



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

First Quarterly Report

2018



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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, no investment advisory and management income (2017: HK\$3.00 million) nor corporate advisory income (2017: HK\$2.21 million) were recognised.
- A loss on foreign exchange of HK\$5.85 million (2017: gain of HK\$0.67 million) was recorded, mostly driven by the foreign exchange revaluation of the Group's RMB bank balances. An increase in interest income to HK\$0.58 million (2017: HK\$0.52 million) was achieved from treasury management.
- As a result, the Group's overall revenue and other (loss)/income resulted to a loss of HK\$4.69 million (2017: income of HK\$6.39 million).
- Operating expenses for the First Quarter Fiscal 2018 reached HK\$102.40 million (2017: HK\$44.90 million), representing an increase of 128% over the corresponding period in 2017. The increase was mainly attributable to ascended staff cost of HK\$27.08 million from the one-off staff redundancy and termination programs primarily in the US and UK offices, increased financing cost by HK\$21.51 million from the outcome of the Alerian Unit Purchase Agreement, as well as increased professional fees by HK\$7.42 million from historical investment projects.
- With other comprehensive loss of HK\$0.27 million (2017: HK\$0.59 million) derived from currency translation differences, the Group recorded a total comprehensive loss of HK\$104.68 million in the First Quarter Fiscal 2018 (2017: total comprehensive loss of HK\$39.10 million). Basic loss per share for the First Quarter Fiscal 2018 was HK2.94 cents (2017: basic loss per share of HK1.09 cents).
- Net assets value as at 30 June 2018 was HK\$885.73 million (31 March 2018: HK\$990.41 million), which was 11% lower than the net assets value as at 31 March 2018.
- The Board does not recommend payment of a dividend for the First Quarter Fiscal 2018 (2017: Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

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 2018 (the "First Quarter Fiscal 2018"), together with the comparative unaudited figures for the corresponding periods in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

	Notes	Three months ended 30 June 2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	586	5,200
Interest income	4	575	516
Other income and net (loss)/gain	4	(5,849)	674
Revenue and other (loss)/income	4	(4,688)	6,390
Operating expenses		(102,396)	(44,903)
Loss before tax		(107,084)	(38,513)
Income tax credit	6	2,667	–
Loss for the period		(104,417)	(38,513)
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		(266)	(589)
Other comprehensive loss for the period		(266)	(589)
Total comprehensive loss for the period		(104,683)	(39,102)
Loss per share attributable to ordinary equity holders of the Company	7		
— Basic (HK cents)		(2.94)	(1.09)
— Diluted (HK cents)		(2.94)	(1.09)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company					
	Share capital	Share premium	Contributed surplus	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2018	35,505	706,245	9,000	(2,631)	242,295	990,414
Currency translation differences	-	-	-	(266)	-	(266)
Loss for the period	-	-	-	-	(104,417)	(104,417)
At 30 June 2018 (Unaudited)	35,505	706,245	9,000	(2,897)	137,878	885,731
At 1 April 2017	35,505	706,245	9,000	-	221,493	972,243
Currency translation differences	-	-	-	(589)	-	(589)
Loss for the period	-	-	-	-	(38,513)	(38,513)
At 30 June 2017 (Unaudited)	35,505	706,245	9,000	(589)	182,980	933,141

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

1. CORPORATE INFORMATION

ZZ Capital International Limited 中植資本國際有限公司 is a limited liability company incorporated on 5 January 2010 in the Cayman Islands 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 registered address and principal place of business of the Company is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands and Suite 5801, Cheung Kong Center, 2 Queen's Road Central, Hong Kong respectively. The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investments holding. Its subsidiaries are principally engaged in investment holding, provision of corporate advisory services, investment advisory and asset management services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2018 (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") 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 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.

3. PRINCIPAL ACCOUNTING POLICIES

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.

Except as described, 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 2018. 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 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

4. REVENUE AND OTHER (LOSS)/INCOME

An analysis of the Group's revenue and other (loss)/income is as follows:

	Three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Corporate advisory income	–	2,209
Investment advisory and management income	–	2,995
Net investment income/(loss)		
Net fair value gain/(loss) on financial assets measured at fair value through profit or loss	586	(4)
	586	5,200
Interest income		
Interest income from financial assets		
— Bank deposits	575	516
Other income and net (loss)/gain		
(Loss)/gain on exchange difference	(5,849)	674
Revenue and other (loss)/income	(4,688)	6,390

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

5. OPERATING SEGMENT INFORMATION

The Group's principal businesses include investment holding, and provision of corporate advisory services, investment advisory and asset management services. 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. During the period, the CODM, taking into account the maturity of the Group's various businesses, its operations and related resources allocation, considers the Group to have two key reportable segments: the provision of corporate advisory services and asset management ("Advisory and AM") and proprietary investments. "Others" 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 the appropriateness of operating segments and reportable segments to be reviewed as the Group's business evolves.

For the three months ended 30 June 2018 (Unaudited):

	Advisory and AM HK\$'000 (Unaudited)	Proprietary investments HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	–	586	–	586
Segment loss before income tax	(149)	(1,383)	(105,552)	(107,084)
Other segment information:				
Interest income	122	–	453	575
Depreciation	–	–	726	726

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

For the three months ended 30 June 2017 (Unaudited):

	Advisory and AM 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

6. INCOME TAX CREDIT

	Three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong Profit Tax		
Current tax	–	–
Under-provision in prior years	6	–
The USA Federal, State and New York City Income Tax		
Current tax	11	–
UK Corporation Tax		
Over-provision in prior years	(2,684)	–
Income tax expense (credit)	(2,667)	–

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

The U.S. Tax Cuts and Jobs Act (the "Act") was enacted into law on 22 December 2017. The Act includes significant changes to the U.S. corporate income tax system that are effective on 1 January 2018, including a reduction of the U.S. corporate income tax rate from 35% to 21%. New York State and New York City tax rates are calculated at 6.5% and 6.5% respectively

The corporation tax rate in the UK is calculated at 19%.

As at 30 June 2018, the Group has tax losses of approximately HK\$444,773,000 (31 March 2018: HK\$343,135,000) incurred by the Company and its subsidiaries which are subject to the approval by the relevant tax authority. The Group has not recognised deferred income tax assets in respect of tax losses that can be carried forward against future taxable income due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share for the First Quarter Fiscal 2018 is based on the unaudited consolidated loss of approximately HK\$104,417,000 attributable to ordinary equity holders of the Company for the First Quarter Fiscal 2018 (2017: loss of HK\$38,513,000) and the weighted average number of 3,550,496,836 shares in issue for the First Quarter Fiscal 2018 (2017: 3,550,496,836 shares).

Diluted loss 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 2018 (2017: diluted loss per share the same as basic loss per share) as there were no potential dilutive ordinary shares outstanding during the First Quarter Fiscal 2018 (2017: Nil).

8. DIVIDENDS

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2018 (2017: Nil).

9. EVENT AFTER THE REPORTING PERIOD

On 11 July 2018, the Company sold its 100% interest in ZZCI Holding (I) Limited, which is a wholly owned subsidiary of the Company, to ACP SSC Bidco (Cayman), Ltd, at a consideration of US\$1,880,000. As ZZCI Holding (I) Limited is a special purpose vehicle holding 94,000 shares in SSC Holdco Limited which was purchased at cost of US\$1,880,000, the disposal of ZZCI Holding (I) Limited resulted no material gain/loss to the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

10. 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 2018.



MANAGEMENT DISCUSSION AND ANALYSIS

Business review

China's gross domestic product grew 6.7% in the First Quarter Fiscal 2018, marginally lower from the 6.8% growth rate in the previous three quarters, and above Beijing's target of growing GDP by 6.5% this year. The modest quarterly slowdown was influenced by the government's multi-year efforts to deleverage the economy and the tensions from the evolving trade disputes with the United States ("US").

China's A-share markets finished the first half of 2018 as the worst performers among the world's major markets, with telecoms and technology stocks, as well as exporters to the US being hit the hardest. The Shanghai Composite Index tumbled 13.9%. In comparison, Hong Kong's Hang Seng Index declined by 3.2%, while the Hang Seng China Enterprises Index lowered by 5.4% as the stocks were buffeted by US interest rate increases, a weakening Hong Kong dollar and negative news flows from China.

In June 2018, Morgan Stanley Capital International ("MSCI") began tracking Chinese companies as part of its emerging markets index. As a result, foreign investors were net buyers with a combined 32 billion yuan (US\$4.83 billion) worth of stocks through the Hong Kong's Stock Connect.

Against such macro uncertainty, we focused our efforts in the First Quarter Fiscal 2018 to downsize our global business and to leverage the China resources and insights of 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*) ("Zhongzhi Capital") while preserving our short-term capital liquidity. For example, we invested into Chinese stocks listed in Hong Kong and the US based on fundamental research and analysis, as well as substantiated the Type 9 asset management business plan by taking into consideration of market maturities and sector cyclicality.

In May 2018, the Company announced the proposed purchase of Alerian in the US by Aretex Capital Partners, LP, hence terminating the original Alerian transaction announced in July 2017. As a result, the termination fee of US\$25 million for non-completion of the original deal was released to the Company, followed by the employment severance of the US and UK teams in June. Details of the transaction were disclosed in the announcement of the Company dated 23 May 2018.

Financial review

During the reporting period, there was no investment advisory and management income (2017: HK\$3.00 million) recorded as the investment and advisory management agreement with Zhongzhi Capital had expired on 31 March 2018. The Group also recorded no corporate advisory income (2017: HK\$2.21 million) during the reporting period.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

A loss on foreign exchange of HK\$5.85 million (2017: gain of HK\$0.67 million) was recorded, mostly driven by the foreign exchange revaluation of the Group's RMB bank balances. An increase in interest income to HK\$0.58 million (2017: HK\$0.52 million) was achieved from treasury management.

As a result, the Group's overall revenue and other (loss)/income resulted to a loss of HK\$4.69 million (2017: income of HK\$6.39 million).

Operating expenses for the First Quarter Fiscal 2018 reached HK\$102.40 million (2017: HK\$44.90 million), representing an increase of 128% over the corresponding period in 2017. The increase was mainly attributable to ascended staff cost of HK\$27.08 million from the one-off staff redundancy and termination programs primarily in the US and UK offices, increased financing cost by HK\$21.51 million from the outcome of the Alerian Unit Purchase Agreement, as well as increased professional fees by HK\$7.42 million from historical investment projects.

With other comprehensive loss of HK\$0.27 million (2017: HK\$0.59 million) derived from currency translation differences, the Group recorded a total comprehensive loss of HK\$104.68 million in the First Quarter Fiscal 2018 (2017: total comprehensive loss of HK\$39.10 million). Basic loss per share for the First Quarter Fiscal 2018 was HK2.94 cents (2017: basic loss per share of HK1.09 cents).

Net assets value as at 30 June 2018 was HK\$885.73 million (31 March 2018: HK\$990.41 million), which was 11% lower than the net assets value as at 31 March 2018.

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2018 (2017: Nil).

Outlook

Given the short-term political and market uncertainties, we expect the general sentiment for investment activities to be subdued for the rest of the fiscal year given the Chinese government's focus on supporting its currency while maintaining financial and market stability. In response, the Company has adjusted its strategy by streamlining its overseas presence, reemphasizing its strategic Hong Kong location and China connectivity, and by diversifying across geographies, sectors, and asset classes. 2018 has been a year of strategic inflection towards a more integrated Greater China-Global approach at a more balanced pace to secure both short-term liquidity and long-term success. With growing investment opportunities in Greater China, especially under the Greater Bay Initiative, the Group will leverage our local knowledge and expertise, to seek business synergies with our domestic and overseas partners.

The Group's strong cash position at approximately HK\$556.03 million as at 30 June 2018 (31 March 2018: HK\$245.26 million) positions us well to weather the macro uncertainties, while broadening of investment activities will diversify our income sources, protect short-term liquidity and enhance profitability and shareholder value. Such strategic adjustments however are by nature subject to market volatility and other risks, which may impact the Group's profitability from time to time.

EVENTS AFTER THE REPORTING PERIOD

The Company entered into a sale and purchase agreement on 11 July 2018 in relation to the disposal of entire interest in ZZCI Holdings (I) Limited, a direct wholly-owned subsidiary of the Company, to independent third party at a consideration of US\$1,880,000. The only investment of ZZCI Holdings (I) Limited is 94,000 shares in SSC Holdco Limited which ZZCI Holdings (I) Limited acquired at US\$1,880,000 on 23 May 2017. For details of the acquisition, please refer to the Company's announcement dated 23 May 2017.

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 2018, 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 2018, 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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, 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

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

Save as disclosed above, as at 30 June 2018, 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 2018.

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

Ms. ZHANG Yun

Name of company	Capacity
Changzhou Jingjiang#	Legal representative and director
常州康邦齊輝投資中心（有限合夥）#	Appointed 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）#	Appointed representative
拉薩元瀚企業管理合夥企業（有限合夥）#	Appointed representative
江陰迅捷企業管理諮詢合夥企業（有限合夥）#	Appointed 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）#	Appointed 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）#	Appointed representative
拉薩迪君企業管理合夥企業（有限合夥）#	Appointed representative
拉薩伯曼企業管理合夥企業（有限合夥）#	Appointed representative
拉薩銳衫企業管理合夥企業（有限合夥）#	Appointed representative
寧波安家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）#	Appointed representative
寧波植利股權投資合夥企業（有限合夥）#	Appointed representative
寧波安家投資管理有限公司#	Legal representative and director
深圳前海力道金融服務有限公司*	Director
寧波京煒投資管理有限公司#	Legal representative and director
江蘇法爾勝股份有限公司	Director

* associate of Zhongzhi Capital

subsidiaries of Zhongzhi Capital

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 2018.

OTHER INFORMATION

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 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 2018

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