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ZIONCOM HOLDINGS LIMITED

百家淘客股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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.*

* for identification purpose only

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 and nine months ended 30 September 2020, together with the unaudited comparative figures for the same corresponding period in 2019.

		For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	106,824	141,034	487,976	470,872
Cost of sales		(87,501)	(118,646)	(427,146)	(394,733)
Gross profit		19,323	22,388	60,830	76,139
Other income		1,035	219	7,603	6,229
Change in fair value of financial assets at fair value through profit loss		175	(30)	139	340
Net allowance for impairment in respect of trade and other receivables		–	(231)	(165)	(473)
Realised fair value loss of financial assets at fair value through profit or loss		(144)	–	(144)	–
Selling and distribution expenses		(4,889)	(6,092)	(11,328)	(15,082)
Administrative expenses		(8,205)	(8,106)	(33,207)	(37,388)
Research and development expenses		(2,595)	(6,264)	(16,700)	(18,678)
Profit from operations		4,700	1,884	7,028	11,087
Finance costs	5	(793)	(986)	(3,408)	(3,124)
Profit before taxation		3,907	898	3,620	7,963
Taxation	6	(1,459)	(282)	(2,295)	(1,422)
Profit for the period		2,448	616	1,325	6,541
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translating of foreign operation		6,315	(1,979)	282	(2,627)
Other comprehensive income/(loss) for the period		6,315	(1,979)	282	(2,627)
Total comprehensive income/(loss) for the period		8,763	(1,363)	1,607	3,914

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:				
Owners of the Company	3,657	619	(576)	5,945
Non-controlling interest	(1,209)	(3)	1,901	596
	<u>2,448</u>	<u>616</u>	<u>1,325</u>	<u>6,541</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	9,972	(1,449)	(81)	3,313
Non-controlling interest	(1,209)	86	1,688	601
	<u>8,763</u>	<u>(1,363)</u>	<u>1,607</u>	<u>3,914</u>
(Loss)/earnings per share attributable to the owners of the Company				
Basic and diluted (HK cents)	0.55	0.09	(0.09)	0.90

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Surplus reserve HK\$'000	Exchange reserve HK\$'000	Revaluation surplus reserve HK\$'000	Retained Earnings HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Unaudited	Unaudited (Note a)	Unaudited (Note b)	Unaudited (Note c)	Unaudited (Note d)	Unaudited (Note e)	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2019	6,600	58,924	31,992	2,959	238	21,345	59,239	181,297	–	181,297
Profit for the period	–	–	–	–	–	–	5,945	5,945	596	6,541
Other comprehensive income/ (loss) for the period	–	–	–	–	(2,632)	–	–	(2,632)	5	(2,627)
Profit and total comprehensive income/(loss) for the period	–	–	–	–	(2,632)	–	5,945	3,313	601	3,914
Deemed disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	16,260	16,260
Transfer to surplus reserve	–	–	–	886	–	–	(886)	–	–	–
At 30 September 2019	<u>6,600</u>	<u>58,924</u>	<u>31,992</u>	<u>3,845</u>	<u>2,394</u>	<u>21,345</u>	<u>64,298</u>	<u>184,610</u>	<u>16,861</u>	<u>201,471</u>
At 1 January 2020	6,600	58,924	39,551	4,325	(6,381)	23,900	31,492	158,411	9,026	167,437
Profit for the period	–	–	–	–	–	–	(576)	(576)	1,901	1,325
Other comprehensive income/ (loss) for the period	–	–	–	–	495	–	–	495	(213)	282
Profit and total comprehensive income/(loss) for the period	–	–	–	–	495	–	(576)	(81)	1,688	1,607
Transfer to surplus reserve	–	–	–	1,096	–	–	(1,096)	–	–	–
At 30 September 2020	<u>6,600</u>	<u>58,924</u>	<u>39,551</u>	<u>5,421</u>	<u>(5,886)</u>	<u>23,900</u>	<u>29,820</u>	<u>158,330</u>	<u>10,714</u>	<u>169,044</u>

Notes:

- Share premium represented the excess of share issue over the par value.
- 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.

On 20 March 2019, the Group's deemed disposal 27.63% equity interests of Zioncom Vietnam, an indirect wholly owned subsidiary of the Company, increased the registered capital of Zioncom Vietnam from US\$5,500,000 to US\$7,600,000. The non-controlling interests of Zioncom Vietnam agreed to pay US\$2,100,000 for the increased capital of Zioncom Vietnam. The Group recognised an increase in other reserve of approximately HK\$7,559,000.
- Subsidiaries of the Company established in the People's Republic of China (the "PRC") and Taiwan 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 and Taiwan Act. 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.
- Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- 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.

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 Office A, 9/F Kings Wing Plaza 2, No 1 On Kwan Street, Shatin, New Territories, Hong Kong.

The Company's immediate and ultimate holding companies are Lincats (BVI) Limited, a company incorporated in the British Virgin Islands ("**BVI**"), and Absolute Skill Holdings Limited ("**Absolute Skill**"), an investment holding company incorporated in Samoa with limited liability. Lincats (BVI) Limited is controlled by Mr. Kim Byung Kwon, an executive director of the Company. Absolute Skill is wholly-owned by Ms. Sui Xiaohu, who is also its director.

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 and nine months ended 30 September 2020 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 and nine months ended 30 September 2020 are consistent with those adopted in the financial statements of the Group for the year ended 31 December 2019.

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 30 September 2020 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 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	539	753	2,670	2,008
Interest expenses on lease liabilities/ obligations under finance leases	254	233	738	1,116
	<u>793</u>	<u>986</u>	<u>3,408</u>	<u>3,124</u>

6. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation:				
Provision for the period				
– Hong Kong Profits Tax	–	–	–	–
– Other than Hong Kong	1,459	282	2,295	1,422
	<u>1,459</u>	<u>282</u>	<u>2,295</u>	<u>1,422</u>
	<u><u>1,459</u></u>	<u><u>282</u></u>	<u><u>2,295</u></u>	<u><u>1,422</u></u>

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 assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the period ended 30 September 2020 and 2019. No provision of Profit Tax for subsidiary in Hong Kong has been provided as no assessable profit during the three months and nine months ended 30 September 2020 and 2019.

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 (the “**Authority**”) and therefore was entitled to 15% preferential tax rate from PRC enterprise income tax for three years starting from year ended 31 December 2015 and renewed on 16 October 2018, according to the New PRC Enterprise Income Tax Law. No provision of PRC enterprise income tax had been recognised, as no assessable profit for the three months and nine months ended 30 September 2020.

Taiwan Corporate Income Tax is calculated at 17% of the estimated assessable profit for the three months and nine months ended 30 September 2020 and 2019.

Vietnam Corporate Income Tax is calculated at 20% of the estimated assessable profit for the three months and nine months ended 30 September 2020 and 2019. No provision of Profits Tax for the subsidiary in Vietnam as no assessable profit for the three months and nine months ended 30 September 2019.

Malaysia Corporate Income Tax is calculated at 17% for the first MYD500,000 and 24% for MYD500,000 onward of the estimated assessable profit for the period ended 30 September 2020. No provision of Corporate Income Tax for the subsidiary in Malaysia has been recognised as no assessable profit for the year ended 30 September 2020.

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 and nine months ended 30 September 2020 and 2019.

7. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020 (2019: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
(Loss)/profit for the period attributable to the owners of the Company	<u>3,657</u>	<u>619</u>	<u>(576)</u>	<u>5,945</u>
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>	<u>660,000,000</u>

The calculation of basic (loss)/earnings per share for the three months and nine months ended 30 September 2020 is calculated by dividing unaudited (loss)/profit attributable to the owners of the Company for the three months and nine months ended 30 September 2020 over the weighted average number of ordinary shares in issue during the three months and nine months ended 30 September 2020.

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 and nine months ended 30 September 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business review

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 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 many countries and regions including Korea, the PRC, Vietnam, Hong Kong, Taiwan and Malaysia. 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\$28.9 million and HK\$23.6 million, respectively, for the nine months ended 30 September 2020, which in aggregate contributed approximately 10.76% 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.

Outlook

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 and broadening its product offerings, enhancing the Group’s overall competitiveness and market share.

The current business environment remains overshadowed by the United States and PRC trade tensions and the recent COVID-19 pandemic. The global COVID-19 pandemic constitutes an extraordinary event, a public health risk to all countries through international spread, and continues to require a coordinated international response. The speed of recovery and the extent of any long term impact remain uncertain but will depend on the duration and severity of the crisis and associated containment measures. Despite this, the Group will continue to pursue and maintain a conservative but proactive investment approach, focusing on product innovation, market share gain, geographical expansion and operational excellence, so as to bring better returns for the shareholders and ensure the Company stays competitive in the market.

FINANCIAL REVIEW

For the nine months ended 30 September 2020, the Group recorded revenue of approximately HK\$488.0 million, representing an increase of approximately 3.6% comparing with that of approximately HK\$470.9 million for the nine months ended 30 September 2019.

The decrease was mainly due to the negative impact of the COVID-19 pandemic and restriction on business activities in China and other Asian countries.

Cost of sales and gross profit

During the nine months ended 30 September 2020, the Group's gross profit decreased by approximately 20.1% from approximately HK\$76.1 million for the nine months ended 30 September 2019 to approximately HK\$60.8 million for the nine months ended 30 September 2020. The Group's cost of sales comprises costs of materials, direct labour, manufacturing overhead, subcontracting services fee and other overhead. The cost of sales increase by approximately 8.2% from approximately HK\$394.7 million for the nine months ended 30 September 2019 to approximately HK\$427.1 million for the nine months ended 30 September 2020.

The gross profit margin decreased from approximately 16.2% for the nine months ended 30 September 2019 to approximately 12.5% for the nine months ended 30 September 2020. The decrease of gross profit was due to an increase in production cost such as material costs and direct labour cost for the nine months ended 30 September 2020.

Selling and distribution expenses

Selling and distribution expenses significantly decreased by approximately 25.2% from approximately HK\$15.1 million for the nine months ended 30 September 2019 to approximately HK\$11.3 million for the nine months ended 30 September 2020. The decrease was mainly driven by the decrease in salaries and commission for sales teams, the decline in marketing expenses as well as transportation costs during the current period.

Administrative expenses

Administrative expenses decreased by approximately 11.2% from approximately HK\$37.4 million for the nine months ended 30 September 2019 to approximately HK\$33.2 million for the nine months ended 30 September 2020, which was mainly due to the aggregate decrease of the staff costs and staff welfare expenses.

Research and development expenses

Research and development expenses decreased by approximately 10.7% from approximately HK\$18.7 million for the nine months ended 30 September 2019 to approximately HK\$16.7 million for the nine months ended 30 September 2020. The reason of a decrease is the Group invested at comparably lower level in research and development activities particular in personal related expense for the nine months ended 30 September 2020.

Finance costs

Finance costs increased by approximately 9.7% from approximately HK\$3.1 million for the nine months ended 30 September 2019 to approximately HK\$3.4 million for the nine months ended 30 September 2020. The increase was largely due to the increase in interest expenses on bank borrowings from approximately HK\$2.0 million for the nine months ended 30 September 2019 to approximately HK\$2.7 million for the nine months ended 30 September 2020. Such increase was mainly attribute to new bank borrowings raised by the Group's subsidiary in Vietnam. The increase was partially offset by the decrease of interest expenses on lease liabilities/obligation under finance lease from approximately HK\$1.1 million for the nine months ended 30 September 2019 to approximately HK\$0.7 million for the nine months ended 30 September 2020.

Profit for the period

As a result of the foregoing, the profit for the nine months ended 30 September 2020 amounted to approximately HK\$1.3 million, comparing with the profit of approximately HK\$6.5 million for the nine months ended 30 September 2019.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (2019: nil).

PLEDGE OF ASSETS

As at 30 September 2020, bank deposits of approximately HK\$24.4 million (2019: approximately HK\$18.4 million), property, plant and equipment with a carrying value of approximately HK\$89.6 million (2019: approximately HK\$75.9 million), financial assets at fair value through profit or loss with a carrying value of approximately HK\$11.3 million (2019: approximately HK\$22.3 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 nine months ended 30 September 2020, there were financial assets at fair value through profit or loss held by the Group.

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 and the composite document dated 20 September 2019 in relation to the mandatory unconditional cash offer to acquire all the listed shares of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months ended 30 September 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEES INFORMATION

The Group had 1,084 employees (including Directors) as at 30 September 2020 (2019: 903 employees) in Hong Kong, the PRC, Taiwan, Malaysia and Vietnam.

The Group also reviews the performance of 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, all of the net proceeds from the Share Offer after deducting underwriting commission and other expenses in relation thereto, amounting to approximately HK\$42.5 million, had been utilised. For more information, please refer to the Company's announcements dated 29 March 2019 and 18 April 2019, and the Company's annual report for the year ended 31 December 2018.

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

As at 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		Total	Percentage of issued share capital
		Ordinary Shares	Share options		
Mr. Kim Byung Kwon	Interest of controlled corporation (<i>Note</i>)	198,000,000 ordinary shares	–	198,000,000 ordinary shares	30%

Note:

These 198,000,000 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	1,636	81.8%
Mr. Kim Jun Yeob	Lincats	Beneficial owner	182	9.1%
Mr. Koo Ja Chun	Lincats	Beneficial owner	182	9.1%

Save as disclosed above, as at 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 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
Absolute Skill Holdings Limited	Long position	Beneficial owner	296,980,000	44.997%
Lincats	Long position	Beneficial owner	198,000,000	30%

Save as disclosed above, as at 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 terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and the principal terms are summarised in the 2018 annual report of the Company.

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 30 September 2020.

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’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the nine months ended 30 September 2020 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There had been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the nine months ended 30 September 2020.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

For the nine months ended 30 September 2020, 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 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 up to the date of this announcement.

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

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2020.

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 30 September 2020.

CONNECTED TRANSACTIONS

During the nine months ended 30 September 2020, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

During the nine months ended 30 September 2020, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "**Code**") in Appendix 15 of the GEM Listing Rules, except for the deviations as stated below:

Code Provision C.1.2 of the Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. Although regular monthly updates to the members of the Board were not arranged, the management provides information and updates to the members of the Board as and when appropriate. The management ensures that all members of the Board properly receives adequate, complete and reliable information in a timely manner.

Code Provision I(f) of the Code provides that disclosure be made in regards to details of non-compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules and an explanation of the remedial steps taken to address non-compliance. On 1 January 2020, Mr. Ko Ming Tung, Edward resigned as independent non-executive Director leaving only two independent non-executive Directors which did not meet the requirements pursuant to the above Rules. Mr. Lee Tsung Wah, Jonathan was appointed on 31 March 2020 after trading hours to fill the casual vacancy. Mr. Lee is subject to election by the shareholders at the first general meeting after his appointment and was re-elected at the annual general meeting of the Company on 26 June 2020. Please refer to the Company's announcements dated 1 January 2020, 31 March 2020 and 26 June 2020, and circular dated 20 May 2020 for more information.

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 for the nine months ended 30 September 2020 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 for the nine months ended 30 September 2020 and up to the date of this announcement.

DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020 (2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since the nine months ended 30 September 2020 to this announcement date.

AUDIT COMMITTEE

The Company established the Audit Committee with effect from 18 January 2018 with written terms of reference (as amended and adopted by the Company pursuant to the Board resolution passed on 31 December 2018) 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 and nine months ended 30 September 2020 on 13 November 2020 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, 13 November 2020

As at the date of this announcement, the executive Directors are Mr. Kim Byung Kwon, Mr. Kim Jun Yeob, Mr. Koo Ja Chun, Mr. Xiao Jingen and Mr. Zhao Xiuming, and the independent non-executive Directors are Mr. Kwong Chun Man, Mr. Shin Dongmin and Mr. Lee Tsung Wah, Jonathan.

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