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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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 (the "GEM Listing Rules") 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.

FINANCIAL HIGHLIGHTS

- Revenue and other income for the Reporting Period increased to approximately HK$216.37 million (the Prior Reporting Period: HK$168.61 million), out of which contribution under the IAM Agreement was approximately HK$193.98 million.

- Operating expenses increased to approximately HK$148.49 million (the Prior Reporting Period: HK$42.73 million).

- Post tax profit at approximately HK$79.18 million (the Prior Reporting Period: profit of HK$112.67 million).

- Basic earnings per share of HK2.23 cents (the Prior Reporting Period: basic earnings per share of HK4.50 cents); diluted earnings per share of HK2.23 cents (the Prior Reporting Period: diluted earnings per share of HK4.44 cents).

- Consolidated statement of financial position as at 31 March 2017 continued to grow: total assets reached approximately HK$1,020.14 million (31 March 2016: HK$922.62 million); shareholders' equity advanced to approximately HK$972.24 million (31 March 2016: HK$893.06 million).

- Profits to be retained for future expansion to international M&As, thus no dividends being declared for the Reporting Period (the Prior Reporting Period: Nil).

ANNUAL RESULTS

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 announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017 (the "Reporting Period") together with comparative figures for the 15-month period from 1 January 2015 to 31 March 2016 (the "Prior Reporting Period").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	**Year ended 31 March 2017** ***HK$'000***	Fifteen months ended 31 March 2016 *HK$'000*
Revenue	*4*	**213,695**	164,252
Net investment (loss)/income	*4*	**(21)**	132
Interest income	*4*	**2,789**	4,077
Other income and net (losses)/gains	*4*	**(96)**	150
Revenue and other income	*4*	**216,367**	168,611
Operating expenses		**(148,495)**	(42,728)
PROFIT BEFORE TAX	*5*	**67,872**	125,883
Income tax credit/(expense)	*6*	**11,310**	(13,210)
PROFIT FOR THE YEAR/PERIOD		**79,182**	112,673
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**79,182**	112,673
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
— Basic *(HK cents)*		**2.23**	4.50
— Diluted *(HK cents)*		**2.23**	4.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	As at 31 March 2017 HK$'000	As at 31 March 2016 HK$'000
NON-CURRENT ASSETS			
Equipment		**1,992**	2,481
Intangible asset		**–**	866
Deposits		**36,083**	100
Total non-current assets		**38,075**	3,447
CURRENT ASSETS			
Other assets and receivables		**7,946**	2,019
Investments at fair value through profit or loss		**115**	140
Cash held on behalf of clients		**217**	215
Prepaid tax		**1,238**	–
Trade receivables	*9*	**8,266**	128,939
Cash and bank balances		**964,281**	787,856
Total current assets		**982,063**	919,169
CURRENT LIABILITIES			
Trade payables	*10*	**403**	645
Other payables and accruals		**47,194**	15,882
Amount due to an intermediate holding company		**272**	–
Tax payable		**26**	13,028
Total current liabilities		**47,895**	29,555
NET CURRENT ASSETS		**934,168**	889,614
Net assets		**972,243**	893,061
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**35,505**	35,505
Reserves		**936,738**	857,556
Total equity		**972,243**	893,061
Total assets		**1,020,138**	922,616
Total equity and liabilities		**1,020,138**	922,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company					
	Issued capital *HK$'000* *Note 11*	**Share premium account** *HK$'000*	**Contributed surplus** *HK$'000*	**Share option reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2015	**14,515**	**69,464**	**9,000**	**7,809**	**29,638**	**130,426**
Total comprehensive income for the period	–	–	–	–	112,673	112,673
Equity-settled share option arrangements	–	–	–	465	–	465
Allotment of new shares pursuant to:	–	–	–	–	–	–
Pre-IPO share option scheme	682	21,232	–	(8,274)	–	13,640
New Shares Placing Agreement	4,000	151,040	–	–	–	155,040
Subscription Agreement	16,308	469,658	–	–	–	485,966
Share issuance expenses	–	(5,149)	–	–	–	(5,149)
At 31 March 2016 and 1 April 2016	**35,505**	**706,245**	**9,000**	**–**	**142,311**	**893,061**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**79,182**	**79,182**
At 31 March 2017	**35,505**	**706,245**	**9,000**	**–**	**221,493**	**972,243**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, except for investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars, which is also the Company's functional currency. All values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time in the current period's consolidated financial statements.

- Accounting for acquisitions of interests in joint operations — Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortisation — Amendments to HKAS 16 and HKAS 38
- Annual improvements to HKFRSs 2012 — 2014 cycle, and
- Disclosure initiative — amendments to HKAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Other standards, amendments and interpretations which are effective for the period are not material to the Group.

3. OPERATING SEGMENT INFORMATION

The Group's principal businesses are in the provision of corporate advisory services and related activities, investment advisory and asset management. During the Reporting Period, the Group has also started to identify alternative investments globally. 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 Reporting Period, the Group has been going through its business transformation and management has reviewed the operating segments presented to the CODM. The CODM, taking into account the maturity of the Group's various businesses, its operations and related resources allocation, considers the Group to have one key business focus during the Reporting Period. The reportable segment identified is the provision of corporate advisory services and investment advisory and asset management ("Corporate advisory and IAM"). "Others" segment consists of other corporate activities and shared services. Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements. The CODM expects as the Group's business continues to evolve, the appropriateness of operating segments will need to be reviewed in due course.

	Corporate advisory and IAM *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	213,695	–	213,695
Segment profit/(loss) before income tax	192,752	(124,880)	67,872
Other segment information:			
Total assets	248,736	771,402	1,020,138
Total liabilities	10,982	36,913	47,895
Interest income	464	2,325	2,789
Depreciation	1,060	128	1,188

Geographical information

(a) Revenue from external customers

	Year ended 31 March 2017 ***HK$'000***	Fifteen months ended 31 March 2016 *HK$'000*
Hong Kong	**19,460**	33,515
Mainland China	**194,233**	128,937
South Africa	**–**	1,800
Cayman Islands	**2**	–
	213,695	164,252

The revenue information above is based on the location of the customers.

(b) Non-current assets

	At 31 March 2017 ***HK$'000***	At 31 March 2016 *HK$'000*
Hong Kong	**1,412**	3,347
The United Kingdom	**464**	–
The United States of America	**116**	–
	1,992	3,347

The non-current asset information is based on the location of assets and excludes financial instruments (e.g rental and other deposits).

Information about major customer

Revenue from the major customer amounting to 10% or more of the Group's revenue is set out below:

	Year ended 31 March 2017 *HK$'000*	Fifteen months ended 31 March 2016 *HK$'000*
Customer A	**193,983**	127,474

4. REVENUE AND OTHER INCOME

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

	Year ended 31 March 2017 *HK$'000*	Fifteen months ended 31 March 2016 *HK$'000*
Revenue		
Corporate advisory income	**18,194**	33,623
Placing and underwriting service income/commission	**1,518**	3,154
Investment advisory and management income	**193,983**	127,474
Securities dealing commission	**–**	1
	213,695	164,252
Net investment (loss)/income		
Net fair value loss on financial assets measured at fair value through profit or loss	**(25)**	(48)
Realised gains on financial assets measured at fair value through profit or loss and other investments	**–**	180
Dividend income	**4**	–
	(21)	132
Interest income		
Interest income from financial assets		
— Bank deposits	**2,789**	1,308
— Listed investments	**–**	43
— Loans receivables	**–**	2,726
	2,789	4,077
Other income and net (losses)/gains		
Loss on disposal of subsidiary *(note 12)*	**(341)**	–
(Loss)/gain on disposal of equipment	**(124)**	150
Gain on exchange difference	**369**	–
	(96)	150
Revenue and other income	**216,367**	168,611

5. PROFIT BEFORE TAX

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

	Year ended 31 March 2017 *HK$'000*	Fifteen months ended 31 March 2016 *HK$'000*
Depreciation	**1,188**	1,371
Operating lease expense	**9,515**	4,046
Auditor's remuneration		
Audit fees	**1,800**	800
Non-audit fees	**68**	140
Professional fees	**15,297**	1,885
Net reversal of impairment loss on trade receivables	**(791)**	(250)
Impairment on equipment	**319**	–
Value-added tax and surtax *(note a)*	**(8,566)**	8,566
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and bonuses	**92,572**	20,352
Equity-settled share option expense	**–**	465
Pension scheme contributions (defined contribution scheme)	**571**	390

Note a:

Pursuant to the relevant tax rules and regulations in China, the tax payable on income derived by non-resident enterprises (in this case Asian Capital (Corporate Finance) Limited) should be withheld at source, with the payer (in this case 中植資本管理有限公司 (Zhongzhi Capital Management Company Limited*) ("Zhongzhi Capital") as the withholding agent but the actual tax outcome might vary upon settlement. Thus, management took the view that any value-added tax and surtax amounting to approximately HK$8,566,000 arising from fee receivable from Zhongzhi Capital during the Prior Reporting Period was subject to significant uncertainty as at 31 March 2016. A provision was made accordingly.

In the Reporting Period, the related receivable for the investment advisory and management services has been received in full. Based on the investment advisory and management agreement ("IAM Agreement") dated 2 February 2016 which also sets out the amount is net of related taxes, management considers that it is appropriate to release the value-added tax and surtax provisions amounted to approximately HK$8,566,000.

* *For identification purpose only*

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (the Prior Reporting Period: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March 2017 *HK$'000*	Fifteen months ended 31 March 2016 *HK$'000*
Current tax — Hong Kong profits tax		
Provision for the year/period	**–**	246
Adjustments in respect of prior years	**1,437**	238
	1,437	484
Current tax — Overseas		
Withholding tax provision for the year/period	**–**	12,747
Adjustments in respect of prior years *(note)*	**(12,747)**	–
Total current tax	**(11,310)**	13,231
Deferred tax		
Origination and reversals of temporary differences	**–**	(21)
Total deferred tax	**–**	(21)
Income tax (credit)/expense	**(11,310)**	13,210

Note:

Pursuant to the relevant tax rules and regulations in China, the tax payable on income derived by non-resident enterprises (in this case Asian Capital (Corporate Finance) Limited) should be withheld at source, with the payer (in this case Zhongzhi Capital) as the withholding agent but the actual tax outcome might vary upon settlement. Thus, management took the view that any corporate income tax amounting to approximately HK$12,747,000 arising from fee receivable from Zhongzhi Capital during the Prior Reporting Period was subject to significant uncertainty as at 31 March 2016. A provision was made accordingly.

In the Reporting Period, the related receivable for the investment advisory and management services has been received in full. Based on the IAM Agreement which also sets out the amount is net of related taxes, management considers that it is appropriate to release the above tax provisions of income tax amounted to approximately HK$12,747,000.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in which the Group is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 March 2017	Fifteen months ended 31 March 2016
	HK\$'000	*HK\$'000*
Profit before tax	**67,872**	125,883
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	**11,199**	12,485
Adjustments in respect of prior years	**(11,310)**	238
Income not subject to tax	**(32,446)**	(216)
Expenses not deductible for tax	**3,361**	316
Utilisation of tax losses previously not recognised	**(248)**	(1)
Unused tax losses not recognised	**18,096**	373
Others	**38**	15
Tax charge at the Group's effective rate	**(11,310)**	13,210

As at 31 March 2017, the Group has tax losses of approximately HK$109,674,000 incurred by the subsidiaries which are subject to the approval by the relevant tax authority. The Group has not recognised deferred income tax assets of approximately HK$18,096,000 in respect of these losses of approximately HK$109,674,000 that can be carried forward against future taxable income. As at 31 March 2016, there was no significant unprovided deferred income tax assets.

7. DIVIDENDS

The Board does not recommend payment of a dividend for the Reporting Period (the Prior Reporting Period: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the Reporting Period, being approximately HK$79,182,000 (the Prior Reporting Period: profit of HK$112,673,000) and the weighted average number of 3,550,496,836 shares in issue for the Reporting Period (the Prior Reporting Period: 2,506,555,096 shares).

The Company issued 400,000,000 shares at HK$0.3876 per share and 1,630,756,836 shares at approximately HK$0.298 per share on 24 February 2016 pursuant to the share subscription agreement dated 28 October 2015 and the placing agreement dated 5 January 2016 respectively. The aforementioned shares were considered to be issued at a discount to the fair value of the existing shares (being the market closing price of the shares as at the date of the share issuance (i.e. 24 February 2016)). Such discount represented a bonus element as determined at the date of the share issuance, which was estimated as 884,323,642 shares for the purpose of adjusting the weighted average number of shares in calculating the basic earnings per share for the Prior Reporting Period as described in HKAS 33 "Earnings per Share". No adjustment has been made to the weighted average number of shares adopt in the earnings per share calculations for the Reporting Period in respect of the aforementioned share issuance as the changes to share capital arising from such share issuance did not affect the capital used to produce the profit in the Reporting Period.

For the Prior Reporting Period, management considered the share options issued under the Pre-IPO Share Option Scheme to be dilutive potential ordinary shares. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued (including 29,206,343 dilutive potential ordinary shares) for no consideration is included in the weighted average number of 2,535,761,439 ordinary shares as the denominator for calculating diluted earnings per share.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the Reporting Period.

9. TRADE RECEIVABLES

	As at 31 March 2017	As at 31 March 2016
	HK$'000	*HK$'000*
Trade receivables	**8,806**	131,069
Less: impairment loss on trade receivables	**(540)**	(2,130)
Trade receivables — net	**8,266**	128,939

The Group's normal trading term with its customers in relation to corporate advisory services is that payment is due upon the issuance of invoices, while the Group grants 90 days credit period for invoices issued for its investment advisory and management services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management and executives responsible for the related revenue.

Trade receivables arising from the provision of corporate advisory, placing and underwriting services and investment advisory and management service are non-interest-bearing. The receivables from brokers arising from securities dealing by the Group's clients are interest-bearing at the prevailing savings rate offered by banks in Hong Kong and are repayable on demand. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An analysis of the trade receivables which are past due but not impaired as at the end of the Reporting Period, based on the invoice dates and net of provisions, is as follows:

	As at 31 March 2017	As at 31 March 2016
	HK$'000	*HK$'000*
Current to 30 days	**1,729**	620
31 to 60 days	**350**	100
61 to 90 days	**250**	200
Over 90 days	**3,165**	545
	5,494	1,465

The above analysis has not included investment advisory and management fee receivables as at 31 March 2017 of approximately HK$2,772,000 (31 March 2016: HK$127,474,000) which were current (see Note (a)).

Notes:

(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, where management fee is due within 90 days after the end of each calendar year for managing the investment portfolio and performance fee is due within 90 days after the receipt of the amount realised from the disposal of certain assets in the investment portfolio under the Group's advice by Zhongzhi Capital in accordance with the IAM Agreement. The Directors are of the opinion that, other than the impairments that have already been made, no provision for impairment is necessary in respect of these receivables as the balances have either been recovered or are still considered fully recoverable.

(b) Up to the date of approval of these consolidated financial statements, subsequent settlement of trade receivables as at 31 March 2017 amounted to approximately HK$1,658,000.

As at 31 March 2017, trade receivables of approximately HK$540,000 (31 March 2016: HK$2,423,000) were impaired. The amount of the provision was approximately HK$540,000 as at 31 March 2017 (31 March 2016: HK$2,130,000). The individually impaired receivables mainly relate to the customers, which, based on the management's assessment, may not settle the impaired receivables in immediate future.

Movements on the Group's allowance for impairment of trade receivables are as follows:

	As at 31 March 2017 *HK$'000*	As at 31 March 2016 *HK$'000*
Opening balance	**2,130**	2,380
Provision for receivables impairment	**50**	750
Reversal of allowance for impairment upon recovery	**(841)**	(1,000)
Receivables written off during the year/period as uncollectible	**(799)**	–
Closing balance	**540**	2,130

10. TRADE PAYABLES

Included in trade payables are clients monies of HK$216,542 (31 March 2016: HK$215,000) which are segregated in the trust accounts.

Trade payables excluding clients monies, based on the settlement due dates, are all due within 30 days (31 March 2016: due within 30 days) as at the end of the reporting period.

11. SHARE CAPITAL

	Note	Number of shares	Nominal value *HK$*
Ordinary shares of HK$0.01 per share			
Authorised:			
As at 31 March 2016, 1 April 2016 and 31 March 2017		10,000,000,000	100,000,000
Issued and fully paid:			
As at 31 December 2014 and 1 January 2015		1,451,540,000	14,515,400
Allotment of new shares pursuant to:			
Pre-IPO share option scheme		68,200,000	682,000
New Shares Placing Agreement	*a*	400,000,000	4,000,000
Subscription Agreement	*b*	1,630,756,836	16,307,568
As at 31 March 2016, 1 April 2016 and 31 March 2017		3,550,496,836	35,504,968

(a) On 5 January 2016, the Company entered into a placing agreement (the "New Shares Placing Agreement") with an independent placing agent (the "New Shares Placing Agent") pursuant to which the New Shares Placing Agent procured places 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.

(b) On 28 October 2015, Jinhui Capital Company Limited ("Jinhui") and Kang Bang Qi Hui (HK) Company Limited ("Kang Bang") entered into a subscription agreement (as amended and supplemented by the supplemental subscription agreement dated 5 January 2016) (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 approximately HK$0.298 per Subscription Share.

12. DISPOSAL OF A SUBSIDIARY

On 9 December 2016, Asian Capital (Corporate Finance) Limited, a wholly-owned subsidiary of the Company, and Master Link Assets Limited ("Master Link"), which is wholly owned by a former Director, entered into a sale and purchase agreement of which Asian Capital (Corporate Finance) Limited disposed of its 100% held non-core subsidiary without business activities, known as Well Baly Limited, to Master Link at a total consideration of HK$520,000. Such disposal resulted in a loss of approximately HK$341,000 on the Group's consolidated statement of comprehensive income for the Reporting Period.

		Year ended 31 March 2017
		HK$'000
Consideration received		**520**
Add:		
Net liabilities of the subsidiary as at disposal date:		
Intangible assets	**(866)**	
Amounts due to the immediate holding company	**1,270**	
Other payables	**5**	**409**
Less:		
Waiver of amounts due from the subsidiary		**(1,270)**
Loss on disposal		**(341)**
Net cash inflow arising on disposal		**520**

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (the Prior Reporting Period: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 August 2017 to Thursday, 10 August 2017 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (the "AGM"). During which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Reporting Period marked the first year of transition for the Company after Zhongzhi Capital took majority control of the Company on 24 February 2016, with the new vision and strategy to expand the Company's business to include international investments in addition to corporate and investment advisory. As part of its global rebranding efforts, the Company proposed and received shareholders' approval via a special resolution at its annual general meeting on 10 August 2016 to officially change its name from Asian Capital Holdings Limited to ZZ Capital International Limited 中植資本國際有限公司.

The Company aims to build a one-stop platform where a diversified range of financial services can be offered including global alternative investments. As a result, the Company has materially enhanced its investment management process and execution capabilities, corporate governance and internal control, as well as international footprint. A team of seasoned professionals have been recruited and overseas offices have been established in the United States, United Kingdom and Israel.

The Company has attracted a total of 43 professionals during the Reporting Period, including its Chief Executive Officer, Chief Financial Officer, as well as regional and functional heads. The experience and credentials of the team are critical to the Company's long-term success. In parallel, three independent non-executive Directors, with complementary global backgrounds and professional expertise, have joined the Board to provide on-going governance oversight and strategic advice.

In order to enhance corporate governance and internal control, the Company has engaged Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly") as its internal auditor to evaluate, assess and improve its internal control process and to ensure appropriate policies and procedures are in place. Moreover, Baker Tilly will regularly update the Company's management and the Board.

The Company's internal investment process and information technology systems have all been enhanced and upgraded to meet the demand of both internal and external stakeholders. In order to effectively evaluate various investment opportunities across the globe, each overseas office is managed by seasoned local professionals who report to the Group's headquarter in Hong Kong.

In parallel, the Group's corporate advisory services completed three corporate resumptions and acted as the sole sponsor in four initial public offering ("IPO") engagements. As at the date of this announcement, we continue to work on one IPO engagement which submitted a listing application in September 2016. Mergers and acquisitions ("M&As"), debt restructuring, fund raising, independent financial advisory and compliance advisory assignments all contributed to the Group's corporate advisory income.

On 13 March 2017, Asian Capital (Corporate Finance) Limited ("Asian Capital (Corporate Finance)") entered into a supplemental appointment letter with Mr. YEUNG Kai Cheung Patrick ("Mr. Yeung") whereby Mr. Yeung will leave the service as managing director of Asian Capital (Corporate Finance) on 30 June 2017 or such other date as may be agreed between the parties taking into account the Securities and Futures Commission of Hong Kong licensing approval status of a firm in which Mr. Yeung has an interest (the "Term"). Mr. Yeung shall procure, amongst others, that there shall be a smooth transition and under the terms of such supplemental appointment letter, Mr. Yeung is required to reimburse Asian Capital (Corporate Finance) an amount equivalent to any loss arising from the corporate finance businesses recorded during the Term as well as any outstanding receivables arising from the corporate finance business as at the end of the Term. It is anticipated that this process will be completed in the third quarter of 2017.

It is the intention of the Group to continue offering corporate and investment advisory services, and at the same time, to develop new business strategies, such as asset management and international investment, to increase its income source and variety of services being offered. A team of professionals with years of international experience and expertise have been recruited to become either regional or functional or business heads.

Zhongzhi Capital

Founded in 2011, Zhongzhi Capital is a leading institutional investor in China which focuses on investments and consolidation of industry leaders. Its performance and track record are recognized by the ChinaVenture Group (投中集團), China's leading PE/VC research and consulting institution, as China's Top 3 M&A Funds, Top 10 Best Return Private Equity Investment Institutions, Top 10 Chinese Private Equity Investment Firms, as well as other rewards in 2016. Zhongzhi Capital actively invests across primary private equity market, public secondary market and private placements, cross-border M&As, and sector M&A funds in partnership with leading Chinese enterprises.

Financial Review

Results of the Group

For the Reporting Period, the Group's revenue and other income grew to approximately HK$216.37 million (the Prior Reporting Period: HK$168.61 million). Revenue from investment advisory and management services under the IAM Agreement accounted for approximately HK$193.98 million (the Prior Reporting Period: HK$127.47 million) which was a 52% increase when compared to the Prior Reporting Period. Corporate advisory income amounted to approximately HK$18.19 million for the Reporting Period (the Prior Reporting Period: HK$33.62 million), representing a 46% decrease when compared to the Prior Reporting Period. The decrease is mainly due to the shift of business focus from corporate advisory to alternative investments and overseas M&A. Placing and underwriting income of approximately HK$1.52 million also contributed to the revenue earned (the Prior Reporting Period: HK$3.16 million).

There was a net investment loss on financial assets of approximately HK$0.02 million for the Reporting Period, compared to a net investment income of approximately HK$0.13 million recorded in the Prior Reporting Period. Net Interest income decreased to approximately HK$2.79 million (the Prior Reporting Period: HK$4.08 million) due to the disposal of interest earning securities in the Prior Reporting Period, leaving the bank interest income as the sole source of interest income for the Reporting Period.

Operating expenses during the Reporting Period of approximately HK$148.49 million (the Prior Reporting Period: HK$42.73 million) were significantly higher due to the continued development of global investment execution capacity, representing an overall 248% increase in such expenses. The higher operating expenses were mainly a result of increased staff costs of approximately HK$93.14 million (the Prior Reporting Period: HK$21.21 million) which included bonus provisions on account of satisfactory performance, payroll based on elevated headcounts and recruitment of a world class team. Higher professional fees of approximately HK$15.30 million (the Prior Reporting Period: HK$1.88 million) was also witnessed during the Reporting Period as a result of investment evaluation activities.

The resultant pre-tax profit for the Reporting Period was approximately HK$67.87 million, compared to a pre-tax profit of approximately HK$125.88 million for the Prior Reporting Period.

Income tax credit rising to approximately HK$11.31 million (the Prior Reporting Period: income tax expense of HK$13.21 million) was the result of a reversal of withholding taxes accrual made in the Prior Reporting Period of approximately HK$12.75 million in relation to the performance fee earned under the IAM Agreement, partially mitigated by the booking of an under-accrual of Hong Kong Profits Tax amount in the Reporting Period.

Total comprehensive income for the Reporting Period amounted to approximately HK$79.18 million, compared to total comprehensive income of approximately HK$112.67 million for the Prior Reporting Period. Basic earnings per share for the Reporting Period was approximately HK2.23 cents (the Prior Reporting Period: basic earnings per share of HK4.50 cents), while diluted earnings per share for the Reporting Period was the same as basic earnings per share of approximately HK2.23 cents (the Prior Reporting Period: diluted earnings per share of HK4.44 cents).

The Group maintained a non-current deposit of approximately HK$36.08 million as at 31 March 2017 (31 March 2016: HK$0.10 million) mainly for the newly rented Hong Kong office during the Reporting Period. With most of the Group's historical investments having been sold or redeemed during the Prior Reporting Period, investments at fair value through profit or loss were reduced to approximately HK$0.11 million as at 31 March 2017 (31 March 2016: HK$0.14 million).

Trade receivables as at 31 March 2017, after allowing for debt provisioning, decreased significantly to approximately HK$8.27 million (31 March 2016: HK$128.94 million), mainly because of the settlement of the investment advisory and management income receivables brought forward from the Prior Reporting Period of approximately HK$127.47 million pursuant to the IAM Agreement.

Other payables and accruals as at 31 March 2017 increased to approximately HK$47.19 million (31 March 2016: HK$15.88 million) which was in line with the bonus accruals made and the business needs for expanded operations during the Reporting Period.

As at 31 March 2017, tax payable declined to approximately HK$0.03 million (31 March 2016: HK$13.03 million) as a result of the reversal of withholding taxes for approximately HK$12.75 million as explained above.

At the end of the Reporting Period, the Group's net assets value as at 31 March 2017 increased to approximately HK$972.24 million (31 March 2016: HK$893.06 million), around 9% higher than the Prior Reporting Period. This improved financial position will continue to facilitate the execution of the Group's expansion plans. The net assets value per share as at 31 March 2017 was approximately HK27.38 cents (31 March 2016: HK25.15 cents).

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 bank balances rose to approximately HK$964.28 million as at 31 March 2017 (31 March 2016: HK$787.86 million). As at 31 March 2017, the Group had net current assets of approximately HK$934.17 million (31 March 2016: HK$889.61 million), and the current ratio was approximately 20.50 (31 March 2016: 31.10).

The Group's operations and investments were financed principally by revenues generated from business operations and available bank balances. Funds are largely placed with financial institutions with maturities timed to cover any known capital investments or underwriting commitments. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' funds, was nil as at 31 March 2017 (31 March 2016: Nil).

During the Reporting Period, most income billings were in Hong Kong dollars, including the investment advisory and management fee receivable under the IAM Agreement which was computed in Renminbi but fixed in Hong Kong dollars at the time of billing, and most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. Therefore, the Group had minimal exposure to foreign currency risks. While the Group is expected to have more foreign currency exposure in connection with its expansion and investments overseas, such as the establishment of new offices in the United States, United Kingdom and Israel during 2016, the Group will closely monitor its foreign currency exposure and consider using hedging instruments if available and necessary.

Capital structure

There has been no material change in the capital structure of the Company during the Reporting Period. The capital of the Company comprises only ordinary shares.

Total equity attributable to owners of the Company amounted to approximately HK$972.24 million as at 31 March 2017 (31 March 2016: HK$893.06 million). This increase was mainly attributable to the increase in the retained profits for the Reporting Period.

Future plans for material investments or capital assets

With the transition plan and organizational transformation nearly complete, the Group intends to actively pursue and develop new business and diversify amongst private equity, private credit, and other structured investment opportunities, whilst partnering with other financial and strategic investors from time to time to grow profitability and long term sustainability. The Group will also revisit the internal management reporting system and information in order to support the growth and resources allocation of the Group efficiently and effectively.

On 23 May 2017, the Company invested US$1,880,000 to acquire a 0.673% equity interest in Angiotech Pharmaceuticals, Inc. ("API"), a manufacturer of branded, private label and OEM medical device products. The Canada-incorporated target company has more than 2,000 employees worldwide, manufacturing facilities in England, Puerto Rico, Mexico and Germany, and sells to customers in over 80 countries. API expects to expand its business, partners and profits in China as a result of the transaction.

The Company aims to grow its net assets and market value through a disciplined and diversified approach, and has developed a strong pipeline of investment opportunities across targeted geographies and sectors with comparative institutional advantages and unique insights. While many of the deals pursued are financially driven, some will be strategic in nature to help the Company to grow into a more independent global investment and financial services platform, which will attract existing and additional institutional capital to support, sustain and increase its long-term shareholder value and stability.

Material acquisitions and disposals of subsidiaries and affiliated companies

While the Group made no material acquisitions during the Reporting Period, on 9 December 2016, Asian Capital (Corporate Finance), a wholly-owned subsidiary of the Group, disposed of its 100% interest in a non-core subsidiary, known as Well Baly Limited, to a related party for a total consideration of HK$0.52 million, resulting in a loss of approximately HK$0.34 million for the Reporting Period.

OUTLOOK

In April 2017, the International Monetary Fund projected 2017 global growth at 3.5% based on buoyant financial markets, technology innovation and cyclical recovery in manufacturing and trade, up from 3.1% in 2016, plus a 3.6% forecast for 2018. While the global economy seems to be gaining momentum, non-economic factors such as geopolitical tensions, domestic discord, corruption and terrorism can slow and disrupt growth rather quickly.

China continues its transition from an export and investment-driven economy to a consumption and service-oriented one, with urbanization and technology being key drivers of economic growth. Government initiatives such as the Shanghai/Shenzhen-Hong Kong Stock Connect, Belt and Road, Beijing-Tianjin-Hebei city cluster, Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macau Greater Bay Area initiatives provide the infrastructure to facilitate the movements of people, capital, goods and services, and to balance economic growth amongst the regions. Investment will remain a powerful tool to help maintain an average GDP growth rate of around 6.5% in order to achieve the goal of doubling GDP and GDP per capita by 2020 (relative to 2010) as set out in China's 13th Five-Year Plan.

By leveraging our experienced team, international footprint, China market access and sector knowledge of Zhongzhi Capital, the Company is uniquely positioned to become a world-class investment platform with diversification across geographies, sectors, and asset classes. Our distributed deal origination model across the key target geographies in Asia, Middle East, Europe, and North America, when paired with our vertical sector teams and centralized investment committee process as well as enhanced governance model, enables us to work efficiently and collectively around each investment opportunity. While 2016 was a year of foundation building, 2017 is a year of execution and acceleration towards long-term value creation for our stakeholders.

EVENT AFTER THE REPORTING PERIOD

On 23 May 2017, ZZCI Holdings (I) Limited, being a direct wholly-owned subsidiary of the Company, entered into an agreement as the buyer with ZZ Capital Holdings No.1 Company Limited as the seller, being a connected person of the Company, pursuant to which the buyer agreed to purchase and the seller agreed to sell 0.673% equity interest in SSC Holdco Limited at a consideration of US$1,880,000 subject to and upon the terms of the agreement. Details of the above transaction was disclosed in the announcement of the Company dated 23 May 2017.

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 Reporting Period.

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 Reporting Period except for the deviations from code provisions A.2.1 and A.5.1 of the CG Code. Such deviations have been rectified during the Reporting Period subsequently and details of above matter were disclosed in the Interim Report of the Company dated 8 November 2016.

REVIEW OF RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the Reporting Period.

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and the related notes thereto for the Reporting Period as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 14 June 2017

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

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.