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ZIONCOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 Zioncom Holdings Limited (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.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board (the “**Board**”) of Directors of the Company presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 March 2018, together with the unaudited comparative figures for the same corresponding period in 2017.

	Notes	For the three months ended 31 March	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	154,775	121,815
Cost of sales		(132,235)	(102,387)
Gross profit		22,540	19,428
Other income		1,533	755
Selling and distribution expenses		(2,784)	(2,165)
Administrative expenses		(11,603)	(9,858)
Research and Development expenses		(5,965)	(4,866)
Profit from operations		3,721	3,294
Finance costs	5	(1,063)	(340)
Profit before taxation		2,658	2,954
Taxation	6	(1,044)	(722)
Profit for the period		1,614	2,232
Other comprehensive income/(loss)			
<i>Items that will not reclassified to profit or loss:</i>			
Surplus on revaluation of properties		711	646
Deferred tax liabilities arising from revaluation of properties		(239)	(123)
		472	523

	For the three months ended 31 March	
	2018	2017
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translating of foreign operation	3,859	1,110
(Loss)/Gain arising from changes in fair value of available-for-sale financial assets	(152)	53
	<u>3,707</u>	<u>1,163</u>
Other comprehensive income for the period	<u>4,179</u>	<u>1,686</u>
Total comprehensive income for the period	<u>5,793</u>	<u>3,918</u>
Profit for the period attributable to the owners of the Company	<u>1,614</u>	<u>2,232</u>
Total comprehensive income attributable to owners of the Company	<u>5,793</u>	<u>3,918</u>
Earnings per share attributable to the owners of the Company		
Basic and diluted (<i>HK cents</i>)	<i>8</i>	
	<u>0.26</u>	<u>0.48</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Other reserve	Surplus reserve	Exchange reserve	Revaluation Surplus reserve	Available- for-sales financial assets reserve	Retained Earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited (Note a)	Unaudited (Note a)	Unaudited (Note b)	Unaudited (Note c)	Unaudited (Note d)	Unaudited (Note e)	Unaudited (Note f)	Unaudited	Unaudited	Unaudited
At 1 January 2017	32,001	–	–	2,279	(712)	16,684	(54)	82,213	132,411
Profit for the period	–	–	–	–	–	–	–	2,232	2,232
Other Comprehensive income for the period	–	–	–	–	1,110	523	53	–	1,686
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the period	–	–	–	–	1,110	523	53	2,232	3,918
Effect of reorganisation	(31,992)	–	31,992	–	–	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	<u>9</u>	<u>–</u>	<u>31,992</u>	<u>2,279</u>	<u>398</u>	<u>17,207</u>	<u>(1)</u>	<u>84,445</u>	<u>136,329</u>
At 1 January 2018	9	–	31,992	2,279	7,043	18,726	66	82,933	143,048
Profit for the period	–	–	–	–	–	–	–	1,614	1,614
Other Comprehensive income for the period	–	–	–	–	3,859	472	(152)	–	4,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the period	–	–	–	–	3,859	472	(152)	1,614	5,793
Capitalisation issue	4,611	(4,611)	–	–	–	–	–	–	–
Placing and public offer of shares upon the listing date on 18 January 2018	1,980	83,160	–	–	–	–	–	–	85,140
Expenses in connection with the issue of shares	–	(19,625)	–	–	–	–	–	–	(19,625)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	<u>6,600</u>	<u>58,924</u>	<u>31,992</u>	<u>2,279</u>	<u>10,902</u>	<u>19,198</u>	<u>(86)</u>	<u>84,547</u>	<u>214,356</u>

Notes:

- (a) On 18 January 2018, the Company issued new shares through the placing of 138,600,000 ordinary shares of HK\$0.01 each and the public offer of 59,400,000 ordinary shares of HK\$0.01 each at the price of HK\$0.43 per share.

Conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the offer Shares pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK\$4,611,420 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 461,142,000 additional Shares for allotment and issue to the existing shareholders on the register of members of the Company immediately prior to the Listing as at 18 January 2018, credit as fully paid and on a pro rata and *pari passu* basis.

- (b) Other reserve represented the difference between the Group's share of nominal values of the paid-up capital of the subsidiary acquired over the Group's cost of acquisition of the subsidiary under common control upon Reorganisation.

- (c) Subsidiaries of the Company established in the PRC shall appropriate 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve fund account in accordance with the PRC Company Law. When the balance of such reserve fund reaches 50% of the entity's share capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior year's losses or to increase capital after proper approval.
- (d) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (e) Revaluation surplus reserve represents the revaluation gains or losses arising on the land and building situated in the PRC, for such reclassifications, the cumulative increase in fair value at the date of reclassification in excess of any previous accumulative depreciation and impairment losses is included in the property revaluation reserve, and will be transferred to retained earnings upon the retirement or disposal of the relevant property.
- (f) Available-for-sale financial assets reserve represents cumulative net change in the fair value of available-for sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to the profit or loss when those investments have been disposed of or are determined to be impaired.

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 29 January 2016. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KYI-1108, Cayman Islands and the principal place of business of the Company is located in Room 1, 6/F., Fortune Commercial Building, 362 Sha Tsui Road, Tsuen Wan, Hong Kong.

The Company's immediate and ultimate holding company is Lincats (BVI) Limited, a company incorporated in the British Virgin Islands ("**BVI**"). Lincats (BVI) Limited is controlled by Mr. Kim Byung Kwon. Lincats (BVI) Limited and Mr. Kim Byung Kwon are referred to as the controlling shareholders ("**Controlling Shareholders**").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of networking products and non-networking products.

The shares of the Company (the "**Shares**") have been listed on GEM of The Stock Exchange by way of placing and public offer (collectively the "**Share Offer**") on 18 January 2018 (the "**Listing Date**").

On the Listing Date, a total of 198,000,000 new Shares with nominal value of HK\$0.01 each were offered under the Share Offer, of which 138,600,000 Shares, or 70% was offered by way of placing and the remaining 30%, or 59,400,000 Shares, was offered under the public offer. Based on the final offer price of HK\$0.43 per share, the gross proceeds was approximately HK\$85,140,000. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK\$42,475,000.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"). The functional currency of the Company and its principal subsidiaries are Hong Kong dollars and U.S. dollars and all values are rounded to the nearest thousands (HK\$'000), unless otherwise stated.

2. REORGANISATION

In connection with the listing of the Shares on GEM of the Stock Exchange, the Company underwent a reorganisation (the "**Reorganisation**").

Pursuant to the Reorganisation as fully explained in "History, Development and Reorganisation – Reorganisation" of the Prospectus of the company dated 28 December 2017 (the "**Prospectus**"), the company became the holding company of the companies now comprising the Group on 3 March 2017. The Companies now comprising the Group were under the common control of Mr. Kim Byung Kwon before and after the Reorganisation. Accordingly, the consolidated financial statements has been prepared on the basis by applying the principles of merger accounting as if the Reorganisation has been completed at the beginning of the reporting period.

The unaudited condensed consolidated financial statements of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period.

All intra-group transactions and balances have been eliminated on combination.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months ended 31 March 2018 have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of amendments to HKFRSs which are effective for the current accounting period of the Group. None of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2018 are consistent with those adopted in the financial statements of the Group for the year ended 31 December 2017.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company.

4. REVENUE

The principal activities of the Group are manufacturing and sales of networking products and non-networking products.

5. FINANCE COSTS

	For the three months ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	998	271
Interest expenses on obligations under finance leases	65	69
	<u>1,063</u>	<u>340</u>

6. TAXATION

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current taxation:		
Provision for the period		
– Hong Kong Profits Tax	1,153	–
– Other than Hong Kong	–	722
Over-provision in prior years	(109)	–
	<hr/>	<hr/>
	1,044	722
Deferred taxation:		
Charged/(credited) for the period	–	–
	<hr/>	<hr/>
	1,044	722
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the periods ended 31 March 2018 and 2017.

In 2015, 吉翁電子(深圳)有限公司 was a High and New Technology Enterprise defined by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality and Shenzhen Municipal Office of the State Administration of Taxation and therefore was entitled to 15% preferential tax rate from PRC enterprise income tax for three years starting from year ended 31 December 2015, according to the New PRC Enterprise Income Tax Law.

Taiwan Corporate Income Tax is calculated at 17% of the estimated assessable profit for the three months ended 31 March 2018 and 2017.

Vietnam Corporate Income Tax is calculated at 20% of the estimated assessable profit for the periods ended 31 March 2018 and 2017. No provision of Profits Tax for the subsidiary in Vietnam as no assessable profit for the three months ended 31 March 2018 and 2017.

No Provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during the three months ended 31 March 2018 and 2017.

7. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2018 (2017: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2018 is based on the profit attributable to the owners of the Company for the three months ended 31 March 2018 of approximately HK\$1,614,000 and 622,600,000 weighted average number of ordinary shares in issue during the three months ended 31 March 2018.

The calculation of basic earnings per share for the three months ended 31 March 2017 is based on the profit attributable to the owners of the Company for the three months ended 31 March 2017 and on the assumption that 462,000,000 ordinary shares had been issued, comprising 858,000 ordinary shares in issue and 461,142,000 ordinary shares to be issued pursuant to the capitalisation issue as if the shares had been outstanding throughout the entire reporting period.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the three months ended 31 March 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in manufacturing and sales of networking products, specialising in the design and development of wireless networking products which are primarily targeted for home use and small scale commercial applications. The Group also manufactures and sells wired and wireless networking products such as Ethernet switches, LAN cards, Wi-Fi modules and Access Points as well as non-networking products, such as power banks and USB hubs. Its operations are mainly based in the PRC. Its main products are routers, which provide for wired and wireless transmission of data to devices while maintaining wired connection with modems.

On 18 January 2018, the success of listing (the “**Listing**”) of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited was an important milestone for the Group, improving its capital strength and increasing the Group’s resources for market penetration, production capacity and research and development.

The Group sold its branded products mainly on a wholesale basis through its distributors covering over 40 countries and regions including Korea, the PRC, Vietnam, Hong Kong, Thailand and Brazil. In addition, the Group has subsidiaries in Taiwan and Vietnam with strong sales team working closely with their distributors. The revenue contributed from the Group’s Taiwan and Vietnam operations were approximately HK\$8.5 million and HK\$8.1 million respectively for the three months ended 31 March 2018, which in aggregate contributed approximately 10.7% of the Group’s revenue. The Group is looking forward to growth in the Asia-Pacific market including Vietnam and Taiwan in the coming years.

The Group’s business objective is to strengthen the Group’s position as a networking products manufacturer specialising in the design and development of wireless networking products by enhancing recognition of the Group’s own brand and increasing the Group’s profitability. In support of the Group’s business objective, the Group will continue to implement the business strategies of increasing the Group’s growth in the emerging markets in Asia and other markets with good potential, increasing the Group’s production capacity and broadening its product offerings, enhancing the Group’s overall competitiveness and market share.

Looking ahead, the Group will continue to build our existing businesses, and will actively look for new investment opportunities to steadily enhance the Group’s profitability and return to the shareholders.

FINANCIAL REVIEW

For the three months ended 31 March 2018, the Group recorded revenue of approximately HK\$154.8 million, representing an increase of approximately 27.1% comparing with that of approximately HK\$121.8 million for the three months ended 31 March 2017.

The increase was mainly due to the increase of orders from Taiwan and Vietnam customers during the three months ended 31 March 2018. The Group will continue to put more resources to expand the emerging markets in Asia and other markets with good potential in order to enhance the Group's revenue base.

Cost of sales and gross profit

During the three months ended 31 March 2018, the Group's gross profit increased by approximately 16.0% from approximately HK\$19.4 million for the three months ended 31 March 2017 to approximately HK\$22.5 million for the three months ended 31 March 2018. The Group's cost of sales comprises costs of materials, direct labour, manufacturing overhead, subcontracting services fee and other overhead. The cost of sales increased by approximately 29.2% from approximately HK\$102.4 million for the three months ended 31 March 2017 to approximately HK\$132.2 million for the three months ended 31 March 2018.

The gross profit margin remained stable at approximately 14.6% for the three months ended 31 March 2018 (2017: approximately 15.9%). The increase of gross profit is in line with the increase of revenue.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 28.6% from approximately HK\$2.2 million for the three months ended 31 March 2017 to approximately HK\$2.8 million for the three months ended 31 March 2018, which was mainly due to the aggregate increase in the selling and distribution expenses incurred by the Group's subsidiary in Vietnam and the increase in transportation fee of the Group.

Administrative expenses

Administrative expenses increased by approximately 17.7% from approximately HK\$9.9 million for the three months ended 31 March 2017 to approximately HK\$11.6 million for the three months ended 31 March 2018, which was mainly due to the aggregate increase of the staff costs and staff welfare expenses.

Research and development expenses

Research and development expenses increased by approximately 22.6% from approximately HK\$4.9 million for the three months ended 31 March 2017 to approximately HK\$6.0 million for the three months ended 31 March 2018, which was mainly due to the increase in expenses of salaries and social insurance as the number of staff of research and development department increased.

Finance costs

Finance costs increased by approximately 212.6% from approximately HK\$0.3 million for the three months ended 31 March 2017 to approximately HK\$1.1 million for the three months ended 31 March 2018, which was mainly due to the increase of interest expenses on bank borrowings which increased approximately HK\$0.7 million from approximately HK\$0.3 million for the three months ended 31 March 2017 to approximately HK\$1.0 million for the three months ended 31 March 2018 as certain new bank borrowings were obtained after the three months ended 31 March 2017.

Profit for the year

As a result of the foregoing, the profit for the three months ended 31 March 2018 amounted to approximately HK\$1.6 million, comparing with the profit of approximately HK\$2.2 million for the three months ended 31 March 2017.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: nil).

PLEDGE OF ASSETS

As at 31 March 2018, bank deposits of approximately HK\$32.1 million (2017: approximately HK\$19.0 million), property, plant and equipment with a carrying value of approximately HK\$106.2 million (2017: approximately HK\$49.6 million), available-for-sale financial assets with a carrying value of approximately HK\$6.4 million (2017: approximately HK\$6.4 million) and other financial assets with a carrying value of approximately HK\$15.7 million (2017: approximately HK\$9.9 million) of the Group were pledged to secure the Group's bank borrowings. Bank borrowings guaranteed by personal guarantee have been replaced by a corporate guarantee on the Listing Date.

SIGNIFICANT INVESTMENTS HELD

During the three months ended 31 March 2018, there were available-for-sale financial assets and other financial assets held by the Group. As at 31 March 2018, the Group recorded available-for-sale financial assets of approximately HK\$6.4 million (2017: approximately HK\$6.4 million) and other financial assets of approximately HK\$15.7 million (2017: approximately HK\$9.9 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this announcement, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed “Future Plan and Use of Proceeds” in the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the three months ended 31 March 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

EMPLOYEES INFORMATION

The Group had 928 employees (including Directors) as at 31 March 2018 (2017: 781 employees) in Hong Kong, the PRC, Taiwan and Vietnam.

The Group also reviews the performance to the Group’s staff periodically and consider the result of such review for staff’s annual bonus, salary review and promotion appraisal. The Company has also adopted a share option scheme, details of which are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the Prospectus.

USE OF PROCEEDS

As of the date of this announcement, there were no changes to the business plans from those disclosed in the Prospectus, and none of the Net Proceeds had been utilised. The unutilised portion of the Net Proceeds will be applied in the manner consistent with the use of proceeds as disclosed in the Prospectus.

The Directors will constantly evaluate the Group’s business strategies and objectives and where appropriate will change or modify the plans against the changing market condition to suit the business growth of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Listing took place on 18 January 2018.

As at the Listing Date and the date of this announcement, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares or underlying shares of the Company

Name of Directors	Capacity	Number of shares or underlying shares held			Percentage of issued share capital
		Ordinary Shares	Share options	Total	
Mr. Kim Byung Kwon	Interest of controlled corporation (<i>Note</i>)	462,000,000 ordinary shares	–	462,000,000 ordinary shares	70%

Note:

These 462,000,000 Shares are held by Lincats (BVI) Limited ("Lincats"). Mr. Kim Byung Kwon beneficially owns 81.8% of the issued share capital of Lincats.

(II) Long position in shares or underlying shares of associated corporation

Name of Directors	Name of associated corporation	Capacity	No. share(s) held	Percentage of issued share capital
Mr. Kim Byung Kwon	Lincats	Beneficial owner	818	81.8%
Mr. Kim Jun Yeob	Lincats	Beneficial owner	91	9.1%
Mr. Koo Ja Chun	Lincats	Beneficial owner	91	9.1%

Save as disclosed above, as at the Listing Date and the date of this announcement, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Listing Date and the date of this announcement, the interests and short positions of the substantial shareholders of the Company (other than the Directors and the chief executives of the Company) in the Shares and underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of Substantial Shareholder	Long/short position	Capacity	Number of Shares	Percentage of issued share capital
Lincats	Long position	Beneficial owner	462,000,000	70%

Save as disclosed above, as at the Listing Date and the date of this announcement, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 18 December 2017. The following is a summary of the principal terms and conditions of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to reward the Participants (as defined below) who have contributed to the Group and to encourage the Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and its shareholders as a whole.

2. Who may join

The Directors may, at their discretion, invite directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group (the “**Participants**”) to take up options at the subscription price.

3. Grant and Acceptance of Option

An offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the date of grant provided that no such offer shall be open for acceptance after the expiry of the option period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant.

The offer shall specify the terms on which the option is granted. At the discretion of the Board, such terms may include, among other things, the minimum period for which an option must be held before it can be exercised.

A consideration of HK\$1.00 is payable to the Company by the Participant who accepts an offer (the “**Grantee**”) for each acceptance of grant of option(s) and such consideration is not refundable.

4. Subscription Price of Shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

5. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of shareholders’ approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date, i.e. 66,000,000 Shares (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares in issue for the time being.

6. Time of exercise of Option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

7. Period of Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from 18 December 2017.

No share option had been granted since the adoption of the Share Option Scheme up to the date of this announcement and there was no share option outstanding as at 31 March 2018.

Further particulars of the Share Option Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the Prospectus.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

For the three months ended 31 March 2018, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

DEED OF NON-COMPETITION

Lincats and Mr. Kim Byung Kwon (the “**Covenantors**”), being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have entered into a deed of non-competition in favour of the Company (the “**Deed of Non-Competition**”). Each of the Covenantors has undertaken under the Deed of Non-Competition that he or it shall provide to the Company all information necessary for the enforcement of the Deed of Non-Competition. Details of the Deed of Non-Competition have been disclosed in the section headed “Relationship with Controlling Shareholders – Non-Competition Undertaking” of the Prospectus.

Each of the Covenantors has confirmed his or its compliance with the terms of the Deed of Non-Competition and the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-Competition given by the Covenantors since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the date of Listing on 18 January 2018, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2018.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Lego Corporate Finance Limited (the "**Compliance Adviser**"), save for the Compliance Adviser's agreement entered into between the Company and the Compliance Adviser dated 22 June 2017, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2018.

CONNECTED TRANSACTIONS

During the three months ended 31 March 2018, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

Since the date of Listing on 18 January 2018, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules since the Listing Date and up to the latest practicable date prior to the issue of this announcement.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required Standard of Dealings from the date of Listing on 18 January 2018 and up to the date of this announcement.

DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2018 (2017: Nil).

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since the three months ended 31 March 2018 to this announcement date.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) with effect from 18 January 2018 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, review and supervise the Group’s financial reporting process and internal control system and to provide advice and comments to the Board.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2018 on 11 May 2018 and is of the opinion that such statements complied with applicable standards, the GEM Listing Rules and that adequate disclosure had been made.

By order of the Board
Zioncom Holdings Limited
Kim Byung Kwon
Chairman

Hong Kong, 11 May 2018

As at the date of this announcement, the executive Directors are Mr. Kim Byung Kwon, Mr. Kim Jun Yeob, Mr. Koo Ja Chun and Mr. Xiao Jingen and the independent non-executive Directors are Mr. Kim Kwang Hyun, Mr. Oh Sung Jin, Mr. Yiu Kwing Sum and Mr. Ko Ming Tung, Edward.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.zioncom.net.