



**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



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

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**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

- During the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, corporate advisory income of HK\$3.64 million (2018: HK\$0.48 million) and HK\$11.58 million (2018: HK\$0.48 million) were recognised respectively. Moreover, interest income from lending business of HK\$0.42 million (2018: HK\$0.25 million) and HK\$1.17 million (2018: HK\$0.28 million) were recognised respectively during the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019.
- During the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, interest income from bank deposits increased to approximately HK\$3.79 million (2018: HK\$2.43 million) and HK\$10.83 million (2018: HK\$5.94 million) respectively.
- In the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, there were a net exchange loss of HK\$0.52 million (2018: gain of HK\$2.08 million) and HK\$12.31 million (2018: HK\$13.59 million) respectively, mostly driven by the foreign exchange revaluation of the Group's Renminbi bank balances.
- Operating expenses for the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019 reduced to HK\$15.69 million (2018: HK\$34.89 million) and HK\$37.28 million (2018: HK\$176.05 million) respectively. The decrease for the nine months ended 31 December 2019 was mainly attributable to significant reduction in staff cost to HK\$15.59 million (2018: HK\$76.33 million), professional fee to HK\$13.62 million (2018: HK\$23.12 million) and rental expenses to HK\$3.01 million (2018: HK\$35.74 million).
- The Group recorded total comprehensive loss of HK\$7.62 million (2018: HK\$38.41 million) for the Third Quarter Fiscal 2019 and HK\$26.60 million (2018: HK\$181.81 million) for the nine months ended 31 December 2019 respectively. Basic losses per share for the nine months ended 31 December 2019 was HK0.76 cent (2018: HK5.11 cents).
- The Board does not recommend payment of a dividend for the nine months ended 31 December 2019 (2018: Nil).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 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 (the “Third Quarter Fiscal 2019”) and nine months ended 31 December 2019, together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue					
Corporate advisory income	4	3,637	475	11,582	475
Loan interest income	4	418	253	1,166	283
<b>Total revenue</b>		<b>4,055</b>	728	<b>12,748</b>	758
Net investment income (loss)	5	638	(1,336)	(687)	6,076
Interest income	5	3,793	2,431	10,832	5,936
Other losses	5	(523)	(5,077)	(12,428)	(20,779)
Operating expenses		(15,688)	(34,892)	(37,282)	(176,052)
<b>Loss before tax</b>		<b>(7,725)</b>	(38,146)	<b>(26,817)</b>	(184,061)
Income tax (expense) credit	6	-	(22)	(1)	2,637
<b>Loss for the period</b>		<b>(7,725)</b>	(38,168)	<b>(26,818)</b>	(181,424)
<b>Other comprehensive gain (loss):</b> <i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		101	(237)	217	(390)
<b>Total comprehensive loss for the period</b>		<b>(7,624)</b>	(38,405)	<b>(26,601)</b>	(181,814)
<b>Losses per share attributable to ordinary equity holders of the Company</b>	7				
— Basic (HK cents)		(0.22)	(1.07)	(0.76)	(5.11)
— Diluted (HK cents)		(0.22)	(1.07)	(0.76)	(5.11)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2019	35,505	706,245	9,000	(3,154)	(42,414)	705,182
Impact on initial application of HKFRS 16	-	-	-	-	(30)	(30)
Loss for the period	-	-	-	-	(26,818)	(26,818)
Other comprehensive gain for the period	-	-	-	217	-	217
Total comprehensive loss for the period	-	-	-	217	(26,848)	(26,631)
<b>At 31 December 2019 (Unaudited)</b>	<b>35,505</b>	<b>706,245</b>	<b>9,000</b>	<b>(2,937)</b>	<b>(69,262)</b>	<b>678,551</b>
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)
At 31 December 2018 (Unaudited)	35,505	706,245	9,000	(3,021)	60,871	808,600

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

### 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, 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 and nine months ended 31 December 2019 ("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 HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the Third Quarterly Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in the Third Quarterly Financial Statements.

Except as described in note 3 to the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 (the "Interim 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 audited annual financial statements for the year ended 31 March 2019 (the "Annual Financial Statements"); and are consistent with those used in the preparation of the Group's Interim Financial Statements. However, the Third Quarterly Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the Annual Financial Statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

### 4. REVENUE AND 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 an analysis of the Group’s revenue from major services.

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:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>HK\$’000</b>	HK\$’000	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Investment advisory income	<b>3,567</b>	475	<b>11,412</b>	475
Financial advisory income	<b>70</b>	–	<b>170</b>	–
Corporate advisory income	<b>3,637</b>	475	<b>11,582</b>	475
Loan interest income	<b>418</b>	253	<b>1,166</b>	283
	<b>4,055</b>	728	<b>12,748</b>	758

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

31 December 2019

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

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Net investment income (loss)</b>				
Net fair value gain (loss) on financial assets measured at fair value through profit or loss	638	(1,338)	(814)	6,074
Dividend income	–	2	127	2
	<b>638</b>	<b>(1,336)</b>	<b>(687)</b>	<b>6,076</b>
<b>Interest income</b>				
Interest income from financial assets — Bank deposits	<b>3,793</b>	2,431	<b>10,832</b>	5,936
<b>Other losses</b>				
Loss on disposal of a subsidiary	–	–	(115)	–
Loss on disposal of plant and equipment	–	(7,155)	–	(7,191)
(Loss) gain on exchange differences	(523)	2,078	(12,313)	(13,588)
	<b>(523)</b>	<b>(5,077)</b>	<b>(12,428)</b>	<b>(20,779)</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

### 6. INCOME TAX (EXPENSE) CREDIT

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits 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	–	(4)	–	(23)
UK Corporation Tax				
Over-provision in prior year	–	–	–	2,684
Israel Corporate Tax				
Provision for the period	–	(18)	–	(18)
Income tax (expense) credit	–	(22)	(1)	2,637

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%.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

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.

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 condensed financial statements.

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

The corporate tax rate in Israel is 23% for both periods.

As at 31 December 2019, the Group has tax losses of approximately HK\$561,082,000 (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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

### 7. LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic losses per share attributable to owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<hr/>				
Losses for the purposes of				
basic losses per share	7,725	38,168	26,818	181,424
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	<b>Number of shares (in thousands)</b>			
<hr/>				
Number of ordinary shares for the				
purposes of basic losses per share	3,550,497	3,550,497	3,550,497	3,550,497
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Diluted losses per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. Dilutive losses per share amount were the same as basic losses per share amount for all periods as there were no potential dilutive ordinary shares outstanding.

### 8. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2019 (2018: 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 11 February 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Against the backdrop of Sino-US trade disputes, China's GDP amounted to a year-on-year growth of 6.1% in 2019, with a reduction from 6.4% in the first quarter to 6.0% in the fourth quarter. Although China had signed the Phase One Trade Deal with the United States at the beginning of the year 2020, trade frictions are expected to continue. The current global economic situations remain complicated and global uncertainties increase. Even though facing the impact of macroeconomic challenges and social conflicts in Hong Kong, Hong Kong's financial system and market have been running smoothly in the past few months. Short-term interest rates have remained basically stable and the market still has strong confidence in Hong Kong's financial system.

Against these backgrounds, the Group's strategies for diversified development remains unchanged. The Company entered into a memorandum of understanding with the potential sellers in the last quarter with regard to a potential acquisition of a public company established in China (the "Target Company"). The Target Company mainly provides internet-based back-office services, internet integrated marketing services and smart data solutions. The Group has been continuing to push forward the potential acquisition during the quarter and actively negotiate with the potential sellers. Further announcement(s) will be made to follow up the details as and when appropriate. The Board considers that the potential acquisition provides a good opportunity for the Group to diversify its business and revenue sources, thereby increasing the shareholders' value.

While adopting diversified development strategies, the Group shall still focus on its development of corporate advisory, corporate financing, investment advisory and asset management businesses in the markets of Mainland China and Hong Kong. The Group recorded related business income of approximately HK\$3.64 million in the Third Quarter Fiscal 2019. The Group will continue to look for quality clients and provide professional services in these areas.

Regarding the announcement issued by the Company on 8 March 2019, Geoswift Holding Limited (the "Borrower"), has defaulted in repayment of 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. The Group received US\$300,000 and US\$750,000 on 19 June 2019 and 6 November 2019 respectively from the Borrower as partial repayment of the loan. The Company will continue 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

During the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, corporate advisory income of HK\$3.64 million (2018: HK\$0.48 million) and HK\$11.58 million (2018: HK\$0.48 million) were recognised respectively. Moreover, interest income from lending business of HK\$0.42 million (2018: HK\$0.25 million) and HK\$1.17 million (2018: HK\$0.28 million) were recognised respectively during the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019.

During the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, interest income from bank deposits increased to approximately HK\$3.79 million (2018: HK\$2.43 million) and HK\$10.83 million (2018: HK\$5.94 million) respectively.

In the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019, there were a net exchange loss of HK\$0.52 million (2018: gain of HK\$2.08 million) and HK\$12.31 million (2018: HK\$13.59 million) respectively, mostly driven by the foreign exchange revaluation of the Group's Renminbi bank balances.

Operating expenses for the Third Quarter Fiscal 2019 and the nine months ended 31 December 2019 reduced to HK\$15.69 million (2018: HK\$34.89 million) and HK\$37.28 million (2018: HK\$176.05 million) respectively. The decrease for the nine months ended 31 December 2019 was mainly attributable to significant reduction in staff cost to HK\$15.59 million (2018: HK\$76.33 million), professional fee to HK\$13.62 million (2018: HK\$23.12 million) and rental expenses to HK\$3.01 million (2018: HK\$35.74 million).

The Group recorded total comprehensive loss of HK\$7.62 million (2018: HK\$38.41 million) for the Third Quarter Fiscal 2019 and HK\$26.60 million (2018: HK\$181.81 million) for the nine months ended 31 December 2019 respectively. Basic losses per share for the nine months ended 31 December 2019 was HK0.76 cent (2018: HK5.11 cents).

### OUTLOOK

Looking forward to 2020, it is expected that global economy and trade growth will be improved. The reaching of the Sino-US Phase One Trade Deal avoiding the escalation of trade frictions, together with the expected adoption of loose fiscal and monetary policies by China will help ease downward pressure on the economy. It is expected that the economic growth of Mainland China will remain about 6% in 2020, which is still high above the global average.

Against this background, the Group has committed to diversify development strategies. On the one hand, the Group will continue to develop businesses such as corporate advisory and corporate finance services, which are expected to bring stable income to the Group. On the other hand, the Target Company that the Company intends to acquire will help promote the Group's business development and provide potential opportunities for the Group to diversify its businesses and revenue sources. The Group will continue to push forward the possible acquisition, keep on negotiating with the potential sellers in a proactive manner and publish updated announcement(s) when appropriate. If the potential acquisition can be finalized, it is expected it will bring more stable income stream and development opportunities for the Group, thereby increasing shareholders' value.

## OTHER INFORMATION

### **DIVIDENDS**

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

### **SHARE OPTION SCHEME**

The Company has adopted a share option scheme on 7 June 2010 (the "Share Option Scheme") which became effective on 18 June 2010. 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 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 31 December 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 31 December 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 Zhuo Capital Company Limited ("ZZXZ") (Note 1)	Beneficial owner	2,159,552,102	60.82%
Jinhui Capital Company Limited ("Jinhui") (Note 1)	Interest of controlled corporation	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%

## OTHER INFORMATION

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

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 (Tibet Kangbang Sheng Bo Business Management Company Limited*) ("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") (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)資本管理集團有限公司(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") (Note 4)	Security interest in shares through controlled corporation	2,615,372,627	73.66%
Precious Elite Investments Limited ("Precious Elite") (Note 4)	Security interest in shares through controlled corporation	2,615,372,627	73.66%
Crystal Wise Investments Limited ("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

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

*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)資本管理集團有限公司. 中海晟融(北京)資本管理集團有限公司 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)資本管理集團有限公司, 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 ZZXZ 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 31 December 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 nine months ended 31 December 2019.

### **COMPETING BUSINESS**

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 31 December 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.

## OTHER INFORMATION

### **AUDIT COMMITTEE (Continued)**

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  
**NIU Zhanbin**  
*Chairman and Chief Executive Officer*

Hong Kong, 11 February 2020

*As at the date hereof, the executive Directors are Mr. NIU Zhanbin (Chairman and Chief Executive Officer) and Mr. WU Hui (Chief Operating 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.*