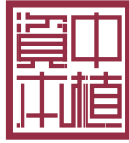


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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.

This announcement, 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 announcement 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 announcement misleading.

HIGHLIGHTS

- The Group's investment advisory and management income in the Second Quarter Fiscal 2016 was recorded at HK\$1.60 million (2015: Nil), leading to a total investment advisory and management income of HK\$188.45 million (2015: Nil) during the Interim Period 2016 resulting from the IAM Agreement. Corporate advisory income reached HK\$9.72 million for the Interim Period 2016 (2015: HK\$10.56 million), 8% lower than that of the corresponding period in 2015 due to a combined effect of decrease in the number of M&As and IPOs projects and improvement in corporate resumption business in the Interim Period 2016.
- In the Second Quarter Fiscal 2016, there were neither placing and underwriting income (2015: HK\$0.51 million) nor securities dealing commission (2015: HK\$0.14 million) earned in association with our existing corporate finance projects. In the meantime, the Group's overall revenue and other income advanced significantly to HK\$198.88 million during the Interim Period 2016 (2015: HK\$14.78 million), mainly as a result of investment advisory and management income generated.
- Operating expenses for the three months and six months ended 30 September 2016 were HK\$23.73 million (2015: HK\$5.21 million) and HK\$57.12 million (2015: HK\$11.80 million) respectively, representing a significant increase versus the corresponding period in 2015. The increase in operating expenses for the Interim Period 2016 was mainly attributable to business expansion, represented by an increase in headcount and related staff cost of HK\$14.73 million, as well as the provision for VAT and surtax amounting to HK\$12.66 million related to the investment advisory and management income from Zhongzhi Capital Management, and increase in recruitment expenses of HK\$10.41 million. Staff cost represented the largest expense component for the Second Quarter Fiscal 2016 and the Interim Period 2016.
- The Group recorded total comprehensive loss of HK\$19.80 million (2015: income of HK\$0.12 million) in the Second Quarter Fiscal 2016, and total comprehensive income of HK\$122.91 million (2015: HK\$2.20 million) for the Interim Period 2016. Basic earnings per share for the Interim Period 2016 was HK3.46 cents (2015: HK0.15 cent).
- Net assets value as at 30 September 2016 advanced to a record level of HK\$1,015.98 million (31 March 2016: HK\$893.06 million), 13.76% higher than net assets value as at 31 March 2016. Net assets value per share as at 30 September 2016 stood at HK0.29 cent (31 March 2016: HK0.25 cent).
- The Group's cash position was HK\$814.09 million and there was no outstanding loan position as at 30 September 2016.
- The Board does not recommend payment of an interim dividend for the Interim Period 2016 (2015: Nil).

The board (the “Board”) of directors (the “Directors”) of ZZ Capital International Limited 中植資本國際有限公司 (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months (the “Second Quarter Fiscal 2016”) and six months ended 30 September 2016 (the “Interim Period 2016”), together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	3,680	4,111	198,171	11,213
Net investment income/(loss)	3	(1)	(51)	(17)	1,506
Net interest income	3	411	1,576	723	2,066
Other income and gains	3	1	–	1	–
Revenue and other income	3	4,091	5,636	198,878	14,785
Operating expenses		(23,733)	(5,215)	(57,119)	(11,799)
Profit/(Loss) before tax	5	(19,642)	421	141,759	2,986
Income tax (expense)/credit	6	(160)	(299)	(18,845)	(786)
Profit/(Loss) for the period		(19,802)	122	122,914	2,200
Total comprehensive income/ (loss) for the period		(19,802)	122	122,914	2,200
Earnings/(Loss) per share attributable to ordinary equity holders of the Company	7				
– Basic (HK cents)		(0.56)	0.01	3.46	0.15
– Diluted (HK cents)		(0.56)	0.01	3.46	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016 <i>Notes</i> HK\$'000 (Unaudited)	31 March 2016 <i>HK\$'000</i> (Audited)
Non-current assets			
Equipment	9	2,218	2,481
Intangible asset		866	866
Deposits		100	100
Total non-current assets		3,184	3,447
Current assets			
Other assets and receivables		3,406	2,019
Investments at fair value through profit or loss		119	140
Cash held on behalf of clients	11	215	215
Trade receivables	10	263,299	128,939
Cash and bank balances		814,085	787,856
Total current assets		1,081,124	919,169
Current liabilities			
Trade payables	12	456	645
Other payables and accruals	13	33,247	15,882
Tax payable		31,872	13,028
Deferred income		2,758	—
Total current liabilities		68,333	29,555
Net current assets		1,012,791	889,614
Net assets		1,015,975	893,061
Equity			
Equity attributable to owners of the Company			
Issued capital	14	35,505	35,505
Reserves		980,470	857,556
Total equity		1,015,975	893,061

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to ordinary equity holders of the Company					Total HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2016	35,505	706,245	9,000	–	142,311	893,061
Total comprehensive income for the period	–	–	–	–	122,914	122,914
At 30 September 2016 (Unaudited)	35,505	706,245	9,000	–	265,225	1,015,975
At 1 April 2015	14,515	69,464	9,000	7,969	29,256	130,204
Total comprehensive income for the period	–	–	–	–	2,200	2,200
Equity-settled share option arrangements	–	–	–	305	–	305
At 30 September 2015 (Unaudited)	14,515	69,464	9,000	8,274	31,456	132,709

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2016*

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows from/(used in) operating activities	<u>25,846</u>	<u>(11,518)</u>
Net cash flows (used in)/from investing activities	<u>(167,544)</u>	<u>11,064</u>
Net cash flows used in financing activities	<u>–</u>	<u>(85)</u>
Net decrease in cash and cash equivalents	(141,698)	(539)
Cash and cash equivalents at beginning of period	<u>669,788</u>	<u>75,604</u>
Cash and cash equivalents at end of period	<u>528,090</u>	<u>75,065</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	328,091	13,171
Time deposits	<u>485,994</u>	<u>95,958</u>
Cash and bank balances as stated in the condensed consolidated statement of financial position	814,085	109,129
Time deposits with original maturity of more than three months when acquired	<u>(285,995)</u>	<u>(34,064)</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flow	<u>528,090</u>	<u>75,065</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 (the “Interim Financial Statements”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The principal accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group’s audited annual financial statements for the fifteen months ended 31 March 2016 (the “Annual Financial Statements”). However, the Interim 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.

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

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

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

3. REVENUE AND OTHER INCOME

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

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Corporate advisory income	2,078	3,967	9,718	10,563
Placing and underwriting income/arrangement fee	–	144	–	650
Securities dealing commission	–	–	–	–
Investment advisory and management income	1,602	–	188,453	–
	<u>3,680</u>	<u>4,111</u>	<u>198,171</u>	<u>11,213</u>
Net investment income/(loss)				
Net fair value gain/(loss) on financial assets measured at fair value through profit or loss	(5)	(51)	(21)	1,326
Realised gain/(loss) on financial assets measured at fair value through profit or loss and other investments	–	–	–	180
Dividend income	4	–	4	–
	<u>(1)</u>	<u>(51)</u>	<u>(17)</u>	<u>1,506</u>
Net interest income				
Interest income from financial assets				
– Bank deposits	411	209	723	500
– Listed investments	–	–	–	43
– Loans receivables	–	1,367	–	1,523
	<u>411</u>	<u>1,576</u>	<u>723</u>	<u>2,066</u>
Other income and gains				
Gain exchange difference	1	–	1	–
	<u>1</u>	<u>–</u>	<u>1</u>	<u>–</u>
Revenue and other income	<u>4,091</u>	<u>5,636</u>	<u>198,878</u>	<u>14,785</u>

4. OPERATING SEGMENT INFORMATION

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

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation	306	285	599	549
Value-added tax and surtax	108	–	12,664	–
Minimum lease payments under operating leases on land and buildings	844	809	1,600	1,618
Employee benefit expense (including directors' remuneration)	12,022	2,843	21,971	7,241
	<u>12,022</u>	<u>2,843</u>	<u>21,971</u>	<u>7,241</u>

6. INCOME TAX (EXPENSE)/CREDIT

While Hong Kong profits tax has been provided at the rate of 16.5% for the three months and six months ended 30 September 2015, no Hong Kong profits tax has been provided for the three months and six months ended 30 September 2016 due to the estimated tax losses made for the three months and six months ended 30 September 2016. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
Provision for the period	(160)	(226)	(18,845)	(700)
Adjustments in respect of prior periods	–	(238)	–	(238)
Total current tax	(160)	(464)	(18,845)	(938)
Deferred tax				
Origination and reversals of temporary differences	–	165	–	152
	<u>(160)</u>	<u>(299)</u>	<u>(18,845)</u>	<u>(786)</u>

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

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

The calculations of basic earnings/loss per share for the three months and six months ended 30 September 2016 are based on the unaudited consolidated loss of HK\$19,802,000 and profits of HK\$122,914,000 attributable to ordinary equity holders of the Company for the three months and six months ended 30 September 2016 respectively (three months and six months ended 30 September 2015: unaudited consolidated profits of HK\$122,000 and unaudited consolidated profits of HK\$2,200,000 respectively) and the weighted average number of 3,550,496,836 shares in issue for each of the three months and six months ended 30 September 2016 respectively (three months and six months ended 30 September 2015: 1,451,540,000 shares and 1,451,540,000 shares respectively).

Diluted earnings/loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. There is no adjustment made to the weighted average number of ordinary shares for the three months and six months ended 30 September 2016, the basic earnings/loss per share is therefore the same as the diluted earnings/loss per share for the three months and six months ended 30 September 2016 respectively.

The calculations of diluted earnings per share for the three months and six months ended 30 September 2015 are based on the unaudited consolidated profits of HK\$122,000 and HK\$2,200,000 attributable to ordinary equity holders of the Company for the three months and six months ended 30 September 2015 respectively and the adjusted weighted average number of 1,519,740,000 shares in issue for each of the three months and six months ended 30 September 2015 respectively.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Interim Period 2016 (2015: Nil).

9. PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired items of plant and equipment with a cost of HK\$336,024 (2015: HK\$388,255).

10. TRADE RECEIVABLES

The Group's trade receivables arose generally from the provision of corporate advisory services, placing and underwriting income/arrangement fee, investment advisory and management income and securities dealing commission.

The Group's normal trading term with its customers is that payment is due upon the issuance of invoices apart from the investment advisory and management fee as described in Note (a) below. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the Group's trade receivables which are not considered to be individually or collectively impaired as at the end of the reporting period, based on the invoice dates and net of provisions, is as follows:

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
<i>Note</i>		
Current to 30 days	260,050	128,094
31 to 60 days	161	100
61 to 90 days	–	200
Over 90 days	3,088	545
<i>(a)</i>	263,299	128,939

Note:

- (a) All of the above receivables (except for the receivables in relation to the investment advisory service) that were past due but not impaired relate to a number of independent customers that have good track records with the Group, or have subsequently settled the amounts due to the Group. The invoice dates of the above trade receivables are generally the same as the corresponding due dates apart from the investment advisory and management fee which is due within 90 days after the receipt of the amount realised from the disposal of certain assets in the investment portfolio advised by the Group by 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*) ("Zhongzhi Capital Management") in accordance with an investment and advisory management agreement ("IAM Agreement") signed on 2 February 2016 between Zhongzhi Capital Management and Asian Capital (Corporate Finance) Limited ("Asian Capital (Corporate Finance)"). On 18 July 2016, an amount of HK\$60 million receivables in relation to investment advisory service has been settled, with investment advisory and management income receivables of HK\$258.68 million remain outstanding. On 20 July 2016, a side letter to the IAM Agreement was signed between both parties who agreed to settle the amount in Renminbi ("RMB") and to defer the due date for investment advisory and management income receivables to 12 October 2016. After having further assessment of the potential risk of tightening foreign currency control by the PRC government, Asian Capital (Corporate Finance) agreed with Zhongzhi Capital Management to receive the remaining performance fee in Hong Kong dollars by Asian Capital (Corporate Finance). Management considered that it is in the best interest of shareholders of the Company.

The directors are of the opinion that, other than the impairments of HK\$1.38 million that have already been made against other fee receivable due from third parties, no provision for impairment is necessary in respect of these outstanding receivables at 30 September 2016.

- (b) Up to the date of approval of these condensed consolidated financial statements, subsequent settlement of trade receivables as at 30 September 2016 amounted to HK\$1.56 million.

* *The company name is registered in Chinese only, the translated English name is only used for identification purpose in these condensed consolidated financial statements.*

11. CASH HELD ON BEHALF OF CLIENTS

The Group's licensed subsidiary maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the condensed consolidated statement of financial position, and recognised the corresponding payables to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

12. TRADE PAYABLES

Included in trade payables are clients' monies which are segregated in the trust accounts as described in Note 11 to the Interim Financial Statements. Aging of the Group's trade payables excluding clients' monies as at the end of the reporting period was current to 30 days (31 March 2016: current to 30 days).

13. OTHER PAYABLES AND ACCRUALS

The Group's other payables and accruals included the followings:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Provision for Bonus	2,675	2,760
Provision for value added tax and surtax	21,230	8,566
Accrued recruitment expense	3,112	—
	<u>27,017</u>	<u>11,326</u>

14. SHARE CAPITAL

	Number of shares	Nominal value HK\$
<i>Notes</i>		
Authorised		
As at 31 December 2014, 1 January 2015, 30 September 2015, 31 March 2016, 1 April and 30 September 2016	10,000,000,000	100,000,000
Issued		
As at 31 December 2014 (Audited) and 1 January 2015	1,451,540,000	14,515,400
Allotment of new shares pursuant to:—		
Pre-IPO share option scheme	a 68,200,000	682,000
New Shares Placing Agreement	b 400,000,000	4,000,000
Subscription Agreement	c 1,630,756,836	16,307,568
As at 31 March 2016 (Audited), 1 April 2016 and 30 September 2016 (Unaudited)	3,550,496,836	35,504,968

Notes:

- (a) Details of the Company's Pre-IPO Share Option Scheme adopted by the Company on 7 June 2010 (the "Pre-IPO Share Option Scheme") and the share options issued under the Pre-IPO Share Option Scheme are included in Note 24(a) to the Annual Financial Statements.
- (b) The Company entered into a New Shares Placing Agreement on 5 January 2016 (the "New Shares Placing Agreement") with an independent placing agent (the "New Shares Placing Agent") pursuant to which the New Shares Placing Agent procured placees to subscribe for 400,000,000 new shares of the Company (the "New Placing Shares") at the placing price of HK\$0.3876 per New Placing Share, raising a gross proceed of HK\$155,040,000.
- (c) On 28 October 2015, Jinhui Capital Company Limited ("Jinhui") and Kang Bang Qi Hui (HK) Company Limited ("Kang Bang") entered into a Subscription Agreement on 28 October 2015 (the "Subscription Agreement") with the Company. Pursuant to the Subscription Agreement, Jinhui and Kang Bang subscribed a total of 1,630,756,836 new shares of the Company (the "Subscription Shares") for an aggregate consideration of HK\$485,965,537 in cash at the subscription price of HK\$0.298 per Subscription Share.

15. RELATED PARTY TRANSACTIONS

- (a) During the period from 1 April 2016 to 30 September 2016, Asian Capital (Corporate Finance) was entitled to total remuneration of HK\$188.45 million in relation to Zhongzhi Capital Management's disposal of an investment included in the investment portfolio being managed by Asian Capital (Corporate Finance) in accordance with IAM Agreement and the side letter signed on 4 March 2016.

On 18 July 2016, Asian Capital (Corporate Finance) has received HK\$60 million from Zhongzhi Capital Management for part of the performance fee due and payable under the IAM Agreement. On 20 July 2016, a side letter in relation to the IAM Agreement (the "Side Letter II") was signed subsequently by Zhongzhi Capital Management and Asian Capital (Corporate Finance). Principal terms extracted from the Side Letter II are set out below:

Asian Capital (Corporate Finance) agrees to accept RMB for settlement of HK\$258,684,383 remains due and payable to Asian Capital (Corporate Finance) in relation to the performance fee under the IAM Agreement (the "Remaining Performance Fee") in the following manner:

- Qianhai Subsidiary, the wholly-owned subsidiary of Asian Capital (Corporate Finance), is to be established under Qualified Foreign Limited Partnership of the PRC with a RMB bank account at a licensed bank in the PRC (or such other bank account as both parties may agree in writing);
- Zhongzhi Capital Management shall pay the Remaining Performance Fee in equivalent RMB to Qianhai Subsidiary within 5 business days after Asian Capital (Corporate Finance) informing Zhongzhi Capital Management in writing the due establishment of the Qianhai Subsidiary and the RMB bank account details of the Qianhai Subsidiary (or such later date as the both parties may agree in writing);
- Zhongzhi Capital Management shall be responsible for all out-of-pocket expenses reasonably incurred by Asian Capital (Corporate Finance) or the Qianhai Subsidiary and all taxes payable under the applicable laws and regulations arising from the payment arrangement described herein for the Remaining Performance Fee; and
- Both parties further agree that subject to the full settlement of the Remaining Performance Fee in RMB to the Qianhai Subsidiary, the obligation under the IAM Agreement to pay the Remaining Performance Fee by Zhongzhi Capital Management to Asian Capital (Corporate Finance) shall be deemed performed in full and final satisfaction.

Please refer Note 10 for details of aged analysis on Remaining Performance Fee.

(b) Compensation of key management personnel of the Group:

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Audited)
Short-term employees benefits	6,510	1,122	9,759	2,500
Pension scheme contributions	9	9	17	18
Equity-settled share option expense	–	–	–	302
Total compensation for key management personnel	6,519	1,131	9,776	2,820

16. FINANCIAL RISK MANAGEMENT

16.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2016.

There have been no changes in the risk management policies since year end.

16.2 Currency Risk

During the six months ended 30 September 2016, the Group had minimal exposure to foreign currency risks, except for the receivables arising from investment advisory and management revenue. As at 30 September 2016, the Group had an exposure of HK\$258,684,000 in RMB arising from the investment advisory and management receivables. The Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

The following table details the Group's sensitivity to a 5% appreciation and depreciation of RMB against Hong Kong dollars. A positive number below indicates an increase in pre-tax profit whereas a negative number indicates a decrease in pre-tax profit. Effects on appreciation and depreciation of RMB against Hong Kong dollars are illustrated below.

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Increase by 5%	12,934	–
Decrease by 5%	(12,934)	–

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 8 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Sentiment remained somewhat subdued with global economic growth for the calendar year expected to further slow before recovering in 2017. There were, however, pockets of optimism. The equity markets in Hong Kong were relatively buoyant as the Hang Seng Index ended up approximately 12% versus the previous quarter and ended at close to a 52-week high. Consumer confidence in the United States rose in September to its highest level in 9 years and Chinese consumer confidence reached its highest point in the last twelve months during the Second Quarter Fiscal 2016. China's gross domestic product growth remained steady from the previous quarter at 6.7%, in line with expectations.

During the Second Quarter Fiscal 2016, the corporate finance team continued to act as the sole sponsors in four initial public offerings ("IPOs"), financial advisers for listed companies in eight corporate resumption cases and other advisory works, and the underwriter in respect of open offer.

Financial review

The Group's investment advisory and management income in the Second Quarter Fiscal 2016 was recorded at HK\$1.60 million (2015: Nil), leading to a total investment advisory and management income of HK\$188.45 million (2015: Nil) during the Interim Period 2016 resulting from the IAM Agreement. Corporate advisory income reached HK\$9.72 million for the Interim Period 2016 (2015: HK\$10.56 million), 8% lower than that of the corresponding period in 2015 due to a combined effect of decrease in the number of M&As and IPOs projects and improvement in corporate resumption business in the Interim Period 2016.

In the Second Quarter Fiscal 2016, there were neither placing and underwriting income (2015: HK\$0.51 million) nor securities dealing commission (2015: HK\$0.14 million) earned in association with our existing corporate finance projects. In the meantime, the Group's overall revenue and other income advanced significantly to HK\$198.88 million during the Interim Period 2016 (2015: HK\$14.78 million), mainly as a result of the investment advisory and management income generated.

Operating expenses for the three months and six months ended 30 September 2016 were HK\$23.73 million (2015: HK\$5.21 million) and HK\$57.12 million (2015: HK\$11.80 million) respectively, representing a significant increase versus the corresponding period in 2015. The increase in operating expenses for the Interim Period 2016 was mainly attributable to business expansion, represented by an increase in headcount and related staff cost of HK\$14.73 million, as well as the provision for value-added tax ("VAT") and surtax amounting to HK\$12.66 million related to the investment advisory and management income from Zhongzhi Capital Management, and increase in recruitment expenses of HK\$10.41 million. Staff cost represented the largest expense component for the Second Quarter Fiscal 2016 and the Interim Period 2016.

With income tax expense rising to HK\$18.85 million (2015: income tax expense of HK\$0.79 million) for the Interim Period 2016, the resultant post-tax profit was HK\$122.91 million, compared to a post-tax profit of HK\$2.20 million for the corresponding six months period in 2015.

Trade receivables as at 30 September 2016, after allowing for debt provisioning, increased to HK\$263.30 million (31 March 2015: HK\$128.94 million), with majority representing the performance fee due and receivables under the IAM Agreement.

Other payables and accruals also increased, compared to the last audited financial period end 31 March 2016, to HK\$33.25 million (31 March 2016: HK\$15.88 million), as the VAT and surtax charged on the investment advisory and management income were booked under other payables.

The Group recorded total comprehensive loss of HK\$19.80 million (2015: income of HK\$0.12 million) in the Second Quarter Fiscal 2016, and total comprehensive income of HK\$122.91 million (2015: HK\$2.20 million) for the Interim Period 2016. Basic earnings per share for the Interim Period 2016 was HK3.46 cents (2015: HK0.15 cent).

Net assets value as at 30 September 2016 advanced to a record level of HK\$1,015.98 million (31 March 2016: HK\$893.06 million), 13.76% higher than net assets value as at 31 March 2016. Net assets value per share as at 30 September 2016 stood at HK0.29 cent (31 March 2016: HK0.25 cent).

Liquidity and financial resources

The Group continued to adopt a prudent financial management strategy and maintained a healthy liquidity position. The Group's cash and cash at bank maintained at HK\$814.09 million as at 30 September 2016 (31 March 2016: HK\$787.86 million). As at 30 September 2016, the Group had net current assets of HK\$1,012.79 million (31 March 2016: HK\$889.61 million).

The Group's operations and investments were financed principally by revenue generated from business operations and available bank balances. Funds are largely placed with financial institutions with maturities timed to cover any known capital, investment or underwriting commitments. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was nil as at 30 September 2016 (31 March 2016: Nil).

During the six months ended 30 September 2016, the Group had minimal exposure to foreign currency risks, except for the receivables arising from investment advisory and management income. As at 30 September 2016, the Group had an exposure of HK\$258,684,000 in RMB arising from the investment advisory and management income receivables. The Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Capital structure

There has been no change in the capital structure of the Company during the six months ended 30 September 2016. The capital of the Company comprises only ordinary shares.

Total equity attributable to owners of the Company amounted to HK\$1,015.98 million as at 30 September 2016 (31 March 2016: HK\$893.06 million). This increase was mainly attributable to the combined effects of the recognition of investment advisory and management income in the Interim Period 2016 and the offsetting effect on related tax provision made for such income.

Capital Commitments

As at 30 September 2016, save as the establishment of a wholly-owned foreign funded equity investment management enterprise (the “Qianhai Subsidiary”) in Qianhai, Shenzhen for which there will be a capital contribution of US\$2 million, the Group did not have any significant capital commitments (2015: Nil).

Dividend

The Board does not recommend the payment of an interim dividend for the Interim Period 2016 (2015: Nil).

Employees and remuneration policies

The Group has placed strong emphasis on attracting, engaging, training and retaining professional talents, and regards human resource as a cornerstone in the Group’s ability to secure and deliver its advisory services and manage its assets. Promotion from within has been a key part of the Group’s human resources policy.

The Group’s policy concerning remuneration of directors is to consider and determine remuneration (including bonuses) and terms of service by reference to the relevant director’s qualifications, experience, duties, level of responsibilities, capabilities, workload and performance or achievement of the agreed key performance indicators or targets as adopted by the remuneration committee (the “Remuneration Committee”) of the Board from time to time, having regard to market conditions in relation to the intended business activities. The Remuneration Committee, with delegated responsibility, determines the remuneration packages of executive directors and members of senior management.

In addition to other staff benefits including contributions to mandatory provident fund scheme in Hong Kong, medical insurance, education subsidy and training are offered to employees. The Group regularly arranges and conducts professional development and training programs, enabling its executives to refresh their knowledge and sharpen their skills. The Company adopted a share option scheme on 7 June 2010 (the “Share Option Scheme”), however, no options have been granted since then.

As at 30 September 2016, the Group employed 37 employees including Directors (31 March 2016: 25 employees). Total staff costs (including Directors’ emoluments) were HK\$21.74 million for the six months ended 30 September 2016 (2015: HK\$6.69 million).

Charge on the Group’s assets

As at 30 September 2016, the Group did not have any charge on its assets (2015: Nil).

Contingent liabilities

As at 30 September 2016, the Group had no material contingent liabilities (2015: Nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group had no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 September 2016.

Future plans for material investments or capital assets

The Qianhai Subsidiary was set up in August 2016. The registered capital required for setting up the Qianhai Subsidiary is US\$2 million which will be financed by the Group's internal resources. Save as aforementioned, the Group has no plans for material investments or acquisitions of capital assets, but will actively pursue opportunities for investments and lending to enhance its profitability in the ordinary course of its business.

Outlook

Chinese outbound M&A activity in 2016 has already exceeded the robust pace that was set in 2015 and is expected to continue at elevated levels for the foreseeable future. Against this backdrop, during the Second Quarter Fiscal 2016, we evaluated and are continuing to evaluate a number of potential investment opportunities around the world. We are also in active discussions to pursue strategic alliances and partnerships that will enhance our business prospects.

As at the date of this announcement, the Group has on hand five corporate resumptions. Apart from restructuring work, we are busy with one IPO and a diversified portfolio of M&A engagements.

With the Group's cash position around HK\$814.09 million with no outstanding loan position as at 30 September 2016, we will continue to identify and pursue global investment opportunities in various types of assets and geographies, alongside existing business activities such as underwriting, placement, corporate advisory and asset management in order to diversify our income sources and increase shareholder value over time.

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

As announced on 2 September 2016, the name of the Company has been changed from "Asian Capital Holdings Limited 卓亞資本有限公司" to "ZZ Capital International Limited 中植資本國際有限公司" with effect from 10 August 2016. The stock short names of the Company for trading in the shares of the Company on the Stock Exchange have been changed from "ASIAN CAPITAL H" to "ZZ CAP INTL" in English and from "卓亞資本" to "中植資本國際" in Chinese, with effect from 9:00 a.m. on 7 September 2016.

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 Interim Period 2016.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code") throughout the Interim Period 2016 except for the deviations from code provisions A.2.1 and A.5.1 of the CG Code.

In accordance with code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the change of Board compositions on 12 May 2016, the roles of chairman of the Board and the chief executive officer are separated.

Code provision A.5.1 of the CG Code stipulates that the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. However, due to the change of Board composition, the Remuneration Committee and Nomination Committee did not comprise a majority of independent non-executive Directors as required under Rule 5.34 of the GEM Listing Rules and code provision A.5.1 of the CG Code respectively. Furthermore, the numbers of independent non-executive Directors and of members of the Audit Committee fall below the minimum numbers required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively and the number of independent non-executive Directors does not represent at least one-third of the Board as required under Rule 5.05A of the GEM Listing Rules. Subsequent to the appointment of Mr. Stephen MARKSCHEID, Mr. Edouard MERETTE and Mr. ZHANG Weidong as our independent non-executive Directors in the Interim Period 2016, the above deviations have been rectified.

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 Management and/or its subsidiaries as listed below which provide asset management, investment management and investment advisory services that may compete or are likely to compete with the business of the Group:

Ms. DUAN Di

Name of company	Capacity
Zhongzhi Capital Management 深圳前海中植金輝投資管理合夥企業（有限合夥）	Legal representative and director Legal representative

Ms. ZHANG Yun

Name of company

Capacity

常州康邦齊輝投資中心（有限合夥）
常州康成企業管理諮詢有限公司

Representative of Managing Partner
Legal representative and director

Zhongzhi Capital Management, through its wholly-owned subsidiaries, Jinhui and Kang Bang, indirectly owns a 64.19% interest in the Company and is the controlling shareholder of the Company. Zhongzhi Capital Management's key services include private equity investments in the primary market, private placement, mergers and acquisitions of overseas businesses and funds which may compete or are likely to compete with the business of the Group.

Save as disclosed above, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that competed or might compete with the businesses of the Group nor any conflict of interest which any such person had or might have with the Group as at 30 September 2016.

REVIEW OF UNAUDITED FINANCIAL RESULTS

The Audit Committee has reviewed the Interim 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. In addition, the Interim Financial Statements have been reviewed by our auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose review report will be included in the 2016 interim report of the Company which will be sent to our shareholders in due course.

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

Hong Kong, 8 November 2016

As at the date of this announcement, the Board comprises Ms. DUAN Di (Chairman), Mr. CHO Michael Min-kuk (Chief Executive Officer), Mr. CHEN Jianfeng Peter and Ms. ZHANG Yun being executive Directors; and Mr. Stephen MARKSCHEID, Mr. Edouard MERETTE and Mr. ZHANG Weidong, being independent non-executive Directors.

This announcement will remain on the "Latest Company Announcements" page of the website of the GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.zzcapital.com.hk.