



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

2017/18

Third Quarterly Report



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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

- The Group recorded investment advisory and management income in the Third Quarter Fiscal 2017 at HK\$224.94 million (2016: HK\$2.76 million), and HK\$232.58 million (2016: HK\$191.21 million) during the nine months ended 31 December 2017, with the significant increase mostly from the IAM Agreement under which a performance fee was recorded upon disposal from the stock portfolio managed by ACCF during Third Quarter Fiscal 2017. Corporate advisory income reached HK\$1.27 million (2016: HK\$5.74 million) for the Third Quarter Fiscal 2017 and HK\$16.15 million (2016: HK\$15.46 million) for the nine months ended 31 December 2017 .
- In the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017, there was a loss on foreign currency exchange of HK\$0.38 million (2016: gain of HK\$0.05 million) and gain on foreign currency exchange of HK\$1.13 million (2016: HK\$0.05 million) respectively, mainly caused by the fluctuation of GBP. The Group's overall revenue and other income improved to reach HK\$226.00 million (2016: HK\$10.71 million) during the Third Quarter Fiscal 2017 and HK\$250.72 million (2016: HK\$209.59 million) for the nine months ended 31 December 2017, mainly as a result of the increment in investment advisory and management income.
- Operating expenses for the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017 were HK\$62.39 million (2016: HK\$37.98 million) and HK\$166.67 million (2016: HK\$95.10 million) respectively, representing an increase versus the corresponding period in 2016. The increase in operating expenses for the nine months ended 31 December 2017 was mainly attributable to business expansion, represented by headcount and related staff cost increment of HK\$30.49 million, as well as the increase in rental expenses of HK\$30.59 million. Staff cost represented the largest expense component for the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017.
- With income tax expense lowering to HK\$1.34 million (2016: HK\$19.12 million) for the nine months ended 31 December 2017, the resultant post-tax profit was HK\$82.71 million, compared to a post-tax profit of HK\$95.38 million for the corresponding nine months period in 2016.
- The Group recorded total comprehensive income of HK\$163.34 million (2016: total comprehensive loss of HK\$27.54 million) for the Third Quarter Fiscal 2017, and HK\$81.13 million (2016: HK\$95.38 million) for the nine months ended 31 December 2017 respectively. Basic earnings per share for the nine months ended 31 December 2017 was HK2.33 cents (2016: HK2.69 cents).
- The Board does not recommend payment of a dividend for the nine months ended 31 December 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 (the "Third Quarter Fiscal 2017") and nine months ended 31 December 2017, together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2017

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	226,215	10,019	248,724	208,190
Net investment (loss)/income	4	(1)	(7)	16	(24)
Interest income	4	164	994	849	1,718
Other income and (losses)/gains	4	(381)	(293)	1,128	(292)
Revenue and other income	4	225,997	10,713	250,717	209,592
Operating expenses		(62,390)	(37,975)	(166,669)	(95,096)
Profit/(Loss) before tax		163,607	(27,262)	84,048	114,496
Income tax expense	6	(66)	(276)	(1,341)	(19,121)
Profit/(Loss) for the period		163,541	(27,538)	82,707	95,375
Other comprehensive loss: <i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(202)	–	(1,578)	–
Total comprehensive income/(loss) for the period		163,339	(27,538)	81,129	95,375
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	7				
— Basic (HK cents)		4.61	(0.78)	2.33	2.69
— Diluted (HK cents)		4.61	(0.78)	2.33	2.69

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Attributable to owners of the Company					
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2017	35,505	706,245	9,000	-	221,493	972,243
Profit for the period	-	-	-	-	82,707	82,707
Other comprehensive loss for the period	-	-	-	(1,578)	-	(1,578)
Total comprehensive (loss)/income for the period	-	-	-	(1,578)	82,707	81,129
At 31 December 2017 (Unaudited)	35,505	706,245	9,000	(1,578)	304,200	1,053,372
At 1 April 2016	35,505	706,245	9,000	-	142,311	893,061
Total comprehensive income for the period	-	-	-	-	95,375	95,375
At 31 December 2016 (Unaudited)	35,505	706,245	9,000	-	237,686	988,436

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 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 financial statements for the three months and nine months ended 31 December 2017 (“Third Quarterly Financial Statements”) have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The functional currency of the Company, which is also the presentation currency of the Group’s Third Quarterly Financial Statements, is Hong Kong dollars (“HK\$”).

3. PRINCIPAL ACCOUNTING POLICIES

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“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 Third Quarterly Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in the Third Quarterly Financial Statements.

Except as described below, the principal accounting policies used in the preparation of the Third Quarterly Financial Statements are consistent with those used in the preparation of the Group’s audited annual financial statements for the year ended 31 March 2017 (the “Annual Financial Statements”). However, the Third 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.

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

31 December 2017

4. REVENUE AND OTHER INCOME

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

	Three months ended 31 December		Nine months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue				
Corporate advisory income	1,274	5,743	16,147	15,461
Placing and underwriting service income/commission	—	1,518	—	1,518
Investment advisory and management income	224,941	2,758	232,577	191,211
	226,215	10,019	248,724	208,190
Net investment (loss)/income				
Net fair value (loss)/gain on financial assets measured at fair value through profit or loss	(1)	(7)	16	(28)
Dividend income	—	—	—	4
	(1)	(7)	16	(24)
Interest income				
Interest income — Bank deposits	164	994	849	1,718
Other income and (losses)/gains				
Exchange (loss)/gain, net	(381)	48	1,128	49
Loss on disposal of a subsidiary	—	(341)	—	(341)
	(381)	(293)	1,128	(292)
Revenue and other income	225,997	10,713	250,717	209,592

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

31 December 2017

5. OPERATING SEGMENT INFORMATION

The Group's principal businesses are 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 to support the Group's globalisation. Information provided to the CODM is measured in a manner consistent with that in the Third 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.

For the nine months ended 31 December 2017 (Unaudited):

	Corporate advisory and IAM HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	248,724	–	248,724
Segment profit/(loss) before income tax	239,596	(155,548)	84,048
Other segment information:			
Interest income	418	431	849
Depreciation	–	1,556	1,556

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

31 December 2017

For the nine months ended 31 December 2016 (Unaudited):

	Corporate advisory and IAM HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	208,190	–	208,190
Segment profit/(loss) before income tax	177,044	(62,548)	114,496
Other segment information:			
Interest income	310	1,408	1,718
Depreciation	869	58	927

6. 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 three months and nine months ended 31 December 2017. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Income tax expense represents current tax provision for Hong Kong profits tax for all periods.

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

31 December 2017

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) for the purposes of basic earnings/(loss) per share	163,541	(27,538)	82,707	95,375
	Number of shares (in thousands)			
Number of ordinary shares for the purposes of basic earnings/(loss) per share	3,550,497	3,550,497	3,550,497	3,550,497

Diluted earnings/(loss) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. Dilutive earnings/(loss) per share amount were the same as basic earnings/(loss) per share amount for all periods as there were no potential dilutive ordinary shares outstanding.

8. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2017 (2016: Nil).



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

31 December 2017

9. EVENT AFTER THE REPORTING PERIOD

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 the relevant parties, 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. As additional time is required for the fulfilment of certain conditions, the parties to the unit purchase agreement entered into an amendment agreement on 15 January 2018 to extend the termination date such that the sellers' representative would be entitled to terminate the unit purchase agreement if closing is not consummated on or prior to 31 March 2018 and the buyer would be entitled to terminate the unit purchase agreement on or prior to 30 April 2018. For details, please refer to the announcement published by the Company on 15 January 2018.

10. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 9 February 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

China's GDP rose 6.8% in the fourth quarter 2017 from a year earlier, and 6.9% for the full calendar year 2017. The 19th National Congress of the Communist Party of China was held in Beijing between 18 and 24 October 2017 to re-elect the country's leadership. Reinforced by the power centralization and party leadership through the 19th Congress, Chinese regulators have applied stricter standards at approving outbound investments, scrutinizing deals in real estate, hotels, entertainment, cinemas, and sports clubs, while supporting investments that drive the real economy. Chinese outbound investments, as a result, totaled USD241 billion in 2017, down 23% from 2016, and the number of cross-border investments by Chinese entities also declined by 10% year on year.

Under this context, during the Third Quarter Fiscal 2017 the Company's global investment team focused on seeking offshore funding for existing deal pipeline and slowed down in origination efforts. In parallel, the corporate finance team continued to act as the financial advisers for listed companies in corporate resumption cases and other advisory works. As well, it advised 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*) ("Zhongzhi Capital") on the disposal from the stock portfolio under an investment and advisory management agreement (the "IAM Agreement") signed on 2 February 2016 with Zhongzhi Capital. Accordingly, a performance fee of HK\$224.94 million was recorded, being the major revenue for the Third Quarter Fiscal 2017.

Financial review

The Group recorded investment advisory and management income in the Third Quarter Fiscal 2017 at HK\$224.94 million (2016: HK\$2.76 million), and HK\$232.58 million (2016: HK\$191.21 million) during the nine months ended 31 December 2017, with the significant increase mostly from the IAM Agreement under which a performance fee was recorded upon disposal from the stock portfolio managed by Asian Capital (Corporate Finance) Limited ("ACCF") during Third Quarter Fiscal 2017. Corporate advisory income reached HK\$1.27 million (2016: HK\$5.74 million) for the Third Quarter Fiscal 2017 and HK\$16.15 million (2016: HK\$15.46 million) for the nine months ended 31 December 2017.

In the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017, there was a loss on foreign currency exchange of HK\$0.38 million (2016: gain of HK\$0.05 million) and gain on foreign currency exchange of HK\$1.13 million (2016: HK\$0.05 million) respectively, mainly caused by the fluctuation of British Pound ("GBP"). The Group's overall revenue and other income improved to reach HK\$226.00 million (2016: HK\$10.71 million) during the Third Quarter Fiscal 2017 and HK\$250.72 million (2016: HK\$209.59 million) for the nine months ended 31 December 2017, mainly as a result of the increment in investment advisory and management income.

* For identification purpose only



MANAGEMENT DISCUSSION AND ANALYSIS (Con't)

Operating expenses for the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017 were HK\$62.39 million (2016: HK\$37.98 million) and HK\$166.67 million (2016: HK\$95.10 million) respectively, representing an increase versus the corresponding period in 2016. The increase in operating expenses for the nine months ended 31 December 2017 was mainly attributable to business expansion, represented by headcount and related staff cost increment of HK\$30.49 million, as well as the increase in rental expenses of HK\$30.59 million. Staff cost represented the largest expense component for the Third Quarter Fiscal 2017 and the nine months ended 31 December 2017.

With income tax expense lowering to HK\$1.34 million (2016: HK\$19.12 million) for the nine months ended 31 December 2017, the resultant post-tax profit was HK\$82.71 million, compared to a post-tax profit of HK\$95.38 million for the corresponding nine months period in 2016.

The Group recorded total comprehensive income of HK\$163.34 million (2016: total comprehensive loss of HK\$27.54 million) for the Third Quarter Fiscal 2017, and HK\$81.13 million (2016: HK\$95.38 million) for the nine months ended 31 December 2017 respectively. Basic earnings per share for the nine months ended 31 December 2017 was HK2.33 cents (2016: HK2.69 cents).

Outlook

The policy-driven capital outflow control and decline in Chinese outbound M&A activities in 2017 are expected to continue in the foreseeable future. Against this backdrop, during the Third Quarter Fiscal 2017, the Company's global team slowed down deal origination efforts, sought offshore funding alternatives on existing deal pipeline and portfolio companies, and will pursue cost cutting as well as short-term income opportunities in the Fourth Quarter of the fiscal year and beyond.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2017 (2016: Nil).

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 summarized 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 nine months ended 31 December 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 31 December 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 31 December 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) Company Limited ("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 31 December 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 nine months ended 31 December 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
深圳前海力道金融服務有限公司

Legal representative and director
Director

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
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
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
寧波百獸至誠投資管理有限公司	Legal representative and director
寧波植萊股權投資合夥企業(有限合夥)	Legal representative
寧波植利股權投資合夥企業(有限合夥)	Legal representative
寧波百獸投資管理有限公司	Legal representative and director
深圳前海力道金融服務有限公司	Director

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 31 December 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. ZHANG Weidong and Mr. ZHANG Longgen.

The audit committee has reviewed the Third 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.

Event after the reporting period

On 14 July 2017, ZZCI Index Partners LLC (the "Buyer"), an indirect wholly owned subsidiary of the Company entered into the Unit Purchase Agreement with the relevant parties, 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 (conducting its business under the name "Alerian"). As additional time is required for the fulfilment of certain conditions, the parties to the Unit Purchase Agreement entered into an amendment agreement on 15 January 2018 to extend the termination date such that the sellers' representative would be entitled to terminate the Unit Purchase Agreement if closing is not consummated on or prior to 31 March 2018 and the Buyer would be entitled to terminate the Unit Purchase Agreement on or prior to 30 April 2018. For details, please refer to the announcement published by the Company on 15 January 2018.

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 February 2018

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. ZHANG Weidong and Mr. ZHANG Longgen.