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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)

VERY SUBSTANTIAL ACQUISITION

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN ALERIAN

THE ACQUISITION

The Board is pleased to announce that on 14 July 2017 (after trading hours), the Buyer entered into the Unit Purchase Agreement with the Sellers, the Sellers' Representative and Alerian, pursuant to which the Buyer has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the entire issued and outstanding unit interest in Alerian, subject to the terms and conditions therein.

GEM LISTING RULES IMPLICATIONS

As three of the applicable percentage ratios defined in Rule 19.07 of the GEM Listing Rules for the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

The Listing Committee has determined that the Acquisition is an extreme very substantial acquisition which is not subject to reverse takeover rules. Enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular and Haitong International Capital Limited has been appointed as the financial adviser of the Company to conduct due diligence on Alerian in accordance with Practice Note 2 of the GEM Listing Rules.

EGM

An EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Unit Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, as at the date of this announcement, no Shareholder has a material interest in the Unit Purchase Agreement or the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Unit Purchase Agreement and the transactions contemplated thereunder at the EGM.

As enhanced disclosure comparable to the standard for listing documents for new listing applicants is required in the Circular, the Company is currently unable to estimate with certainty the date of despatch of the Circular. The Company will notify Shareholders of the expected date of despatch of the Circular in due course.

AS CLOSING IS SUBJECT TO THE FULFILMENT (OR IF APPLICABLE, WAIVER) OF THE CONDITIONS, THE ACQUISITION MAY OR MAY NOT PROCEED. THE ISSUE OF THIS ANNOUNCEMENT DOES NOT IN ANY WAY IMPLY THAT THE UNIT PURCHASE AGREEMENT WILL BE IMPLEMENTED OR COMPLETED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN SHARES.

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The Board is pleased to announce that on 14 July 2017 (after trading hours), the Buyer entered into the Unit Purchase Agreement with the Sellers, the Sellers' Representative and Alerian, pursuant to which the Buyer has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the entire issued and outstanding unit interest in Alerian, subject to the terms and conditions therein. Principal terms of the Unit Purchase Agreement are summarised below.

THE UNIT PURCHASE AGREEMENT

Date

14 July 2017

Parties

- (a) the Buyer (as purchaser);
- (b) the Sellers (as vendors);
- (c) the Sellers' Representative (as the vendors' representative); and
- (d) Alerian

Assets to be acquired

The entire issued and outstanding unit interest in Alerian.

Consideration

The Purchase Price (for the entire issued and outstanding unit interest in Alerian) is equal to:

- (a) the Enterprise Value; plus
- (b) the amount of Closing Cash; plus or minus
- (c) the amount (if any) by which Closing Working Capital exceeds Target Working Capital (depending on whether it is a positive or negative number); minus
- (d) the amount of Closing Indebtedness; and minus
- (e) the amount of Unpaid Seller Expenses.

The Purchase Price was agreed after arm's length negotiations between the parties, with reference to: (a) the audited financial information of Alerian for the year ended 31 December 2016, (b) a study of (i) valuation multiples (including enterprise value to earnings before interest, taxes, depreciation and amortization ratios and price-to-earnings ratios) of US-listed companies engaged in a business similar to that of Alerian, and (ii) comparable transactions specific to the index industry involving strategic buyers conducted since 2009, (c) the market position, business model, clientele and outlook of Alerian, (d) an industry consultant's analysis on Alerian's business and the ETP industry, and (e) the Company's target to improve its long-term profitability by exploring business opportunities that could create synergies with its existing business.

As at the date of this announcement, one of the Sellers, Mr. Kenny Feng, owns 15% of the total outstanding units in Alerian, and the other two Sellers, Messrs Hammond and Hammond, together own 85%. At Closing, Mr. Feng will contribute 75% of his outstanding units in Alerian (representing 11.25% of the total outstanding units in Alerian) to the Buyer in exchange for the issuance by the Buyer to him of equity interests in the Buyer of equivalent value (the "**Rollover Units**"), and will transfer his remaining 25% (representing 3.75% of the total outstanding units in Alerian) to the Buyer for cash consideration. Immediately following Closing, Mr. Feng's equity interest in the Buyer will represent approximately 18% of the total equity interests of the Buyer. The other two Sellers, Mr. Gabriel Hammond and Mr. Daniel Hammond, will transfer their outstanding units in Alerian (representing 85% of the total outstanding units in Alerian) to the Buyer for cash consideration.

On Closing, the Buyer will pay an initial consideration representing the Estimated Purchase Price (subject to adjustment as specified below) to each of the Sellers pro rata to their equity interests in Alerian as at the date of this announcement. This initial consideration will comprise an initial cash consideration, expected to be approximately US\$506 million (equivalent to approximately HK\$3,953 million) and the issue of Rollover Units with an expected value of approximately US\$64 million (equivalent to approximately HK\$500

million). US\$12 million (equivalent to approximately HK\$94 million) of the cash consideration payable on Closing will be deposited as escrow funds and the balance will be paid directly to the Sellers.

As summarised above, since Mr. Feng will exchange a portion of his outstanding units in Alerian for Rollover Units and a portion for cash, whereas Messrs Hammond and Hammond will exchange all their outstanding units in Alerian for cash. As between Mr. Feng, who is receiving a mix of cash and Rollover Units as consideration, and Messrs Hammond and Hammond who are receiving only cash as consideration, the cash consideration received by the Sellers will not be pro rata to their equity interests in Alerian as at the date of this announcement, however the split in the total initial consideration received by the Sellers will be pro rata to their equity interests in Alerian as at the date of this announcement. The table below sets forth the expected allocation of the initial consideration between the Sellers. All amounts and values are approximate:

	Cash	Rollover Units (value)	Total	Percentage
Mr. Feng	US\$21 million	US\$64 million	US\$85 million	15%
Messrs Hammond and Hammond	US\$485 million	N/A	US\$485 million	85%

Following the determination of the Actual Closing Cash, the Actual Closing Working Capital, the Actual Closing Indebtedness and the Actual Unpaid Seller Expenses, the Purchase Price will be adjusted by payments from the Buyer to the Sellers or from the Sellers to the Buyer (as the case may be) to reflect the difference between the Estimated Closing Cash, the Estimated Closing Working Capital, the Estimated Closing Indebtedness and the Estimated Unpaid Seller Expenses, on the one hand, and the Actual Closing Cash, the Actual Closing Working Capital, the Actual Closing Indebtedness and the Actual Unpaid Seller Expenses, on the other hand. Any adjustment payment will be allocated between the Sellers pro rata to their equity interests in Alerian as at the date of this announcement. The adjustment to the cash consideration is capped at US\$12 million (equivalent to approximately HK\$94 million), which is the amount of the escrow funds.

The Unit Purchase Agreement also provides for the payment of additional consideration of up to US\$230 million (equivalent to approximately HK\$1,797 million), in the event that the revenue of Alerian exceeds certain targets for each of the financial years ending 31 March 2018, 2019, 2020 and 2021 (i.e. the Earnout Payments). Such Earnout Payments were determined by reference to Alerian's historical performance, revenue growth potential and the outlook of passive investments in the MLP market. The Earnout Payments will be paid to each of the Sellers pro rata to their equity interests in Alerian as at the date of this announcement. The maximum amount of Earnout Payments that Mr. Feng could receive is approximately US\$35 million (equivalent to approximately HK\$273 million) and the maximum amount of Earnout Payments that Messrs Hammond and Hammond could receive is approximately US\$195 million (equivalent to approximately HK\$1,523 million).

The total consideration payable by the Buyer under the Unit Purchase Agreement (consisting of the initial cash consideration (as adjusted), the value of the Rollover Units and the Earnout Payments) is not expected to exceed US\$812 million (equivalent to approximately HK\$6,344 million).

Further announcement(s) will be made in relation to the adjustment of the initial cash consideration if and when appropriate in compliance with the applicable GEM Listing Rules.

Conditions Precedent

Closing is subject to the satisfaction of, among others, the following conditions:

- (a) any applicable waiting period under the HSR Act relating to the Acquisition having expired or terminated;
- (b) no law or order having been issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition in effect that would prevent or make illegal the consummation of the Acquisition;
- (c) the representations and warranties of Alerian and the Sellers being true and correct as of the date of the Unit Purchase Agreement and as of the Closing Date or, where applicable, an earlier time, save (with limited exceptions) to the extent this would not reasonably be expected to have a Material Adverse Effect;
- (d) the Sellers and Alerian having performed and complied in all material respects with all covenants of the Sellers and Alerian under the Unit Purchase Agreement on or prior to Closing;
- (e) the passing at a general meeting of the Shareholders of resolutions to approve the Acquisition and a potential rights issue to be conducted by the Company in accordance with the requirements of the GEM Listing Rules;
- (f) approval of the announcements, the Shareholders' circular and any required listing documents to be published or issued in connection with the Acquisition or the potential rights issue being obtained from the Hong Kong Stock Exchange;
- (g) receipt of the proceeds from the Equity Financing by the Buyer;
- (h) since the date of the Unit Purchase Agreement, there being no events, changes, facts, conditions or circumstances, which have resulted in or would reasonably be expected to result in a Material Adverse Effect;
- (i) the representations and warranties of the Buyer being true and correct in all respects as of the date of the Unit Purchase Agreement and as of the Closing Date, save (with limited exceptions) to the extent that this would not reasonably be expected to have a Material Adverse Effect; and
- (j) the Buyer having performed and complied in all material respects with all its covenants under the Unit Purchase Agreement on or prior to the Closing Date.

The Buyer may at any time waive conditions (c), (d), (g) and (h) by notice in writing to the Sellers' Representative. The Sellers' Representative may at any time waive conditions (i) and (j) by notice in writing to the Buyer. Conditions (a), (b), (e) and (f) cannot be waived. If the conditions above are not satisfied or waived (as the case may be) on or before the Termination Date, the parties may terminate the Unit Purchase Agreement.

Termination

The Unit Purchase Agreement may be terminated at any time prior to Closing in the following circumstances, among others:

- (a) by the Buyer, if (i) any of the representations or warranties of Alerian or the Sellers are not true and correct; or (ii) if Alerian and the Sellers have failed to perform any covenant or agreement on the part of Alerian or the Sellers, such that (x) the relevant Conditions would not be satisfied; and (y) the breach or the failure to perform, as applicable, is not curable or is not cured in the time specified;
- (b) by the Sellers' Representative, if (i) any of the representations and warranties of the Buyer are not true and correct; or (ii) if the Buyer has failed to perform any covenant or agreement on the part of the Buyer, such that (x) the relevant Conditions would not be satisfied; and (y) the breach or the failure to perform, as applicable, is not curable or is not cured in the time specified;
- (c) by the Buyer or the Sellers' Representative, if Closing shall not have been consummated on or prior to the Termination Date and the party seeking to terminate the Unit Purchase Agreement shall not have breached in any material respect its obligations in any manner that shall have proximately caused the failure to consummate the Acquisition on or before such date;
- (d) by the Buyer or the Sellers' Representative, if any Governmental Entity issues an Order or takes any other action permanently enjoining, restraining or otherwise prohibiting the Acquisition;
- (e) by the Sellers' Representative, if the Marketing Period has ended and (i) all of the Conditions have been satisfied (other than Condition (g) above), or the Sellers and Alerian have notified the Buyer in writing that they are waiving any unsatisfied Conditions (which are waivable by them), and the Sellers and Alerian are ready, willing and able to consummate the Closing, and (ii) the Buyer fails to consummate the Closing within three Business Days after delivery of such notice (a "**Financing Failure**"); or
- (f) by the Sellers' Representative, if the Company has failed to perform any covenant or agreement on the part of the Company set forth in the Unit Purchase Agreement or the Equity Commitment Letter and the failure to perform such covenant or agreement is not cured in the time specified.

Termination Fee

As at the date of the Unit Purchase Agreement, the Buyer and the Sellers' Representative have entered into the Termination Escrow Deposit Agreement, pursuant to which the Buyer will deposit an amount equivalent to the Termination Fee with the Escrow Agent within two Business Days after the date of the Termination Escrow Deposit Agreement. Such amount shall be held in a segregated account by the Escrow Agent (the "**Termination Escrow Account**").

If the Unit Purchase Agreement is terminated by:

- (a) the Sellers' Representative as a result of a Financing Failure, provided that the Buyer's failure to consummate the Closing is not caused by the failure to obtain any approvals required from the Hong Kong Stock Exchange in relation to the Acquisition or a potential rights issue as a result of any failure to comply with or satisfy certain requirements under the GEM Listing Rules (other than any such failure that was proximately caused by a breach in any material respect of Buyer's obligations under the Purchase Agreement or certain of the Company's obligations under the Equity Commitment Letter);
- (b) the Sellers' Representative in accordance with (i) termination event (b) above at a time when the Unit Purchase Agreement was terminable by the Sellers' Representative as a result of a Financing Failure; or (ii) termination event (f) above, provided that the Buyer's failure to consummate the Closing is not caused by the failure to obtain any approvals required from the Hong Kong Stock Exchange in relation to the Acquisition or a potential rights issue as a result of any failure to comply with or satisfy certain requirements under the GEM Listing Rules (other than any such failure that was proximately caused by a breach in any material respect of Buyer's obligations under the Purchase Agreement or certain of the Company's obligations under the Equity Commitment Letter);
- (c) the Buyer or the Sellers' Representative in accordance with termination event (c) above, at a time when the Unit Purchase Agreement was terminable for a Financing Failure, provided that the Buyer's failure to consummate the Closing is not caused by the failure to obtain any approvals required from the Hong Kong Stock Exchange in relation to the Acquisition or a potential rights issue as a result of any failure to comply with or satisfy certain requirements under the GEM Listing Rules (other than any such failure that was proximately caused by a breach in any material respect of Buyer's obligations under the Purchase Agreement or certain of the Company's obligations under the Equity Commitment Letter);
- (d) the Buyer or the Sellers' Representative in accordance with termination event (c) above, provided that Conditions (a) through (h) above have either been satisfied or waived, except Conditions (e) or (g) above, and provided that the Buyer's failure to consummate the Closing is not caused by the failure to obtain any approvals required from the Hong Kong Stock Exchange in relation to the Acquisition or a potential rights issue as a result of any failure to comply with or satisfy certain requirements under the GEM Listing Rules (other than any such failure that was proximately caused by a breach in any material respect of Buyer's obligations under the Purchase Agreement or certain of the Buyer's obligations under the Equity Commitment Letter);

- (e) the Sellers' Representative in accordance with termination event (c) above, provided that Conditions (a) through (h) have either been satisfied or waived, except Conditions (e) or (g) above, and the Company has not held a general meeting of the Shareholders to approve the Acquisition and a potential rights issue, provided that the Buyer's failure to consummate the Closing is not caused by the failure to obtain any approvals required from the Hong Kong Stock Exchange in relation to the Acquisition or a potential rights issue as a result of any failure to comply with or satisfy certain requirements under the GEM Listing Rules (other than any such failure that was proximately caused by a breach in any material respect of Buyer's obligations under the Purchase Agreement or certain of the Buyer's obligations under the Equity Commitment Letter);
- (f) the Buyer or the Sellers' Representative in accordance with termination event (c) above, provided that the relevant conditions have either been satisfied or waived, except Condition (b) above solely with respect to a Law or Order from a PRC Governmental Entity; or
- (g) the Buyer or the Sellers' Representative in accordance with termination event (d) above, solely with respect to a Law or Order from a PRC Governmental Entity,

the Termination Fee shall be paid to the Sellers pro rata based on the prescribed Purchase Price percentages from the Termination Fee Escrow Account. Without limiting the Sellers' or Alerian's right to obtain an award of specific performance, if the Unit Purchase Agreement is terminated by the Buyer or the Sellers' Representative in the manner described in paragraphs (a) to (g) above, as applicable, payment of the Termination Fee to the Sellers shall be the Sellers' sole remedy with respect to the Unit Purchase Agreement.

Closing

Closing shall take place at 10:00 a.m., New York time, on the third Business Day after satisfaction (or waiver) of the conditions set out in the Unit Purchase Agreement (unless otherwise agreed in writing by the Buyer and the Sellers' Representative).

Following Closing, Alerian will become a non-wholly owned subsidiary (as defined under the GEM Listing Rules) of the Company, and the financial results, assets and liabilities of Alerian will be consolidated into the accounts of the Group. With respect to the prospects of Alerian, it is expected that Alerian will generate net operating cash inflows to the Group.

Equity Commitment Letter

Since the Buyer is a special purpose vehicle with no substantial assets, as a result of the arm's length negotiations between the parties, the Company has entered into an Equity Commitment Letter with the Buyer to provide the Sellers with additional comfort in relation to the Buyer's financing. Pursuant to the Equity Commitment Letter, the Company has given its commitment, subject to the conditions set out below, to purchase prior to or simultaneously with Closing, directly or indirectly, securities of the Buyer for an aggregate purchase price in cash equal to US\$286 million (equivalent to approximately HK\$2,234 million) or such lesser amount which, when aggregated with the Debt Financing or any alternative funding, in the aggregate is sufficient to fund the Purchase Price under the Unit Purchase Agreement and related fees and expenses (the "**Equity Amount**"). The Company's equity commitment is subject to:

- (a) the passing at a general meeting of the Shareholders of resolutions to approve a pre-emptive rights offering of new Shares;
- (b) the admission to listing of the new Shares to be issued pursuant to a pre-emptive rights offering;
- (c) the satisfaction or waiver (to the extent waivable by the Buyer) of all Conditions;
- (d) the Debt Financing (or an alternative form of funding) being available at Closing; and
- (e) the consummation by the Company of a pre-emptive rights offering of new Shares to its qualified Shareholders, raising net proceeds of no less than the Equity Amount.

If the Company fails to provide the Equity Financing pursuant to the Equity Commitment Letter when all of the Conditions are met, the Sellers will be entitled to either (i) cause the Buyer to enforce the obligations of the parties to the Equity Commitment Letter to cause the Equity Financing to be funded; or (ii) terminate the Unit Purchase Agreement and upon such termination, payment of the Termination Fee.

The Company intends to fund its commitment under the Equity Commitment Letter through financing means available to it, including without limitation a rights issue, share placing or other alternative sources. As of the date of this announcement, the Company has not determined the terms and conditions or any related arrangement for any rights issue, share placing or other form of funding. If the Company determines to proceed with any such transaction, it will make the necessary announcements in accordance with the applicable GEM Listing Rules.

The Purchase Price payable by the Buyer is expected to be funded by a combination of the Company's internal resources, the proceeds from the Company's potential equity issuance and the Debt Financing.

Second Equity Commitment Letter

In addition, the Company has entered into a Second Equity Commitment Letter with the Buyer in relation to the Earnout Payments. Pursuant to the Second Equity Commitment Letter, the Company has given its commitment, subject to the conditions set out below, to purchase, directly or indirectly, securities of the Buyer for an aggregate purchase price in cash equal to US\$230 million (equivalent to approximately HK\$1,797 million) or such lesser amount which, when aggregated with cash on hand or funds otherwise available to the Buyer or the Company to make any Earnout Payments, is sufficient to fund the Earnout Payments when due under the Unit Purchase Agreement (the “**Earnout Equity Amount**”). The Company’s equity commitment is subject to:

- (a) the consummation of the Acquisition;
- (b) the final determination of the Earnout Payments in accordance with the Unit Purchase Agreement in an amount greater than zero;
- (c) the Buyer and the Company having insufficient funds or financing available to fully satisfy the obligation pay the Earnout Payments in accordance with the Unit Purchase Agreement;
- (d) the approval from the Hong Kong Stock Exchange of the announcement, the Shareholders’ circular and any required listing documents to be issued or published in connection with a pre-emptive rights offering of new Shares to the qualified Shareholders of the Company to raise sufficient capital to fund the Earnout Equity Amount;
- (e) the passing at a general meeting of the Shareholders of resolutions to approve the rights issue referred to in paragraph (d) above; and
- (f) the consummation by the Company of the rights issue referred to in paragraph (d) above, raising net proceeds of no less than the Earnout Equity Amount.

Irrevocable Undertaking

In connection with the Acquisition, each of Zhongzhi Capital (HK), Jinhui and Kang Bang has given an irrevocable undertaking in favour of the Company that, among others, it will exercise, or where applicable, will procure the exercise of, all votes attaching to the Shares beneficially owned by it at the EGM in favour of any resolutions to approve the Acquisition.

Post-Closing

Following Closing, the Company will nominate Mr. Kenny Feng, the current chief executive officer of Alerian, to the board of managers of Alerian. Mr. Feng has been working with Alerian’s business since 2005 and has been overseeing the strategic development and daily operations of Alerian. It is expected that the other employees of Alerian will also stay with Alerian after Closing.

To retain and incentivise the existing management of Alerian, the Buyer plans to adopt an equity incentive plan for selected members of Alerian’s management. Under the equity incentive plan, the Buyer will grant to selected grantees profit interests in the Buyer (with the total pool of profit interests representing up to 10% of the equity interests in the Buyer) (such profit interests, the “**Incentive Units**”). Unlike equity interests, the Incentive Units carry no voting or management rights and will only entitle the holder to participate pro rata in future profit distributions of the Buyer. The Buyer will allocate certain Incentive Units to Mr. Feng, other current employees of Alerian, and Outside Board Members. The Incentive Units will be subject to certain vesting criteria and performance targets, specifically, 50% of the Incentive Units granted out of the total pool will vest annually over a period of 5 years and 50% will vest based on the achievement of a certain return on capital. The Buyer will have a right to repurchase all or any portion of the Incentive Units in the event of the resignation or termination of the holder, either at no cost or fair market value, depending on the circumstances of such resignation or termination.

In addition, Mr. Feng will be granted certain liquidity rights in relation to both his Rollover Units and his vested Incentive Units and selected members of Alerian’s management will be granted certain liquidity rights in relation to their vested Incentive Units. These liquidity rights will, from the third anniversary of Closing, allow the grantees to sell a portion of their Rollover Units or vested Incentive Units (as applicable) to the Company annually (subject to a cap of no more than 50% in any given year) at fair market value which is determined as of the last day of the fiscal year in which the put right is exercised), subject to their employment not having been terminated for cause and other limited exceptions.

In light of the above, the Board is of the view that there will be no material impact on the overall business and operations of Alerian as a result of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Alerian is a leading provider of MLP and energy infrastructure indices based in the United States. It is the market leader in its sector and has consistently generated strong cash flows and profitability. The Acquisition will enable the Company to significantly expand its asset management business and develop a broader customer base, while immediately adding a stable and recurring revenue stream.

Alerian’s business is expected to be a new value-added service which is complementary to the Company’s broader suite of corporate and investment advisory services and is in line with the Company’s growth strategy. The Acquisition can also help expand the Company’s geographical coverage into the United States and is consistent with the Company’s vision to pursue strategic alliances and investments which can enhance its business prospects and broaden its service offerings.

There are numerous possible avenues for potential revenue growth, including the addition of more product licences, the launch of new products and the monetization of existing ancillary pieces of the business such as data subscription. The Company also intends to market Alerian’s indices as a separate service, or a service bundled with the Company’s product offerings. In addition, the Company will be able to leverage its extensive distribution network accessible through its wealth management affiliates in China for

distributing Alerian-indexed products, thereby creating additional value for the Company. As such, there is tremendous potential for revenue synergies through the cross-selling of Alerian's business by utilizing the Company's existing resources.

From an overall asset management industry perspective, the increasing shift towards passive investments (such as ETPs) from traditional active management strategies in recent years is a phenomenon that is expected to continue and fuel additional growth. Such trend, together with the relatively low penetration of ETPs in the MLP market, indicates significant room for the development of Alerian's business.

Following Closing, Alerian will become a subsidiary (as defined under the GEM Listing Rules) of the Company and the financial results, assets and liabilities of Alerian will be consolidated into the accounts of the Group. Given (i) the prospect of Alerian, (ii) the synergies between the Company and Alerian, and (iii) favourable industry trends, the Directors believe that Alerian will generate net operating cash inflows to the Group and the Acquisition will allow the Group to further develop its asset management business.

Based on the above, the Directors are of the view that the terms of the Unit Purchase Agreement and the transactions contemplated thereunder, including the Purchase Price, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE BUYER, THE COMPANY, THE SELLERS AND ALERIAN

The Buyer

The Buyer is an investment holding limited liability company incorporated in Delaware, and an indirect wholly-owned subsidiary of the Company.

The Company

The Group is principally engaged in the provision of corporate advisory services and related activities. The scope of corporate advisory services and related activities offered by the Group includes (i) corporate resumption, (ii) mergers and acquisitions, (iii) acting as IPO sponsors and compliance advisers, (iv) litigation support and distressed asset recovery, and (v) investment advisory and asset management. In addition, the Group assists clients in fund raising, deals in securities as agent and invests in securities and various types of assets as principal. The Company has also devoted resources to developing its asset management and investments business.

The Sellers

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Sellers is an Independent Third Party.

Alerian

Alerian is a limited liability company incorporated in Delaware. Alerian is principally engaged in the provision of market intelligence. Specifically, Alerian maintains a series of indices for MLPs, and equips investors to make informed decisions about investments in energy infrastructure MLPs. The indices are also used by industry executives, investment professionals, research analysts, and national media for evaluating investment returns. In the United States, MLPs are limited partnerships that are publicly traded. They combine the tax benefits of a limited partnership with the liquidity of publicly traded securities. Most MLPs currently operate in the energy industry.

Alerian also licences its indices to third parties for the creation of investment vehicles, such as ETPs. These investment vehicles are structured products that are separately managed by Product Issuers, including well-known global asset managers and investment banks. ETPs will be co-branded with Alerian's name and marketed by Product Issuers to retail investors as well as institutional investors.

Alerian generates revenue primarily from the license fees received from asset managers and Product Issuers, with whom it partners, for the right to use the indices and Alerian's name. Alerian has entered into long-term business agreements with Product Issuers, under which license fees are charged either on the basis of (i) a percentage of assets under management of the co-branded products or (ii) a fixed amount for the licenced product on a monthly or quarterly basis. This revenue is ultimately derived from the investing public who, for an annual fee, can invest their money into an ETP. The revenue generated by the ETP through this annual fee are then shared between the Product Issuer and Alerian, in accordance with the terms of the contractual arrangement governing the administration of the ETP.

FINANCIAL INFORMATION OF ALERIAN

The following is the audited financial information of Alerian for each of the two financial years ended 31 December 2015 and 31 December 2016 prepared in accordance with US GAAP:

	For the year ended 31 December 2015		For the year ended 31 December 2016	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Net profit before and after taxation and extraordinary items	61,204	478,168	58,555	457,473

As at 31 December 2016, the audited net asset value of Alerian is US\$8.1 million (equivalent to approximately HK\$63.3 million).

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As three of the applicable percentage ratios defined in Rule 19.07 of the GEM Listing Rules for the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

The Listing Committee has determined that the Acquisition is an extreme very substantial acquisition which is not subject to reverse takeover rules. Enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular and Haitong International Capital Limited has been appointed as the financial adviser of the Company to conduct due diligence in accordance with Practice Note 2 of the GEM Listing Rules on Alerian.

EGM

An EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Unit Purchase Agreement, the transactions contemplated thereunder. To the best of the Directors' knowledge, as at the date of this announcement, no Shareholder has a material interest in the Unit Purchase Agreement or the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Unit Purchase Agreement and the transactions contemplated thereunder at the EGM.

As enhanced disclosure comparable to the standard for listing documents for new listing applicants is required in the Circular, the Company is currently unable to estimate with certainty the date of despatch of the Circular. The Company will notify Shareholders of the expected date of despatch of the Circular in due course.

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DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire issued and outstanding unit interest in Alerian by the Buyer from the Sellers pursuant to the terms and conditions of the Unit Purchase Agreement
“Actual Closing Cash”	the actual amount of Closing Cash
“Actual Closing Indebtedness”	the actual amount of Closing Indebtedness
“Actual Closing Working Capital”	the actual amount of Closing Working Capital
“Actual Unpaid Seller Expenses”	the actual amount of Unpaid Seller Expenses
“Adjustment Time”	12:01 a.m. New York time on the Closing Date

“Alerian”	GKD Index Partners, LLC (conducting its business under the name “Alerian”), a limited liability company incorporated in Delaware, which is the target company to be acquired by the Buyer pursuant to the Unit Purchase Agreement
“Ancillary Documents”	each other agreement, document, instrument and/or certificate contemplated by the Share and Purchase Agreement to be executed in connection with the transactions contemplated thereunder, including the Escrow Agreement and the Termination Escrow Deposit Agreement
“Board”	the board of Directors
“Business Day”	any day, other than a Saturday or Sunday, on which commercial banks in New York City, Hong Kong or Beijing are not required or authorised to close
“Buyer”	ZZCI Index Partners LLC, a limited liability company incorporated in Delaware, which is an indirect, wholly-owned subsidiary of the Company
“Circular”	a circular which will be issued in relation to the Acquisition
“Closing”	the closing of the Acquisition in accordance with the terms and conditions of the Unit Purchase Agreement
“Closing Cash”	the amount of cash, cash equivalents and marketable securities of Alerian as of the Adjustment Time, determined in accordance with US GAAP
“Closing Date”	the date on which Closing is held
“Closing Indebtedness”	the aggregate amount of indebtedness of Alerian as of the Adjustment Time, determined in accordance with US GAAP
“Closing Working Capital”	the net working capital of Alerian as of the Adjustment Time, determined in accordance with US GAAP
“Company”	ZZ Capital International Limited 中植資本國際有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Growth Enterprise Market of the Hong Kong Stock Exchange
“Conditions”	the conditions precedent in the Unit Purchase Agreement
“Connected Person”	has the same meaning as ascribed to it under the GEM Listing Rules

“controlling shareholder”	has the same meaning as ascribed to it under the GEM Listing Rules
“Debt Financing”	the debt financing incurred or intended to be incurred, including the offering or private placement of debt securities
“Directors”	the directors of the Company
“Earnout Payments”	an additional consideration of up to US\$230 million (equivalent to approximately HK\$1,797 million) payable by the Buyer to the Sellers in the event that the revenue of Alerian exceeds certain targets for each of the financial years ending 31 March 2018, 2019, 2020 and 2021
“EGM”	the extraordinary general meeting to be convened to consider, and, if thought fit, approve the Unit Purchase Agreement and the transactions contemplated thereunder
“Enterprise Value”	US\$570 million (equivalent to approximately HK\$4,453 million)
“Equity Commitment Letter”	the equity financing commitment letter entered into between the Company and the Buyer, pursuant to which the Company has committed, subject to certain conditions, to purchase, directly or indirectly, securities of the Buyer in the amount set out therein for the purposes of financing the transactions contemplated by the Unit Purchase Agreement
“Equity Financing”	the purchase and subscription of equity interest in the Buyer by the Company incurred or to be incurred pursuant to the Equity Commitment Letter
“Escrow Agent”	Citibank, N.A.
“Escrow Agreement”	an escrow agreement to be entered into on the Closing Date by the Sellers’ Representative, the Buyer and the Escrow Agent
“Estimated Closing Cash”	the amount of Closing Cash estimated by the Sellers’ Representative
“Estimated Closing Indebtedness”	the amount of Closing Indebtedness estimated by the Sellers’ Representative
“Estimated Closing Working Capital”	the amount of Closing Working Capital estimated by the Sellers’ Representative

“Estimated Purchase Price”	an amount equivalent to (i) the Enterprise Value, plus (ii) the amount of Estimated Closing Cash, plus or minus (iii) the amount of Estimated Closing Working Capital exceeds Target Working Capital (depending on whether it is a positive or negative number), minus (iv) the amount of Estimated Closing Indebtedness, and minus (v) the amount of Estimated Unpaid Seller Expenses
“Estimated Unpaid Seller Expenses”	the amount of Unpaid Seller Expenses estimated by the Sellers’ Representative
“ETFs”	exchange-traded funds
“ETNs”	exchange-traded notes
“ETPs”	exchange-traded products, including ETFs and ETNs
“Financing Sources”	the Persons that have committed to provide or arrange or otherwise entered into agreements in connection with all or any part of the Debt Financing or other financing (other than the Equity Financing) in connection with the transactions contemplated by the Unit Purchase Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Hong Kong Stock Exchange
“Governmental Entity”	any United States or foreign (i) federal, state, local, municipal or other government, (ii) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (iii) body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any stock exchange, mediator, arbitrator or arbitral tribunal
“Group”	the Company and its subsidiaries (as defined under the GEM Listing Rules)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HSR Act”	the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder
“Independent Third Party”	an independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its Connected Persons
“Jinhui”	Jinhui Capital Company Limited, a directly wholly-owned subsidiary of Zhongzhi Capital (HK), and directly holding approximately 60.82% of the total issued share capital of the Company as at the date of this announcement
“Kang Bang”	Kang Bang Qi Hui (HK) Company Limited, an indirectly wholly-owned subsidiary of Zhongzhi Capital Management, and directly holding approximately 12.84% of the total issued share capital of the Company as at the date of this announcement
“Law”	any law (including any common law), statute, legally binding rule, ordinance, Order, decree or regulation
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Marketing Period”	the first period of 20 consecutive Business Days commencing after the date of the Unit Purchase Agreement throughout which (i) the Buyer and its Financing Sources shall have all of the required financial information and (ii) the conditions set out in the Unit Purchase Agreement (other than Condition (g) which is set out in the section headed “Conditions Precedent”) shall be satisfied or waived (as the case may be) and nothing has occurred and no condition exists that would cause any of the conditions set out the Unit Purchase Agreement to fail to be satisfied
“Material Adverse Effect”	a change, event, fact, condition, circumstance, occurrence or effect that, when considered either individually or in the aggregate together with all other changes, events, facts, conditions, circumstances, occurrences or effects, has, or would reasonably be expected to have, a material adverse effect upon the financial condition, business, or results of operations of Alerian or the ability of Alerian and Sellers to consummate the transactions contemplated by the Unit Purchase Agreement
“MLP”	master limited partnerships
“Order”	any order, writ, injunction, stipulation, determination, award or decree of any Governmental Entity

“Outside Board Members”	members of the board of managers of Alerian to be created by the Buyer immediately after Closing, who will not be involved in the management of Alerian and/or who will be independent board members
“Person”	an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other similar entity, whether or not a legal entity
“PRC”	the People’s Republic of China
“PRC Governmental Entity”	any Governmental Entity of or within the PRC
“Product Issuers”	issuers of ETPs
“Purchase Price”	an amount which is equivalent to: (i) the Enterprise Value, plus (ii) the amount of Closing Cash, plus or minus (iii) the amount of Closing Working Capital exceeds Target Working Capital (depending on whether it is a positive or negative number), minus (iv) the amount of Closing Indebtedness, and minus (v) the amount of Unpaid Seller Expenses
“Second Equity Commitment Letter”	the equity financing commitment letter entered into between the Company and the Buyer, pursuant to which the Company has committed, subject to certain conditions, to purchase, directly or indirectly, securities of the Buyer in the amount set out therein for the purposes of funding the Earnout Payments payable under the Unit Purchase Agreement
“Seller Expenses”	the aggregate amount of all fees, costs and expenses (including those related to travel, legal, accounting and investment banking) incurred by or on behalf of any Seller or Alerian as a result of, or in connection with, the execution and delivery of the Unit Purchase Agreement or any Ancillary Documents or the consummation of the contemplated transactions, in each case solely to the extent required to be paid or reimbursed by Alerian
“Sellers”	Mr. Gabriel Hammond, Mr. Daniel Hammond and Mr. Kenny Feng
“Sellers’ Representative”	Mr. Gabriel Hammond, and any successor representative appointed in accordance with the Unit Purchase Agreement
“Shareholder(s)”	holders of the Shares

“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Subsidiary”	with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity’s gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary
“Target Working Capital”	US\$450,000
“Termination Date”	15 January 2018
“Termination Escrow Deposit Agreement”	an agreement pursuant to which the Buyer would cause an amount in cash denominated in U.S. dollars equal to the Termination Fee with the Escrow Agent, which amount shall be held in a segregated account by the Escrow Agent
“Termination Fee”	an amount equal to US\$25,000,000
“Unit Purchase Agreement”	the Unit Purchase Agreement dated 14 July 2017 entered into by and among the Buyer, the Sellers, the Sellers’ Representative and Alerian in relation to the Acquisition
“Unpaid Seller Expenses”	the aggregate amount of Seller Expenses incurred and unpaid as of immediately prior to Closing
“US\$”	United States dollars, the lawful currency of the United States of America
“US GAAP”	United States generally accepted accounting principles

“Zhongzhi Capital (HK)”	Zhongzhi Capital (HK) Company Limited, an indirectly and wholly-owned subsidiary of Zhongzhi Capital Management, and indirectly holding approximately 60.82% of the total issued share capital of the Company as at the date of this announcement
“Zhongzhi Capital Management”	Zhongzhi Capital Management Limited, indirectly holding approximately 73.66% of the total issued share capital of the Company as at the date of this announcement
“%”	per cent.

For the purposes of this announcement, the exchange rate of US\$ 1.00 = HK\$7.8127 has been used, where appropriate, for the purposes of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.

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 July 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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.zzcapitalinternational.com.