



**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

**2019**

First Quarterly Report



This report is printed on environmentally friendly paper

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

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

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

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*This report, for which the directors (the “Directors”) of ZZ Capital International Limited 中植資本國際有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## HIGHLIGHTS

- For the First Quarter Fiscal 2019, corporate advisory income and interest income from lending business of HK\$2.64 million (2018: nil) and HK\$0.37 million (2018: nil) were recognised respectively.
- There was a net investment loss on financial assets of approximately HK\$1.27 million for the First Quarter Fiscal 2019 (2018: income of HK\$0.59 million).
- Interest income from bank deposits increased to approximately HK\$3.52 million (2018: HK\$0.58 million). Net exchange loss of HK\$7.29 million was recognised for the First Quarter Fiscal 2019 (2018: HK\$5.85 million), mostly driven by the foreign exchange revaluation of the Group's Renminbi ("RMB") bank balances.
- Operating expenses for the First Quarter Fiscal 2019 significantly decreased to HK\$9.24 million (2018: HK\$102.40 million). The major expenses components were staff cost of HK\$5.01 million (2018: HK\$53.36 million), rental expenses of HK\$1.11 million (2018: HK\$12.42 million) and professional fee of HK\$1.62 million (2018: HK\$10.26 million). The decrease was mainly attributable to significant reduction in staff cost, rental expenses and professional fee after the one-off staff redundancy and termination programs primarily in the US and UK offices in 2018.
- Total comprehensive loss of HK\$10.92 million was recognised for the First Quarter Fiscal 2019 (2018: HK\$104.68 million). Basic loss per share for the First Quarter Fiscal 2019 was HK\$0.32 cent (2018: HK2.94 cents).
- Net assets value as at 30 June 2019 was HK\$694.23 million (31 March 2019: HK\$705.18 million).
- The Board does not recommend payment of a dividend for the First Quarter Fiscal 2019 (2018: Nil).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

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 2019 (the "First Quarter Fiscal 2019"), together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

|  | Notes | Three months ended 30 June      |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2019<br>HK\$'000<br>(Unaudited) | 2018<br>HK\$'000<br>(Unaudited) |
| Revenue  |       |                                 |                                 |
| Corporate advisory income  | 4     | 2,638                           | —                               |
| Loan interest income   | 4     | 366                             | —                               |
| Total revenue  | 4     | 3,004                           | —                               |
| Net investment (loss) income   | 5     | (1,273)                         | 586                             |
| Interest income  | 5     | 3,520                           | 575                             |
| Other losses   | 5     | (7,286)                         | (5,849)                         |
| Operating expenses   |       | (9,235)                         | (102,396)                       |
| <b>Loss before tax</b>   |       | <b>(11,270)</b>                 | (107,084)                       |
| Income tax (expense) credit  | 6     | (1)                             | 2,667                           |
| <b>Loss for the period</b>   |       | <b>(11,271)</b>                 | (104,417)                       |
| <b>Other comprehensive gain (loss):</b>                                      |       |                                 |                                 |
| Item that may be subsequently reclassified to profit or loss:                |       |                                 |                                 |
| Exchange differences arising on translation of Foreign operations            |       | 347                             | (266)                           |
| <b>Other comprehensive income (loss) for the period</b>                      |       | <b>347</b>                      | (266)                           |
| <b>Total comprehensive loss for the period</b>                               |       | <b>(10,924)</b>                 | (104,683)                       |
| <b>Loss per share attributable to ordinary equity holders of the Company</b> |       |                                 |                                 |
| — Basic (HK cents)   |       | (0.32)                          | (2.94)                          |
| — Diluted (HK cents)   |       | (0.32)                          | (2.94)                          |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

|   | Attributable to owners of the Company       |   |   |   |  | Total<br>HK\$'000<br>(Unaudited) |
|---|---|---|---|---|--|----------------------------------|
|   | Share<br>capital<br>HK\$'000<br>(Unaudited) | Share<br>premium<br>HK\$'000<br>(Unaudited) | Contributed<br>surplus<br>HK\$'000<br>(Unaudited) | Translation<br>reserve<br>HK\$'000<br>(Unaudited) | Retained<br>profits<br>HK\$'000<br>(Unaudited) |                                  |
| At 1 April 2019                                   | 35,505                                      | 706,245                                     | 9,000   | (3,154)   | (42,414)                                       | 705,182                          |
| Adjustments on initial<br>application of HKFRS 16 | -   | -   | -   | -   | (30)   | (30)                             |
| Other comprehensive<br>income for the period      | -   | -   | -   | 347   | -  | 347                              |
| Loss for the period                               | -   | -   | -   | -   | (11,271)                                       | (11,271)                         |
| <b>At 30 June 2019<br/>(Unaudited)</b>            | <b>35,505</b>                               | <b>706,245</b>                              | <b>9,000</b>                                      | <b>(2,807)</b>                                    | <b>(53,715)</b>                                | <b>694,228</b>                   |
| At 1 April 2018                                   | 35,505                                      | 706,245                                     | 9,000   | (2,631)   | 242,295  | 990,414                          |
| Other comprehensive<br>loss for the period        | -   | -   | -   | (266)   | -  | (266)                            |
| Loss for the period                               | -   | -   | -   | -   | (104,417)                                      | (104,417)                        |
| <b>At 30 June 2018<br/>(Unaudited)</b>            | <b>35,505</b>                               | <b>706,245</b>                              | <b>9,000</b>                                      | <b>(2,897)</b>                                    | <b>137,878</b>                                 | <b>885,731</b>                   |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

### 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 11/F., 8 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, proprietary investments and money lending.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 (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 2019. 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 2019.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

### 4. OPERATING SEGMENT INFORMATION

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, who allocates resources and assess performance based on the consolidated financial information for the entire business, considers the Group operates only in the provision of corporate advisory services and loan financing services. Information reported to the CODM for the purposes of resource allocation and assessment focuses on revenue analysis by services provided. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, the Group does not present separate segment information other than entity-wide disclosures, major customers and geographic information.

The Group does not have any plan for investing in alternative investments opportunities in the current period.

Revenue represents the net amounts received and receivable for the provision of corporate advisory services and loan financing services.

An analysis of the Group’s revenue from major services are as follows:

|                           | Three months ended 30 June |             |
|---------------------------|----------------------------|-------------|
|                           | 2019                       | 2018        |
|                           | HK\$’000                   | HK\$’000    |
|                           | (Unaudited)                | (Unaudited) |
| Corporate advisory income | 2,638                      | –           |
| Loan interest income      | 366                        | –           |
|                           | <b>3,004</b>               | –           |

All services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

### 5. NET INVESTMENT (LOSS) INCOME/INTEREST INCOME/OTHER LOSSES

An analysis of the Group's net investment (loss) income, interest income and other losses is as follows:

|   | <b>Three months ended 30 June</b> |             |
|---|-----------------------------------|-------------|
|   | <b>2019</b>                       | 2018        |
|   | <b>HK\$'000</b>                   | HK\$'000    |
|   | <b>(Unaudited)</b>                | (Unaudited) |
| <b>Net investment (loss) income</b>   |                                   |             |
| Net fair value (loss) gain on financial assets measured at<br>fair value through profit or loss | <b>(1,273)</b>                    | 586         |
| <b>Interest income</b>  |                                   |             |
| Interest income from financial assets<br>— Bank deposits  | <b>3,520</b>                      | 575         |
| <b>Other losses</b>   |                                   |             |
| Loss on exchange difference   | <b>(7,286)</b>                    | (5,849)     |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

### 6. INCOME TAX CREDIT

|   | <b>Three months ended 30 June</b> |             |
|---|-----------------------------------|-------------|
|   | <b>2019</b>                       | 2018        |
|   | <b>HK\$'000</b>                   | HK\$'000    |
|   | <b>(Unaudited)</b>                | (Unaudited) |
| Hong Kong Profit Tax                                |                                   |             |
| Under-provision in prior year                       | –                                 | 6           |
| PRC Enterprise Income Tax                           |                                   |             |
| Under-provision in prior year                       | 1                                 | –           |
| The USA Federal, State and New York City Income Tax |                                   |             |
| Current tax   | –                                 | 11          |
| UK Corporation Tax                                  |                                   |             |
| Over-provision in prior year                        | –                                 | (2,684)     |
| Income tax expense (credit)                         | 1                                 | (2,667)     |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

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%. The Directors considered the Act has no significant impact to the consolidated financial statements.

The corporation tax rate in the UK is 19% for both years.

As at 30 June 2019, the Group has tax losses of approximately HK\$541,756,000 (31 March 2019: HK\$526,966,000) incurred by the Company and its subsidiaries which are subject to the approval by the relevant tax authority. No deferred tax has been recognised in respect of tax losses 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 2019 is based on the unaudited consolidated loss of approximately HK\$11,271,000 attributable to ordinary equity holders of the Company for the First Quarter Fiscal 2019 (2018: loss of HK\$104,417,000) and the weighted average number of 3,550,496,836 shares in issue for the First Quarter Fiscal 2019 (2018: 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 2019 (2018: 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 2019 (2018: Nil).

### **8. DIVIDENDS**

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2019 (2018: Nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*30 June 2019*

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

The First Quarterly Financial Statements were approved and authorised for issue by the Board on 12 August 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Under the background of Sino-US trade friction, the PRC's GDP grew by 6.4% in the first quarter of 2019, by 6.2% in the second quarter, and by 6.3% in the first half of the year which were slowed down as expected. It is expected that Sino-US trade friction would be continuous and will not end in the short term. There are still many uncertainties for the PRC's economic in the second half of 2019.

Although the PRC's A-share market and the Hong Kong Hang Seng Index turned to an upswing trend in the first half of 2019, the Shanghai Composite Index and the Shenzhen Component Index rose 19.45% and 26.78% respectively, and the Hang Seng Index and the Hang Seng China Enterprises Index have risen 10.43% and 7.48% respectively during the first half of the year. The social instability in Hong Kong may bring more uncertainties to A-shares and Hong Kong stocks in the second half of the year as a continuous escalation for the protectionist trade policies in the USA.

Under this macro background, the Group focused on the PRC and Hong Kong markets in the First Quarter Fiscal 2019, and is committed to developing its corporate advisory, corporate financing, investment advisory and asset management businesses. The Group is devoting itself to achieving a better business development, increasing the intensity of talent introduction and optimizing the talent structure. We had three new institutional clients in the First Quarter Fiscal 2019 and recorded a relevant business revenue of HK\$2.64 million. The Group will continue to seek high-quality customers and provide professional services in investment advisory, corporate advisory, corporate financing, asset management and other fields.

In relation to the announcement dated 8 March 2019 of the Company, Geoswift Holding Limited (the "Borrower") was unable to repay the principal amount with interest in the sum of approximately US\$34.10 million (equivalent to approximately HK\$267.69 million) on 7 March 2019. In the 2018/19 Annual Report of the Company, the Company has disclosed that the Group received US\$300,000 from the Borrower as partial repayment of the loan on 19 June 2019. The Company will attempt to further negotiate with the Borrower in relation to the repayment arrangement in respect of the remaining balance of the loan and the interest accrued thereon. Further announcement(s) will be made to follow up the details as and when appropriate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the First Quarter Fiscal 2019, corporate advisory income and interest income from lending business of HK\$2.64 million (2018: nil) and HK\$0.37 million (2018: nil) were recognised respectively.

There was a net investment loss on financial assets of approximately HK\$1.27 million for the First Quarter Fiscal 2019 (2018: income of HK\$0.59 million).

Interest income from bank deposits increased to approximately HK\$3.52 million (2018: HK\$0.58 million). Net exchange loss of HK\$7.29 million was recognised for the First Quarter Fiscal 2019 (2018: HK\$5.85 million), mostly driven by the foreign exchange revaluation of the Group's Renminbi ("RMB") bank balances.

Operating expenses for the First Quarter Fiscal 2019 significantly decreased to HK\$9.24 million (2018: HK\$102.40 million). The major expenses components were staff cost of HK\$5.01 million (2018: HK\$53.36 million), rental expenses of HK\$1.11 million (2018: HK\$12.42 million) and professional fee of HK\$1.62 million (2018: HK\$10.26 million). The decrease was mainly attributable to significant reduction in staff cost, rental expenses and professional fee after the one-off staff redundancy and termination programs primarily in the US and UK offices in 2018.

Total comprehensive loss of HK\$10.92 million was recognised for the First Quarter Fiscal 2019 (2018: HK\$104.68 million). Basic loss per share for the First Quarter Fiscal 2019 was HK\$0.32 cent (2018: HK2.94 cents).

Net assets value as at 30 June 2019 was HK\$694.23 million (31 March 2019: HK\$705.18 million).

The Board does not recommend payment of a dividend for the First Quarter Fiscal 2019 (2018: Nil).

### OUTLOOK

Under the general circumstances that the economic growth in the PRC is slowing, Sino-US trade friction is not over, and the social environment in Hong Kong is turbulent, the Company expects that there are certain uncertainties in business opportunities for corporate advisory, corporate financing, asset management and other professional fields in the second quarter. Therefore, in addition to the continuous development of investment advisory, corporate advisory, corporate financing, asset management and other operations, the Group will strive to seek high-quality assets and explore the feasibility of diversified development of the Group as well.

## OTHER INFORMATION

### **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 2019, 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 2019, 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 2019, 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 |
|--|------------------------------------|-----------------------|---|
| Zhong Zhi Xin Zhou Capital Company Limited<br>("ZZXZ") (Note 1)  | Beneficial owner                   | 2,159,552,102         | 60.82%  |
| Jinhui Capital Company Limited ("Jinhui")<br>(Note 1)  | Interest of controlled corporation | 2,159,552,102         | 60.82%  |
| Zhongzhi Capital (HK) Company Limited<br>("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<br>(有限合夥) (Shenzhen Qianhai Zhongzhi<br>Jinhui Investment Management Partnership<br>Enterprise (Limited Partnership)*)<br>("Shenzhen Zhongzhi") (Notes 1 and 3) | Interest of controlled corporation | 2,159,552,102         | 60.82%  |
| Kang Bang Qi Hui (HK) Company Limited<br>("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%  |

## OTHER INFORMATION

| Name of shareholder   | Capacity   | Number of shares held | Approximate percentage of shareholding in the Company |
|---|--|-----------------------|---|
| 西藏康邦勝博企業管理有限公司<br>(Tibet Kangbang Sheng Bo Business Management Company Limited*)<br>("Tibet Kangbang") (Note 3) | Interest of controlled corporation                         | 2,615,372,627         | 73.66%  |
| 常州京江資本管理有限公司 (Changzhou Jingjiang Capital Management Company Limited*) ("Changzhou Jingjiang")<br>(Note 3)      | Interest of controlled corporation                         | 2,615,372,627         | 73.66%  |
| 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*)<br>("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%  |
| Mr. LONG Rui Ming John ("Mr. Long")<br>(Note 4)   | Security interest in shares through controlled corporation | 2,615,372,627         | 73.66%  |
| Precious Elite Investments Limited<br>("Precious Elite") (Note 4)   | Security interest in shares through controlled corporation | 2,615,372,627         | 73.66%  |
| Crystal Wise Investments Limited<br>("Crystal Wise") (Note 4)   | Security interest in shares through controlled corporation | 2,615,372,627         | 73.66%  |
| Jing Gang Properties Resources Development Company ("Jing Gang") (Note 4)                                       | Security interest in shares                                | 2,615,372,627         | 73.66%  |

\* For identification purposes only

## OTHER INFORMATION

*Notes:*

1. ZZXZ is a wholly-owned subsidiary of Jinhui and Jinhui is a wholly-owned subsidiary of Zhongzhi Capital (HK), which in turn is wholly-owned by Shenzhen Zhongzhi. As such, each of ZZXZ, 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.
2. 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.
3. 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.
4. On 17 April 2019, ZZXZ and Kang Bang executed share charge with respect to an aggregate of 2,615,372,627 shares of the Company in favour of Jing Gang pursuant to a facility agreement whereby Jing Gang has agreed to make available to Jinhui a term loan facility. Jing Gang is a wholly-owned subsidiary of Crystal Wise, which in turn is wholly-owned by Precious Elite. Precious Elite is beneficially owned by Mr. Long and therefore Mr. Long is deemed to be interested in an aggregate of 2,615,372,627 shares of the Company held by Jing Gang by virtue of the SFO.

Save as disclosed above, as at 30 June 2019, 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.

## OTHER INFORMATION

### 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 2019.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Ms. DUAN Di and Ms. ZHANG Yun, executive Directors up until the date of this announcement, 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**

| <b>Name of company</b>              | <b>Capacity</b>                               |
|-------------------------------------|---|
| Zhongzhi Capital<br>深圳前海力道金融服務有限公司* | Legal representative and director<br>Director |

#### **Ms. ZHANG Yun**

| <b>Name of company</b>                    | <b>Capacity</b>   |
|---|---|
| Changzhou Jingjiang#<br>常州康邦齊輝投資中心(有限合夥)# | Legal representative and director<br>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                             |
| 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                             |
| 深圳鑫創企業管理有限公司#                             | 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                                      |
| 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

## OTHER INFORMATION

Zhongzhi Capital, through its wholly-owned subsidiaries, ZZXZ 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 2019.

### 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, 12 August 2019

*As at the date of this Report, the executive Directors are Ms. DUAN Di (Chairman) and Ms. ZHANG Yun (Chief Executive Officer); the non-executive Director is Mr. FU Chi King Johnson; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong and Mr. ZHANG Longgen.*