman), Mr. CHO Michael Min-kuk (Chief Executive Officer), Mr. CHEN Jianfeng Peter (Chief Financial Officer) and Ms. ZHANG Yun; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. Edouard MERETTE and Mr. ZHANG Weidong.*