



**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

Third 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

- In the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018, the Group recorded investment advisory and management fee income of HK\$0.48 million (2017: HK\$224.94 million) and HK\$0.48 million (2017: HK\$232.58 million) respectively.
- During the nine months ended 31 December 2018, no corporate advisory income (2017: HK\$16.15 million) was recognised.
- In the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018, there were a net exchange gain of HK\$2.08 million (2017: loss of HK\$0.38 million) and loss of HK\$13.59 million (2017: gain of HK\$1.13 million) respectively, mostly driven by the foreign exchange revaluation of the Group's RMB bank balances.
- As a result, the Group's overall revenue and other loss resulted to a loss of HK\$8.01 million for the nine months ended 31 December 2018 (2017: income of HK\$250.72 million).
- Operating expenses for the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018 were HK\$34.89 million (2017: HK\$62.39 million) and HK\$176.05 million (2017: HK\$166.67 million) respectively. The decrease in operating expenses for the Third Quarter Fiscal 2018 was mainly attributable to significant reduction in professional fee and staff cost after the one-off staff redundancy and termination programs in the US and UK offices of the Group. Staff cost and rental expenses represented the largest two expense components for the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018.
- For the nine months ended 31 December 2018, income tax credit was HK\$2.64 million (2017: expense of HK\$1.34 million) while the post-tax loss was HK\$181.42 million (2017: profit of HK\$82.71 million).
- The Group recorded total comprehensive loss of HK\$38.41 million (2017: income of HK\$163.34 million) for the Third Quarter Fiscal 2018 and HK\$181.81 million (2017: income of HK\$81.13 million) for the nine months ended 31 December 2018 respectively. Basic loss per share for the nine months ended 31 December 2018 was HK5.11 cents (2017: earnings of HK2.33 cents).
- The Board does not recommend payment of a dividend for the nine months ended 31 December 2018 (2017: Nil).

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 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 (the "Third Quarter Fiscal 2018") and nine months ended 31 December 2018, together with the comparative unaudited figures for the corresponding periods in 2017, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2018

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	(861)	226,214	6,551	248,740
Interest income	4	2,684	164	6,219	849
Other income and net (loss)/gain	4	(5,077)	(381)	(20,779)	1,128
Revenue and other (loss)/income	4	(3,254)	225,997	(8,009)	250,717
Operating expenses		(34,892)	(62,390)	(176,052)	(166,669)
<b>(Loss)/Profit before tax</b>		<b>(38,146)</b>	163,607	<b>(184,061)</b>	84,048
Income tax (expense)/credit	6	(22)	(66)	2,637	(1,341)
<b>(Loss)/Profit for the period</b>		<b>(38,168)</b>	163,541	<b>(181,424)</b>	82,707
<b>Other comprehensive loss:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(237)	(202)	(390)	(1,578)
<b>Total comprehensive (loss)/income for the period</b>		<b>(38,405)</b>	163,339	<b>(181,814)</b>	81,129
<b>(Loss)/Earnings per share attributable to ordinary equity holders of the Company</b>	7				
— Basic (HK cents)		(1.07)	4.61	(5.11)	2.33
— Diluted (HK cents)		(1.07)	4.61	(5.11)	2.33

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company					
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2018	35,505	706,245	9,000	(2,631)	242,295	990,414
Loss for the period	-	-	-	-	(181,424)	(181,424)
Other comprehensive loss for the period	-	-	-	(390)	-	(390)
Total comprehensive loss for the period	-	-	-	(390)	(181,424)	(181,814)
<b>At 31 December 2018 (Unaudited)</b>	<b>35,505</b>	<b>706,245</b>	<b>9,000</b>	<b>(3,021)</b>	<b>60,871</b>	<b>808,600</b>
At 1 April 2017	35,505	706,245	9,000	-	221,493	972,243
Profit for the period	-	-	-	-	82,707	82,707
Other comprehensive loss for the period	-	-	-	(1,578)	-	(1,578)
Total comprehensive (loss)/income for the period	-	-	-	(1,578)	82,707	81,129
At 31 December 2017 (Unaudited)	35,505	706,245	9,000	(1,578)	304,200	1,053,372

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

## 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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months and nine months ended 31 December 2018 ("Third Quarterly Financial Statements") have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

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

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 interim report for the period ended 30 September 2018 and the Group's audited annual financial statements for the year ended 31 March 2018 (the "Annual Financial Statements"). However, the Third Quarterly Financial Statements do not include all of the information required for the Annual Financial Statements and they should be read in conjunction with the Annual Financial Statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

## 4. REVENUE AND OTHER (LOSS)/INCOME

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

	Three months ended 31 December		Nine months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Revenue</b>				
Corporate advisory income	–	1,274	–	16,147
Investment advisory and management income	475	224,941	475	232,577
Net fair value (loss)/gain on financial assets measured at fair value through profit or loss	(1,338)	(1)	6,074	16
Dividend income	2	–	2	–
	<b>(861)</b>	226,214	<b>6,551</b>	248,740
<b>Interest income</b>				
— Bank deposits	2,431	164	5,936	849
— Loan receivable	253	–	283	–
	<b>2,684</b>	164	<b>6,219</b>	849
<b>Other income and net gain/(loss)</b>				
Gain/(Loss) on exchange differences	2,078	(381)	(13,588)	1,128
Loss on disposal of plant and equipment	(7,155)	–	(7,191)	–
	<b>(5,077)</b>	(381)	<b>(20,779)</b>	1,128
<b>Revenue and other (loss)/income</b>	<b>(3,254)</b>	225,997	<b>(8,009)</b>	250,717

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

## 5. OPERATING SEGMENT INFORMATION

The Group's principal businesses include investment holding, money lending 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 three key reportable segments: the provision of corporate advisory services, asset management services and related activities ("Corporate advisory and IAM"), proprietary investments and money lending. "Others" consists of other corporate activities and shared services. Information provided to the CODM is measured in a manner consistent with that in the Third 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 nine months ended 31 December 2018 (Unaudited):

	Corporate advisory and IAM HK\$'000 (Unaudited)	Proprietary investments HK\$'000 (Unaudited)	Money Lending HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	475	(3,920)	9,996	-	6,551
Segment (loss)/profit before tax	(14,066)	(3,334)	10,279	(176,940)	(184,061)
Other segment information:					
Interest income	443	-	283	5,493	6,219
Depreciation	-	-	-	1,923	1,923

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

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

	Corporate advisory and IAM HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	248,724	16	248,740
Segment profit/(loss) before income tax	239,596	(155,548)	84,048
Other segment information:			
Interest income	418	431	849
Depreciation	–	1,556	1,556

## 6. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the three months and nine months ended 31 December 2018. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

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

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Profit for the purposes of basic (loss)/earnings per share	<b>(38,168)</b>	163,541	<b>(181,424)</b>	82,707

	Number of shares (in thousands)			
Number of ordinary shares for the purposes of basic (loss)/earnings per share	<b>3,550,497</b>	3,550,497	<b>3,550,497</b>	3,550,497

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

### 8. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2018 (2017: 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 1 February 2019.

## Business review

China's GDP exceeded \$90 trillion yuan for the whole year of 2018, representing an increase of 6.6% compared to that of last year and having accomplished the expected development target of around 6.5%. Instead from quarterly perspective in 2018, it grew by 6.8% in the first quarter, by 6.7% in the second quarter, by 6.5% in the third quarter and by 6.4% in the fourth quarter as compared with that of the corresponding quarters of last year, which suggested the economic downside pressure further ascended. Adjustment policies were frequently promulgated by China's government in 2018 while the Sino-American conflicts continuously escalated. Affected by these, the capital market was confronted with great pressure so SSE Composite Index fluctuated down 24.59% throughout the year. The domestic enterprises had difficulties in financing with M2 growth decelerating. Compared to the US economic potency, Reminbi ("RMB")'s annual depreciation was up to 5.22% (calculated based on the mid-point of exchange rate quoted by Bank of China against USD at the beginning and end of 2018) and hence RMB internationalization slowed down in progress. In the 4th quarter of 2018, the monetary policy of People's Bank of China seemed turning laxer and the macro-leverage policy changed from de-leveraging to leverage-stabilization with a series of lenient policies such as charge lowering and tax reduction launched in terms of financial policy.

Under this background, the Group focused on cost control and capital usage in the Third Quarter Fiscal 2018. On the ground of stripping of US and UK teams, the Group gradually completed the re-letting procedures for the leasing office premises in the US and in UK.

The Group entered into a loan agreement with China Tianrui Group Cement Company Limited, a Hong Kong listed company (Stock Code: 01252), on 15 December 2018, whereby the Group would grant to it a loan facility which may further be extended with the consent of the Lender, in the amount of HK\$95 million at an interest rate of 8% per annum for a loan period of three months, and this loan would contribute an interest income of HK\$1.90 million to the Group. In addition, the Group entered into a service agreement in December 2018 and recognized as revenue amounting to approximately HK\$0.48 million in the Third Quarter Fiscal 2018.

## Financial review

In the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018, the Group recorded investment advisory and management fee income of HK\$0.48 million (2017: HK\$224.94 million) and HK\$0.48 million (2017: HK\$232.58 million) respectively.

During the nine months ended 31 December 2018, no corporate advisory income (2017: HK\$16.15 million) was recognised.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018, there were a net exchange gain of HK\$2.08 million (2017: loss of HK\$0.38 million) and loss of HK\$13.59 million (2017: gain of HK\$1.13 million) respectively, mostly driven by the foreign exchange revaluation of the Group's RMB bank balances.

As a result, the Group's overall revenue and other loss resulted to a loss of HK\$8.01 million for the nine months ended 31 December 2018 (2017: income of HK\$250.72 million).

Operating expenses for the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018 were HK\$34.89 million (2017: HK\$62.39 million) and HK\$176.05 million (2017: HK\$166.67 million) respectively. The decrease in operating expenses for the Third Quarter Fiscal 2018 was mainly attributable to significant reduction in professional fee and staff cost after the one-off staff redundancy and termination programs in the US and UK offices of the Group. Staff cost and rental expenses represented the largest two expense components for the Third Quarter Fiscal 2018 and the nine months ended 31 December 2018.

For the nine months ended 31 December 2018, income tax credit was HK\$2.64 million (2017: expense of HK\$1.34 million) while the post-tax loss was HK\$181.42 million (2017: profit of HK\$82.71 million).

The Group recorded total comprehensive loss of HK\$38.41 million (2017: income of HK\$163.34 million) for the Third Quarter Fiscal 2018 and HK\$181.81 million (2017: income of HK\$81.13 million) for the nine months ended 31 December 2018 respectively. Basic loss per share for the nine months ended 31 December 2018 was HK5.11 cents (2017: earnings of HK2.33 cents).

## Outlook

In order to adapt to the changes of macro-economic environment and the policy adjustments, the Group has basically completed the adjustments to overseas business, focusing on broadening the development in Greater China and having further horizon towards business interaction between Hong Kong and domestic markets.

Taking advantage of capital, the Group continues providing guaranteed loan business to the quality enterprises and generating interest revenue provided that the corporate capital security has been guaranteed. Meanwhile, to obtain successive business commencement opportunities in domestic market, the Group will put more resources back into the development of advisory and administrative services, corporate advisory business and capital investment in both Hong Kong and domestic markets, and introduce domestic talents with a view to better expanding domestic market.

### **Dividends**

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2018 (2017: Nil).

### **Share option scheme**

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

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

During the nine months ended 31 December 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 31 December 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 31 December 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%
中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*) ("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 31 December 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 nine months ended 31 December 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*

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

Ms. ZHANG Yun

<u>Name of company</u>	<u>Capacity</u>
Changzhou Jingjiang#	Legal representative and director
常州康邦齊輝投資中心(有限合夥)#	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

# subsidiaries of 中植資本管理有限公司

\* associate of 中植資本管理有限公司

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

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competed or might compete with the businesses of the Group nor any conflict of interest which any such person had or might have with the Group as at 31 December 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 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, 1 February 2019

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