



**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

**2016**  
THIRD  
QUARTERLY  
REPORT

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

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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's corporate advisory income for the nine months ended 31 December 2016 amounted to HK\$15.46 million (2015: HK\$23.23 million), attributed to a HK\$5.74 million (2015: HK\$12.67 million) of such income earned during the Third Quarter Fiscal 2016. The drop compared to the corresponding period in 2015 was due to the shift of business focus.
- For investment advisory and management income, the largest revenue component for the nine months ended 31 December 2016, HK\$2.76 million (2015: Nil) was recognised in the Third Quarter Fiscal 2016, accumulating to a total of HK\$191.21 million (2015: Nil) for the nine months ended 31 December 2016. During the reporting period, the Group recorded placing and underwriting income of HK\$1.52 million in both the Third Quarter Fiscal 2016 (2015: HK\$1.51 million) and the nine months ended 31 December 2016 (2015: HK\$2.16 million).
- Net interest income decreased to HK\$1.00 million (2015: HK\$1.33 million) and HK\$1.72 million (2015: HK\$3.40 million) during the Third Quarter Fiscal 2016 and the nine months ended 31 December 2016 respectively due to the disposal of interest earning securities in last financial year ended 31 March 2016. While there was no disposal of fixed assets in the nine months ended 31 December 2016 (2015: HK\$0.15 million), the Group sold its 100% held non-core subsidiary, Well Baly Limited, in December 2016 at a net loss on disposal of subsidiary of HK\$0.34 million (2015: Nil).
- Operating expenses for the Third Quarter Fiscal 2016 and nine months ended 31 December 2016 reached HK\$37.98 million (2015: HK\$9.80 million) and HK\$95.10 million (2015: HK\$21.60 million) respectively. The most substantial changes on operating expenses during the nine months ended 31 December 2016 versus the corresponding period in 2015 included an increase of staff cost at HK\$28.74 million due to the increment in headcount, new recruitment expenses rose by HK\$14.83 million, and the provision for value-added tax and surtax amounted to HK\$12.85 million mostly driven by the investment advisory and management income from Zhongzhi Capital Management. Staff cost remained the largest cost component for the Third Quarter Fiscal 2016, and 44% of the operating expenses for the nine months ended 31 December 2016.
- The Group ended with a total comprehensive loss of HK\$27.54 million (2015: total comprehensive income of HK\$4.93 million) in the Third Quarter Fiscal 2016, and total comprehensive income of HK\$95.38 million (2015: HK\$7.13 million) for the nine months ended 31 December 2016. Basic earnings per share for the nine months ended 31 December 2016 was HK2.69 cents (2015: HK0.49 cent).
- The Group's cash position was HK\$1,042.10 million with no outstanding loan position as at 31 December 2016.
- The Board does not recommend payment of a dividend for the nine months ended 31 December 2016 (2015: 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 2016”) and nine months ended 31 December 2016, together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

|   | Notes | Three months ended<br>31 December |                                 | Nine months ended<br>31 December |                                 |
|---|-------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   |       | 2016<br>HK\$'000<br>(Unaudited)   | 2015<br>HK\$'000<br>(Unaudited) | 2016<br>HK\$'000<br>(Unaudited)  | 2015<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>  | 3     | <b>10,019</b>                     | 14,174                          | <b>208,190</b>                   | 25,386                          |
| Net investment income/(loss)  | 3     | (7)                               | 22                              | (24)                             | 1,528                           |
| Net interest income   | 3     | 994                               | 1,329                           | 1,718                            | 3,395                           |
| Other income and gains/(loss)   | 3     | (293)                             | 150                             | (292)                            | 150                             |
| Revenue and other income  | 3     | <b>10,713</b>                     | 15,675                          | <b>209,592</b>                   | 30,459                          |
| Operating expenses  |       | <b>(37,975)</b>                   | (9,797)                         | <b>(95,096)</b>                  | (21,595)                        |
| <b>Profit/(Loss) before tax</b>   |       | <b>(27,262)</b>                   | 5,878                           | <b>114,496</b>                   | 8,864                           |
| Income tax credit/(expense)   | 5     | (276)                             | (945)                           | (19,121)                         | (1,731)                         |
| <b>Profit/(Loss) for the period</b>   |       | <b>(27,538)</b>                   | 4,933                           | <b>95,375</b>                    | 7,133                           |
| <b>Total comprehensive income/<br/>(loss) for the period</b>                                    |       | <b>(27,538)</b>                   | 4,933                           | <b>95,375</b>                    | 7,133                           |
| <b>Earnings/(Loss) per share<br/>attributable to ordinary<br/>equity holders of the Company</b> | 6     |                                   |                                 |                                  |                                 |
| – Basic (HK cents)  |       | <b>(0.78)</b>                     | 0.34                            | <b>2.69</b>                      | 0.49                            |
| – Diluted (HK cents)  |       | <b>(0.78)</b>                     | 0.33                            | <b>2.69</b>                      | 0.47                            |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the nine months ended 31 December 2016*

|  | Attributable to owners of the Company        |  |   |   |  | Total<br>HK\$'000<br>(Unaudited) |
|--|--|--|---|---|--|----------------------------------|
|  | Issued<br>capital<br>HK\$'000<br>(Unaudited) | Share<br>premium<br>account<br>HK\$'000<br>(Unaudited) | Contributed<br>surplus<br>HK\$'000<br>(Unaudited) | Share<br>option<br>reserve<br>HK\$'000<br>(Unaudited) | Retained<br>profits<br>HK\$'000<br>(Unaudited) |                                  |
| At 1 April 2016  | 35,505                                       | 706,245  | 9,000   | -   | 142,311  | 893,061                          |
| Total comprehensive income<br>for the period   | -  | -  | -   | -   | 95,375   | 95,375                           |
| <b>At 31 December 2016 (Unaudited)</b>   | <b>35,505</b>                                | <b>706,245</b>   | <b>9,000</b>                                      | <b>-</b>  | <b>237,686</b>                                 | <b>988,436</b>                   |
| At 1 April 2015  | 14,515                                       | 69,464   | 9,000   | 7,969   | 29,256   | 130,204                          |
| Total comprehensive income<br>for the period   | -  | -  | -   | -   | 7,133  | 7,133                            |
| Allotment of new shares pursuant to<br>pre-IPO share option scheme<br>adopted on 7 June 2010 | 26   | 816  | -   | (323)   | -  | 519                              |
| Equity-settled share option<br>arrangements  | -  | -  | -   | 305   | -  | 305                              |
| At 31 December 2015 (Unaudited)  | 14,541                                       | 70,280   | 9,000   | 7,951   | 36,389   | 138,161                          |

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

31 December 2016

### 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 investment holding. The subsidiaries are principally engaged in the provision of corporate advisory services and related activities, as well as investment in various types of assets. In furtherance of the Group’s business activities, a subsidiary of the Company has obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly financial statements for the nine months ended 31 December 2016 (the “Third 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 (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

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 annual financial statements for the fifteen months ended 31 March 2016. 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 Group’s audited annual financial statements for the period ended 31 March 2016.

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 Third Quarterly Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The Third Quarterly Financial Statements are presented in Hong Kong dollars (“HK\$”), which is also the Group’s functional currency. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

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

### 3. REVENUE AND OTHER INCOME

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

|   | Three months ended |               | Nine months ended |               |
|---|--------------------|---------------|-------------------|---------------|
|   | 31 December        |               | 31 December       |               |
|   | 2016               | 2015          | 2016              | 2015          |
|   | HK\$'000           | HK\$'000      | HK\$'000          | HK\$'000      |
|   | (Unaudited)        | (Unaudited)   | (Unaudited)       | (Unaudited)   |
| <b>Revenue</b>  |                    |               |                   |               |
| Corporate advisory income   | 5,743              | 12,669        | 15,461            | 23,231        |
| Placing and underwriting<br>income/arrangement fee  | 1,518              | 1,505         | 1,518             | 2,155         |
| Investment advisory and management<br>income  | 2,758              | –             | 191,211           | –             |
|   | <u>10,019</u>      | <u>14,174</u> | <u>208,190</u>    | <u>25,386</u> |
| <b>Net investment income/(loss)</b>   |                    |               |                   |               |
| Net fair value gain/(loss) on financial assets<br>measured at fair value through profit or<br>loss          | (7)                | 22            | (28)              | 1,348         |
| Realised gain on financial assets measured<br>at fair value through profit or loss and<br>other investments | –                  | –             | –                 | 180           |
| Dividend income   | –                  | –             | 4                 | –             |
|   | <u>(7)</u>         | <u>22</u>     | <u>(24)</u>       | <u>1,528</u>  |
| <b>Net interest income</b>  |                    |               |                   |               |
| Interest income from financial assets   |                    |               |                   |               |
| – Bank deposits   | 994                | 182           | 1,718             | 682           |
| – Listed investments  | –                  | –             | –                 | 43            |
| – Loans receivables   | –                  | 1,147         | –                 | 2,670         |
|   | <u>994</u>         | <u>1,329</u>  | <u>1,718</u>      | <u>3,395</u>  |
| <b>Other income and gains/(loss)</b>  |                    |               |                   |               |
| Gain on disposal of plant and equipment   | –                  | 150           | –                 | 150           |
| Gain on exchange difference   | 48                 | –             | 49                | –             |
| Loss on disposal of a subsidiary  | (341)              | –             | (341)             | –             |
|   | <u>(293)</u>       | <u>150</u>    | <u>(292)</u>      | <u>150</u>    |
| <b>Revenue and other income</b>   | <u>10,713</u>      | <u>15,675</u> | <u>209,592</u>    | <u>30,459</u> |

#### 4. OPERATING SEGMENT INFORMATION

The Group's principal businesses are in the provision of corporate advisory services and related activities, investment advisory and management services, as well as making alternative investments globally. Information reported herewith is focused on the operating results of the Group as a whole, whereby the Group's resources are integrated and deployed optimally. Accordingly, no operating segment analysis is presented.

#### 5. INCOME TAX CREDIT/(EXPENSE)

While Hong Kong profits tax has been provided at the rate of 16.5% for the three months and nine months ended 31 December 2015, no Hong Kong profits tax has been provided for the three months and nine months ended 31 December 2016 due to the estimated tax losses made for the three months and nine months ended 31 December 2016. 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<br>31 December |                                 | Nine months ended<br>31 December |                                 |
|--|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2016<br>HK\$'000<br>(Unaudited)   | 2015<br>HK\$'000<br>(Unaudited) | 2016<br>HK\$'000<br>(Unaudited)  | 2015<br>HK\$'000<br>(Unaudited) |
| Current tax  |                                   |                                 |                                  |                                 |
| Provision for the period                           | (276)                             | (996)                           | (19,121)                         | (1,696)                         |
| Adjustments in respect of prior periods            | -                                 | -                               | -                                | (238)                           |
| Total current tax                                  | (276)                             | (996)                           | (19,121)                         | (1,934)                         |
| Deferred tax                                       |                                   |                                 |                                  |                                 |
| Origination and reversals of temporary differences | -                                 | 51                              | -                                | 203                             |
|  | (276)                             | (945)                           | (19,121)                         | (1,731)                         |

There was no significant unprovided deferred tax for the relevant periods.

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

The calculations of basic earnings/loss per share for the three months and nine months ended 31 December 2016 are based on the unaudited consolidated loss of HK\$27,538,000 and profits of HK\$95,375,000 attributable to ordinary equity holders of the Company for the three months and nine months ended 31 December 2016 respectively (three months and nine months ended 31 December 2015: unaudited consolidated profits of HK\$4,933,000 and HK\$7,133,000 respectively) and the weighted average number of 3,550,496,836 shares in issue for each of the three months and nine months ended 31 December 2016 respectively (three months and nine months ended 31 December 2015: 1,453,744,348 shares and 1,452,277,455 shares respectively).

Diluted earnings/loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. There is no adjustment made to the weighted average number of ordinary shares for the three months and nine months ended 31 December 2016, the basic earnings/loss per share is therefore the same as the diluted earnings/loss per share for the three months and nine months ended 31 December 2016 respectively.



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

The calculations of diluted earnings per share for the three months and nine months ended 31 December 2015 are based on the unaudited consolidated profits of HK\$4,933,000 and HK\$7,133,000 attributable to ordinary equity holders of the Company for the three months and nine months ended 31 December 2015 respectively and the adjusted weighted average number of 1,519,740,000 shares in issue for each of the three months and nine months ended 31 December 2015 respectively.

## 7. DISPOSAL OF A SUBSIDIARY

On 9 December 2016, Asian Capital (Corporate Finance) Limited (“Asian Capital (Corporate Finance)”), a wholly-owned subsidiary of the Group, and Master Link Assets Limited (“Master Link”), a related party to the Group, entered into a sale and purchase agreement of which Asian Capital (Corporate Finance) disposed of its 100% held non-core subsidiary without business activities, known as Well Baly Limited, to Master Link at a total consideration of HK\$520,000. Such disposal resulted in a loss of HK\$341,198 on the Group’s unaudited consolidated statement of comprehensive income for the Third Quarter Fiscal 2016.

## 8. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2016 (2015: Nil).

## 9. 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 8 February 2017.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business review

While China’s gross domestic product growth increased slightly to 6.8% in the Third Quarter Fiscal 2016 (up from 6.7% in the previous quarter), the new Trump regime in the U.S. casts a cloud of uncertainty over the short-term outlook for Sino-U.S. relationship. The Third Quarter Fiscal 2016 was also marked by a significant deceleration of China outbound mergers and acquisitions (“M&A”) activity, which coincided with Renminbi falling to its lowest level in nearly eight-and-a-half years and the Chinese authorities imposing restrictions on outbound investments to curb capital outflow. In Hong Kong, the Hang Seng index ended down 5.6% versus the previous quarter.

Against this backdrop, we continued our efforts in the Third Quarter Fiscal 2016 to build out our internal and external execution capabilities in Hong Kong, London, New York, and Tel Aviv, formulated and communicated our investment strategies and processes, appointed the Head of Compliance based in Hong Kong, and upgraded our global email system for better communication and productivity. In addition, we have been in discussions with institutional partners to explore ways to secure and expand our offshore funding sources.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Financial review

The Group's corporate advisory income for the nine months ended 31 December 2016 amounted to HK\$15.46 million (2015: HK\$23.23 million), attributed to a HK\$5.74 million (2015: HK\$12.67 million) of such income earned during the Third Quarter Fiscal 2016. The drop compared to the corresponding period in 2015 was due to the shift of business focus from corporate advisory to alternative investments and overseas M&A.

For investment advisory and management income, the largest revenue component for the nine months ended 31 December 2016, HK\$2.76 million (2015: Nil) was recognised in the Third Quarter Fiscal 2016, accumulating to a total of HK\$191.21 million (2015: Nil) for the nine months ended 31 December 2016. During the reporting period, the Group recorded placing and underwriting income of HK\$1.52 million in both the Third Quarter Fiscal 2016 (2015: HK\$1.51 million) and the nine months ended 31 December 2016 (2015: HK\$2.16 million).

Net interest income decreased to HK\$1.00 million (2015: HK\$1.33 million) and HK\$1.72 million (2015: HK\$3.40 million) during the Third Quarter Fiscal 2016 and the nine months ended 31 December 2016 respectively due to the disposal of interest earning securities in last financial year ended 31 March 2016. While there was no disposal of fixed assets in the nine months ended 31 December 2016 (2015: HK\$0.15 million), the Group sold one of its wholly-owned non-core subsidiaries, Well Baly Limited, in December 2016 at a net loss on disposal of subsidiary of HK\$0.34 million (2015: Nil).

Accordingly, the Group's overall revenue and other income reached HK\$10.71 million (2015: HK\$15.68 million) for the Third Quarter Fiscal 2016, and HK\$209.59 million (2015: HK\$30.46 million) for the nine months ended 31 December 2016.

Operating expenses for the Third Quarter Fiscal 2016 and nine months ended 31 December 2016 reached HK\$37.98 million (2015: HK\$9.80 million) and HK\$95.10 million (2015: HK\$21.60 million) respectively. As the Company continued to develop its global investment execution capacity, costs rose significantly for the Third Quarter Fiscal 2016 and nine months ended 31 December 2016 versus the corresponding period in 2015. The types of operating expenses, which elevated the most during the nine months ended 31 December 2016, included staff cost increase of HK\$28.74 million due to the increment in headcount, recruitment expenses for new hires rose by HK\$14.83 million, and provision for value-added tax and surtax amounted to HK\$12.85 million mostly driven by the investment advisory and management income from 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited\*) ("Zhongzhi Capital Management"). Staff cost remained the largest cost component for the Third Quarter Fiscal 2016, and 44% of the operating expenses for the nine months ended 31 December 2016.

The Group ended with a total comprehensive loss of HK\$27.54 million (2015: total comprehensive income of HK\$4.93 million) in the Third Quarter Fiscal 2016, and total comprehensive income of HK\$95.38 million (2015: HK\$7.13 million) for the nine months ended 31 December 2016. Basic earnings per share for the nine months ended 31 December 2016 was HK2.69 cents (2015: HK0.49 cent).

\* For identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Financial review (Continued)

With the Group's cash position around HK\$1,042.10 million with no outstanding loan position as at 31 December 2016, we will continue to identify and pursue global investment opportunities in various types of assets and geographies.

The Board does not recommend payment of a dividend for the nine months ended 31 December 2016 (2015: Nil).

### Outlook

While the Chinese authorities' restrictions on outbound capital flow have certainly dampened overall outbound M&A activities in the region, we continued our evaluations of a number of potential investment opportunities around the world during the Third Quarter Fiscal 2016 which had positioned us for a strong start in January 2017. However, 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 in November 2017 (which is held every five years) as well as the uncertainty lingering from the new Trump regime in the U.S.

The Group's strong cash position at approximately HK\$1,042.10 million as at 31 December 2016 positions us well for global investment execution in 2017, which will strengthen and diversify our income sources, enhance long-term profitability and shareholder value. Such investment and underwriting activities however are by nature subject to market volatility and other risks, which may impact the Group's profitability from time to time.

## SHARE OPTION SCHEME

The principal terms of the share option scheme adopted by the Company on 7 June 2010 (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 rewards for their contributions to the Group.

During the Third Quarter Fiscal 2016, 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 2016, 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.

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

As at 31 December 2016, 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<br>("Jinhui") (Note 1)  | Beneficial owner                   | 1,823,282,102         | 51.35%  |
| Zhongzhi Capital (HK) Company Limited ("Zhongzhi Capital (HK)") (Note 1)   | Interest of controlled corporation | 1,823,282,102         | 51.35%  |
| 深圳前海中植金輝投資管理合夥企業(有限合夥)<br>(Shenzhen Qianhai Zhongzhi Jinhui Investment Management Partnership Enterprise (Limited Partnership*))<br>("Shenzhen Zhongzhi")<br>(Notes 1 and 3) | Interest of controlled corporation | 1,823,282,102         | 51.35%  |
| 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)<br>(Notes 2 and 3)  | Interest of controlled corporation | 455,820,525           | 12.84%  |
| 西藏康邦勝博投資有限公司<br>(Tibet Kangbang Sheng Bo Investment Company Limited*)<br>("Tibet Kangbang") (Note 3)   | Interest of controlled corporation | 2,279,102,627         | 64.19%  |
| 常州京江資本管理有限公司<br>(Changzhou Jingjiang Capital Management Company Limited*)<br>("Changzhou Jingjiang")<br>(Note 3)   | Interest of controlled corporation | 2,279,102,627         | 64.19%  |

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

### Long positions in shares of the Company (Continued)

| Name of shareholder                   | Capacity                           | Number of shares held | Approximate percentage of shareholding in the Company |
|---------------------------------------|------------------------------------|-----------------------|---|
| Zhongzhi Capital Management (Note 3)  | Interest of controlled corporation | 2,279,102,627         | 64.19%  |
| 中海晟融 (北京) 資本管理有限公司 (Note 3)           | Interest of controlled corporation | 2,279,102,627         | 64.19%  |
| 中海晟豐 (北京) 資本管理有限公司 (Note 3)           | Interest of controlled corporation | 2,279,102,627         | 64.19%  |
| Mr. XIE Zhikun ("Mr. Xie") (Note 3)   | Interest of controlled corporation | 2,279,102,627         | 64.19%  |
| Mr. YEUNG Kai Cheung Patrick          | Beneficial owner                   | 10,000,000            | 0.28%   |
| Master Link Assets Limited (Note 4)   | Beneficial owner                   | 326,270,000           | 9.19%   |
| Mr. YEUNG Kai Cheung Patrick (Note 4) | Interest of controlled corporation | 326,270,000           | 9.19%   |

#### 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 1,823,282,102 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 Management 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 99.8% 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 Management, 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 2,279,102,627 shares of the Company held by Jinhui and Kang Bang by virtue of the SFO.
- Master Link Assets Limited is an investment holding company, the entire issued share capital of which is wholly and beneficially owned by Mr. YEUNG Kai Cheung Patrick.

\* For identification purpose only

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

### Long positions in shares of the Company *(Continued)*

Save as disclosed above, as at 31 December 2016, 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 Third Quarter Fiscal 2016.

## 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 Management 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*

| <b>Name of company</b>      | <b>Capacity</b>                   |
|-----------------------------|-----------------------------------|
| Zhongzhi Capital Management | Legal representative and director |
| Shenzhen Zhongzhi           | Legal representative              |

*Ms. ZHANG Yun*

| <b>Name of company</b> | <b>Capacity</b>                    |
|------------------------|------------------------------------|
| 常州康邦齊輝投資中心(有限合夥)       | Representative of Managing Partner |
| 常州康成企業管理諮詢有限公司         | Legal representative and director  |

Zhongzhi Capital Management, through its wholly-owned subsidiaries, Jinhui and Kang Bang, indirectly owns a 64.19% interest in the Company and is the controlling shareholder of the Company. Zhongzhi Capital Management's key services 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 31 December 2016.

## 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 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.

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

Hong Kong, 8 February 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 and Ms. ZHANG Yun; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. Edouard MERETTE and Mr. ZHANG Weidong.*