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 2019

CHARACTERISTICS OF 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 for the Year dropped to approximately HK$3.94 million (2018: HK$246.45 million).
- Operating expenses decreased to approximately HK$186.90 million (2018: HK$229.24 million).
- Post tax loss at approximately HK$284.71 million (2018: profit of HK$20.80 million).
- Basic losses per share of HK8.02 cents (2018: earnings of HK0.59 cent); diluted loss per share of HK8.02 cents (2018: earnings of HK0.59 cent).
- Total assets at approximately HK$714.88 million (2018: HK$1,010.58 million); shareholders' equity advanced to approximately HK$705.18 million (2018: HK$990.41 million).
- No dividends being declared for the Year (2018: 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 2019 (the "Year"), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	**2019** *HK$'000*	2018 *HK$'000*
Revenue			
Corporate advisory income	*3*	**1,630**	16,148
Loan interest income	*3*	**2,305**	–
Investment advisory and management income	*3*	**–**	230,299
Total revenue		**3,935**	246,447
Net investment (loss) income	*4*	**(84,992)**	6,275
Interest income	*4*	**9,009**	1,022
Other (losses) gains	*4*	**(24,945)**	2,318
Operating expenses		**(186,903)**	(229,240)
(Loss) profit before tax		**(283,896)**	26,822
Income tax expense	*5*	**(813)**	(6,020)
(Loss) profit for the year	*6*	**(284,709)**	20,802
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(523)**	(2,631)
Total comprehensive (loss) income for the year		**(285,232)**	18,171
(Losses) earnings per share attributable to owners of the Company			
— Basic (HK cents)	*8*	**(8.02)**	0.59
— Diluted (HK cents)	*8*	**(8.02)**	0.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Plant and equipment		**851**	10,030
Convertible loan receivable at fair value through profit or loss ("FVTPL")	*10*	**–**	249,405
Loan receivables		**16,002**	–
Deposits		**2,341**	207,581
Available-for-sale ("AFS") investment		**–**	14,694
Total non-current assets		**19,194**	481,710
Current assets			
Trade receivables	*9*	**52**	233,072
Convertible loan receivable at FVTPL	*10*	**167,986**	–
Other assets and receivables		**40,573**	43,254
Financial assets at FVTPL		**6,828**	–
Held for trading investments		**–**	5,903
Prepaid tax		**2,597**	1,374
Cash held on behalf of clients		**3**	2
Bank balances and cash		**477,651**	245,260
Total current assets		**695,690**	528,865
Current liabilities			
Trade payables	*11*	**3**	2
Other payables and accruals		**5,200**	14,240
Tax payable		**4,499**	5,919
Total current liabilities		**9,702**	20,161
Net current assets		**685,988**	508,704
Net assets		**705,182**	990,414
Equity			
Equity attributable to owners of the Company			
Share capital	*12*	**35,505**	35,505
Reserves		**669,677**	954,909
Total equity		**705,182**	990,414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital *HK$'000*	Share premium *HK$'000* *(Note i)*	Contributed surplus *HK$'000* *(Note ii)*	Translation reserve *HK$'000*	Retained profits/ (Accumulated losses) *HK$'000*	Total *HK$'000*
At 1 April 2017	35,505	706,245	9,000	–	221,493	972,243
Profit for the year	–	–	–	–	20,802	20,802
Other comprehensive loss for the year	–	–	–	(2,631)	–	(2,631)
At 31 March 2018	35,505	706,245	9,000	(2,631)	242,295	990,414
Loss for the year	–	–	–	–	(284,709)	(284,709)
Other comprehensive loss for the year	–	–	–	(523)	–	(523)
Total comprehensive loss for the year	–	–	–	(523)	(284,709)	(285,232)
At 31 March 2019	**35,505**	**706,245**	**9,000**	**(3,154)**	**(42,414)**	**705,182**

Note i: The Group's share premium represents the proceeds received from share issuance, net of any directly attributable transaction costs credited to share capital and/or share premium.

Note ii: The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation prior to the listing, over the nominal value of the Company's shares issued in exchange thereafter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. They have been prepared on the historical cost basis, except for financial instruments that are measured at fair value. The consolidated 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 accordance with HKFRSs requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 — 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker ("CODM"), responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

After the investment advisory and management agreement with the intermediate holding company ("IAM Agreement") was expired on 31 March 2018, the CODM, who allocates resources and assess performance based on the consolidated financial information for the entire business, considers the Group operates only in the provision of corporate advisory services and loan financing services. Information reported to the CODM for the purposes of resource allocation and assessment focuses on revenue analysis by services provided. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, the Group does not present separate segment information other than entity-wide disclosures, major customers and geographic information.

The Group does not have any plan for investing in alternative investments opportunities in the current year.

Revenue represents the net amounts received and receivable for the provision of corporate advisory services and loan financing services.

An analysis of the Group's revenue from major services are as follows:

	2019	2018
	HK$'000	*HK$'000*
Corporate advisory income	**1,630**	16,148
Loan interest income	**2,305**	–
Investment advisory and management income *(Note)*	**–**	230,299
	3,935	246,447

All services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Note: Investment advisory and management income in prior year represents either performance fees or management fees to the Group from the intermediate holding company, whichever is higher, in every calendar year under the IAM Agreement dated 2 February 2016 with the intermediate holding company. When service was rendered, management fees or performance fees were recognised as revenue when it was probable that there was an economic inflow to the entity and the amount can be reliably measured. When performance fees were contingent on a future event which is outside the control of the entity, management considered the contingent portion was only recognised when the contingent event had happened and there is no uncertainty on revenue recognition. While the quantum of performance fees could be ascertained upon disposal of assets in the investment portfolio, management fees are only recognised on a time apportionment basis with reference to the net asset value of the investment portfolio managed by the Group by the end of each calendar year.

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**2,902**	8,100
The People's Republic of China ("the PRC")	**628**	230,299
United Kingdom ("UK")	**–**	8,048
The United States of America (the "USA")	**405**	–
	3,935	246,447

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

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**847**	1,026
Israel	**4**	7
UK	**–**	4,221
USA	**–**	4,776
	851	10,030

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

Information about major customer

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

	2019	2018
	HK$'000	*HK$'000*
Customer A *(Note)*	**–**	230,299
Customer B	**2,850**	–
Customer C	**410**	–
Customer D	**405**	–

Note: The Customer A is an intermediate holding company of the Group.

4. NET INVESTMENT (LOSS) INCOME/INTEREST INCOME/OTHER (LOSSES) GAINS

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

	2019 *HK$'000*	2018 *HK$'000*
Net investment (loss) income		
Net fair value loss on financial assets at FVTPL/ held for trading investments	**(3,575)**	(772)
Fair value (loss) gain on convertible loan receivable at FVTPL	**(81,419)**	7,047
Dividend income	**2**	–
	(84,992)	6,275
Interest income		
Interest income from financial assets		
— Bank deposits	**9,009**	1,022
Other (losses) gains		
Loss on disposal of plant and equipment	**(7,180)**	–
(Loss) gain on exchange differences	**(8,903)**	2,318
Loss on early termination of operating lease agreements	**(8,862)**	–
	(24,945)	2,318

5. INCOME TAX EXPENSE

	2019 *HK$'000*	2018 *HK$'000*
Hong Kong Profit Tax		
Current tax	**–**	1,332
Underprovision in prior years	**9**	–
	9	1,332
PRC Enterprise Income Tax		
Current tax	**635**	–
The USA Federal, State New York City Income Tax		
Current tax	**15**	1,112
UK Corporation Tax		
Current tax	**136**	3,449
Israel Corporation Tax		
Current tax	**18**	127
Total current tax	**804**	4,688
Income tax expense	**813**	6,020

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The U.S. Tax Cuts and Jobs Act (the "Act") was enacted into law on 22 December 2017. The Act includes significant changes to the U.S. corporate income tax system that are effective on 1 January 2018, including a reduction of the U.S. corporate income tax rate from 35% to 21%. The Directors considered the Act has no significant impact to the consolidated financial statements.

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

6. (LOSS) PROFIT FOR THE YEAR

The Group's (loss) profit for the year has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Depreciation	**2,057**	2,308
Employee benefit expense (including directors' remuneration):		
— Salaries, wages, allowances and bonuses	**78,993**	110,071
— Retirement benefits scheme contributions	**261**	564

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

8. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share attributable to the owners of the Company is based on the following data.

	2019	2018
	HK$'000	*HK$'000*
Earnings:		
(Losses) profit for the year attributable to owners of the Company	**(284,709)**	20,802

	2019	2018
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted (losses) earnings per share	**3,550,496,836**	3,550,496,836

Diluted (losses) earnings per share amount was the same as basic (losses) earnings per share amount as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2019 (2018: nil).

9. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from:		
— Zhongzhi Capital	**–**	233,072
— Independent third parties	**52**	540
	52	233,612
Less: Allowance of doubtful debts	**–**	(540)
	52	233,072

The Group's trade receivables arose generally from the provision of corporate advisory services, investment advisory and management services.

All trade receivables are aged within 30 days based on invoice date at the end of the reporting period.

10. CONVERTIBLE LOAN RECEIVABLE AT FVTPL

	2019	2018
	HK$'000	*HK$'000*
Convertible loan receivable at FVTPL	**167,986**	249,405

On 7 September 2017, ZZCI Corporate Services Limited (the "Lender"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement and a security agreement over shares with Geoswift Holding Limited (the "Borrower"), an independent third party of the Group, pursuant to which the Lender agreed to grant a loan facility of up to US$31.00 million to the Borrower for a term of 18 months at interest rate of 7% per annum ("PayEase Loan") with 3,053 shares of Geopay as collateral ("Collateral") registered in the name of the Borrower that are mortgaged and charged in favour of the Lender. The provision of the loan facility allows the Borrower to fund Geopay to finance the payment of part of the consideration for the acquisition of PayEase Beijing (HK) Limited and PayEase (Hong Kong) Limited ("PayEase Acquisition") which was completed by Geopay on 11 December 2017.

In connection with the loan facility, on 7 September 2017, the Borrower granted a call option over 2,000 shares out of 10,000 shares of Geopay to the Lender, representing a 20% interest in Geopay. The total number of outstanding shares of Geopay can be increased to 13,000 at the discretion of Geopay as permitted in the agreement, resulting in a conversion of the Group's interest over Geopay to below 20% at the time of exercise of the call option by the Group.

The exercise of the call option is at the Lender's discretion and the exercise price is US$31.00 million which shall be either in cash or set off against the principal and any accrued and unpaid interest under the loan facility agreement. The option was expired on 10 June 2019.

Details of the above transaction were disclosed in the announcement of the Company dated 7 September 2017.

On 3 October 2017, US$31,000,000 (equivalent to approximately HK$242,358,000) was drawn down by the Borrower and call option has not been exercised as at 31 March 2018.

On 7 March 2019, the Borrower had defaulted the principal payment and interest of the PayEase Loan due in March 2019. The Company is seeking legal advice as to how to further protect its interest in connection with the default by the Borrower including but not limited to consider taking possession of the Collateral, ie. the pledged shares of 3,053 ordinary shares of Geopay. On 19 June 2019, the Group received US$300,000 from the Borrower as partial repayment of the loan.

11. TRADE PAYABLES

Included in trade payables are payables for clients monies of approximately HK$3,000 (2018: HK$2,000) which are segregated in the trust accounts.

12. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2017, 31 March 2018, 1 April 2018, and 31 March 2019	3,550,496,836	35,505

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 August 2019 to Tuesday, 13 August 2019 (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 Wednesday, 7 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Year marked the third year of operation for the Company after 中植資本管理有限公司 Zhongzhi Capital Management Company Limited* ("Zhongzhi Capital") took majority control of the Company in 2016. The Group has made great efforts to adjust its overseas strategy and refocus its business scope, and has made a positive progress during the Year rather than focusing on its global strategy to expand its international investment during the past two years.

Influenced by the foreign exchange policy and macro investment environment of the government of the PRC (the "PRC Government"), the Group actively carried out strategic adjustments, focusing on project divestiture, team restructuring and cost reduction. The Company issued an announcement on 23 May 2018 (capitalized terms used herein shall have the same meaning as those defined in this announcement), (A) (i) the parties to the Alerian Unit Purchase Agreement in relation to the acquisition of the entire issued and outstanding unit interest in GKD Index Partners, LLC (conducting its business under the name "Alerian") agreed to terminate the Alerian Unit Purchase Agreement and (ii) the Company entered into the Ancillary Transactions (including the Loan Commitment Agreement and the Omnibus Agreement) with Aretex Capital; and (B) Aretex Alerian Purchaser entered into an agreement with the Sellers to acquire the equity interests of Alerian which, among other things, facilitates the release to the Buyer of the Termination Fee that was deposited by the Buyer in the Termination Fee Escrow Account pursuant to the Alerian Unit Purchase Agreement. Upon the termination of Alerian Unit Purchase Agreement, the deposit of US$25.00 million (net of legal and professional fees paid) has been released and returned to the Group.

* *For identification purposes only*

On 10 August 2018, the Company announced that it entered into a termination agreement with African Emerald and Zhongzhi Capital (Hong Kong) for the termination of the Term Sheet entered into between the Company and Africa Emerald and Zhongzhi Capital (Hong Kong) on 12 July 2017 with immediate effect and the Parties shall be released and discharged from all claims and demand thereunder (capitalized terms used above shall have the same meanings as those defined in the announcement of the Company dated 12 July 2017).

Meanwhile, there occurred some changes in the management of the Company accordingly. In November 2018, Mr. CHEN Jianfeng Peter resigned from the Company's executive director and Chief Financial Officer; and Mr. WU Hui was appointed as the Chief Operating Officer of the Group simultaneously, who was dedicated to the cost control and internal operation management of the Group. Mr. FU Chi King Johnson was appointed as the Company's non-executive Director in March 2019. This further improved the governance structure of the Company.

On 15 December 2018, the Company announced that it was involved in an external debt business concerning lending the amount of HK$95.00 million to China Tianrui Group Cement Company Limited. The principal amount of the loan with interest in the sum of HK$96.90 million was successfully repaid on 15 March 2019.

We had four new institutional clients during the Year. The Group provided such clients corporate advisory services leveraging on its professional capabilities and received a revenue on corporate advisory services of HK$1.63 million. The Group will continue to seek high-quality customers and provide professional services in investment advisory, asset management, corporate advisory, corporate financing and other fields.

On 8 March 2019, the Company issued an announcement in relation to a loan agreement entered into for the grant of a loan facility of up to US$31.00 million to Geoswift Holding Limited (the "Borrower") by the indirect wholly-owned subsidiary of the Company. The principal amount of the loan with interest in the sum of approximately US$34.10 million (equivalent to approximately HK$267.69 million) has fallen due on 7 March 2019, but the Borrower was unable to repay the said amount on the due date, which constituted a default in repayment of the loan under such loan agreement. On 19 June 2019, the Group received US$300,000 from the Borrower as partial repayment of the loan. The Company will attempt to further negotiate with the Borrower in relation to the repayment arrangement in respect of the remaining balance of the loan and the interest accrued thereon. Further announcement(s) will be made to follow up the details as and when appropriate. The default in repayment of the loan does not have significant impact on the daily operations of the Group.

In order to enhance corporate governance and internal control, the Company has engaged Corporate Governance Professionals Limited (formerly known as Baker Tilly Hong Kong Risk Assurance Limited) again as its internal auditor to evaluate, assess and improve its internal control process and to ensure appropriate policies and procedures are in place. The Company has further improved various control measures on internal operation and management based on the findings and recommendations from the internal audit.

Under the Greater Bay Area plan, the business of the Group will leverage on Hong Kong's geographical advantages and global presence. It is the intention of the Company's management to optimize its resources and to develop business strategies oriented from the perspective of China, and to diversify products and services for achieving a sustainable growth.

Financial Review

Results of the Group

For the Year, the Group's revenue dropped to approximately HK$3.94 million (2018: HK$246.45 million) as the investment and advisory management agreement with Zhongzhi Capital had expired on 31 March 2018. Interest income from lending business of approximately HK$2.31 million was recognised for the Year (2018: Nil).

There was a net investment loss on financial assets of approximately HK$84.99 million for the Year (2018: income of HK$6.28 million) mainly because of the fair value loss on convertible loan receivable at FVTPL of HK$81.42 million recognised during the Year. Interest income from bank deposits increased to approximately HK$9.01 million (2018: HK$1.02 million). Net exchange loss of HK$8.90 million was recognised for the Year (2018: gain of HK$2.32 million), mostly driven by the foreign exchange revaluation of the Group's Renminbi ("RMB") bank balances.

Operating expenses during the Year was approximately HK$186.90 million (2018: HK$229.24 million). The major expenses components were staff cost of HK$79.25 million (2018: HK$110.64 million), rental expenses of HK$37.60 million (2018: HK$46.63 million) and professional fee of HK$50.26 million (2018: HK$37.37 million). The decrease in operating expenses was mainly attributable to significant reduction in staff cost and rental expenses after the one-off redundancy and termination programs in the US and UK offices of the Group.

The resultant pre-tax loss for the Year was approximately HK$283.90 million, compared to a pre-tax profit of approximately HK$26.82 million for the last financial year.

Income tax expense of approximately HK$0.81 million was incurred during the Year (2018: HK$6.02 million).

Accordingly, total comprehensive loss for the Year amounted to approximately HK$285.23 million, compared to total comprehensive income of HK$18.17 million recorded in the last financial year. Basic loss per share for the Year was approximately HK8.02 cents (2018: earnings of HK0.59 cent), while diluted loss per share for the Year was the same as basic loss per share of approximately HK8.02 cents (2018: earnings of HK0.59 cent).

The Group maintained non-current deposits of approximately HK$2.34 million as at 31 March 2019 (2018: HK$207.58 million). The significant decrease was mainly due to the deposit of HK$195.00 million being released and returned to the Group upon termination of Alerian Unit Purchases Agreement. Plant and equipment dropped to approximately HK$0.85 million (2018: HK$10.03 million), which was mainly due to the disposal of equipment for termination programs in the US and UK offices. Loan receivables as at 31 March 2019 was approximately HK$16.00 million (2018: Nil), as a result of a loan of US$2.00 million was granted during the Year.

As mentioned in Business review, the convertible loan receivable at FVTPL was defaulted on 7 March 2019, so the fair value of the convertible loan receivable at FVTPL decreased to approximately HK$167.99 million as at 31 March 2019 (2018: HK$249.41 million). Trade receivables as at 31 March 2019 decreased to approximately HK$0.05 million (2018: HK$233.07 million) because trade receivables of HK$233.07 million as at 31 March 2018 have been received in full during the Year.

Other payables and accruals as at 31 March 2019 decreased to approximately HK$5.20 million (2018: HK$14.24 million), consistent with the result of termination programs in the US and UK offices.

Net assets value of the Group as at 31 March 2019 decreased to approximately HK$705.18 million (2018: HK$990.41 million). The net assets value per share as at 31 March 2019 was approximately HK19.86 cents (2018: HK27.90 cents).

Liquidity and financial resources

The Group continued to adopt a prudent financial management strategy and maintained a healthy liquidity position. As at 31 March 2019, the Group had net current assets of approximately HK$685.99 million (2018: HK$508.70 million), and the current ratio was approximately 71.71 (2018: 26.23).

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 commitments. The Group had no borrowing and the gearing ratio of the Group, calculated as total borrowings over total equity, was nil as at 31 March 2019 (2018: Nil).

For foreign currency risk, the Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Capital structure

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

Total equity attributable to owners of the Company amounted to approximately HK$705.18 million as at 31 March 2019 (2018: HK$990.41 million). This decrease was mainly attributable to the decrease in the retained profits for the Year.

Commitments

As at 31 March 2019, the Group's operating lease commitment dropped to HK$11.13 million as compared to HK$100.99 million recorded in the last financial year as the lease agreements in US and UK offices have been terminated during the Year. As at 31 March 2019, the establishment of a wholly-owned foreign equity investment management enterprise (the "Qianhai Subsidiary") in Qianhai, Shenzhen for which there will be a capital contribution of US$1.60 million (31 March 2018: US$1.60 million). Save for the above, the Group and the Company did not have any significant commitment as at 31 March 2019 and 2018.

Charge on the Group's assets

As at 31 March 2019, the Group did not have any charge on its assets (2018: Nil).

Contingent liabilities

As at 31 March 2019, the Group had no material contingent liabilities (2018: Nil).

Future plans for material investments or capital assets

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

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group had no material acquisitions or disposal of subsidiaries and affiliated companies during the Year.

Outlook

Due to the influence from the factors such as the continued global trade tensions, an unexpected slowdown in the economy of the Eurozone, the rising risks in some emerging economies, and the growing tensions on financial environment in developed economies, the International Monetary Fund has recently reduced the economic growth rate for 2019 from 3.5% to 3.3%. On the contrary, the economic growth rate in Mainland China was 6.6% in 2018, and its GDP exceeded RMB90 trillion for the first time, which was in line with the expected development target of 6.5% set by the PRC Government at the beginning of last year. The International Monetary Fund predicts that the economic growth rate in Mainland China will be 6.3% in 2019. Although the intensifying trade conflict between China and the United States of America would bring uncertainties to global and Chinese economic growth, the economic growth and expectations in Mainland China are still far higher than the average global economic growth.

Given the above situation, the Company will re-emphasize its strategic Hong Kong location and connectivity with Mainland China in order to achieve a diversification by across geographies, sectors, and asset classes. In order to improve its state of operation, the Company is endeavor to achieve a more integrated Greater China strategy at a more balanced and steady pace. With growing investment opportunities in the Greater Bay Area, the Group will leverage on its local knowledge and expertise to drive its business growth, and will achieve a synergistic business by cooperating with domestic and overseas partners.

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 Year.

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 throughout the Year.

REVIEW OF RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu 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, 21 June 2019

As at the date of this announcement, the executive Directors are Ms. DUAN Di (Chairman) and Ms. ZHANG Yun (Chief Executive Officer); the non-executive Director is Mr. FU Chi King Johnson; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong and Mr. ZHANG Longgen.

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.