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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 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Zioncom Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries for the nine months ended 30 September 2021 (the “**Period**”).

This announcement, containing the full text of the third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of third quarterly results for the Period. Printed version of the third quarterly report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and available for viewing on the GEM website at the [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Announcements” page and on the Company’s website at [www.zioncom.net](http://www.zioncom.net).

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

Hong Kong, 12 November 2021

*As at the date of this announcement, the executive Directors of the Company 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, Ms. Cai Peiyao and Mr. Tsang Chung Yu.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://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](http://www.zioncom.net).*



# ZIONCOM

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THIRD QUARTERLY REPORT

# 2021



## **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.**

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading.

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

The board of Directors (the “**Board**”) 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 2021, together with the unaudited comparative figures for the same corresponding period in 2020.

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>142,311</b>	106,824	<b>461,824</b>	487,976
Cost of sales		<b>(123,753)</b>	(87,501)	<b>(402,298)</b>	(427,146)
<b>Gross profit</b>		<b>18,558</b>	19,323	<b>59,526</b>	60,830
Other income		<b>4,211</b>	1,035	<b>8,281</b>	7,603
Gain on fair value changes of financial assets at fair value through profit or loss		<b>58</b>	175	<b>148</b>	139
Net allowance for impairment in respect of trade and other receivables		<b>-</b>	-	<b>-</b>	(165)
Realised loss on financial assets at fair value through profit or loss		<b>-</b>	(144)	<b>-</b>	(144)
Selling and distribution expenses		<b>(4,907)</b>	(4,889)	<b>(13,848)</b>	(11,328)
Administrative expenses		<b>(9,615)</b>	(8,205)	<b>(33,548)</b>	(33,207)
Research and development expenses		<b>(5,329)</b>	(2,595)	<b>(17,366)</b>	(16,700)
<b>Profit from operations</b>		<b>2,976</b>	4,700	<b>3,193</b>	7,028
Finance costs	4	<b>(928)</b>	(793)	<b>(2,718)</b>	(3,408)
<b>Profit before taxation</b>		<b>2,048</b>	3,907	<b>475</b>	3,620
Taxation	5	<b>(177)</b>	(1,459)	<b>(534)</b>	(2,295)
<b>Profit/(loss) for the period</b>		<b>1,871</b>	2,448	<b>(59)</b>	1,325

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Other comprehensive income/(loss) for the period</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translating of foreign operation	1,690	6,315	(9,063)	282
<b>Total comprehensive income/(loss) for the period</b>	<b>3,809</b>	<b>8,763</b>	<b>(9,122)</b>	<b>1,607</b>
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	678	3,657	(4,848)	(576)
Non-controlling interest	1,193	(1,209)	4,789	1,901
	<b>1,871</b>	<b>2,448</b>	<b>(59)</b>	<b>1,325</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	2,616	9,972	(13,911)	(81)
Non-controlling interest	1,193	(1,209)	4,789	1,688
	<b>3,809</b>	<b>8,763</b>	<b>(9,122)</b>	<b>1,607</b>
<b>(Loss)/earnings per share attributable to the owners of the Company</b>				
Basic and diluted (HK cents)	0.10	0.55	(0.73)	(0.09)

## 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	Retained earnings	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (Audited)	6,600	58,924	39,551	4,325	(6,381)	23,900	31,492	158,411	9,026	167,437
Profit/(loss) for the period	-	-	-	-	-	-	(576)	(576)	1,901	1,325
Other comprehensive income/(loss) for the period	-	-	-	-	495	-	-	495	(213)	282
Total comprehensive (loss)/income for the period	-	-	-	-	495	-	(576)	(81)	1,688	1,607
Transfer to surplus reserve	-	-	-	1,096	-	-	(1,096)	-	-	-
At 30 September 2020 (Unaudited)	6,600	58,924	39,551	5,421	(5,886)	23,900	29,820	158,330	10,714	169,044
At 1 January 2021 (Audited)	6,600	58,924	39,551	5,873	(2,104)	26,221	19,350	154,415	11,673	166,088
(Loss)/profit for the period	-	-	-	-	-	-	(4,848)	(4,848)	4,789	(59)
Other comprehensive income/(loss) for the period	-	-	-	-	(9,060)	-	(3)	(9,063)	-	(9,063)
Total comprehensive (loss)/income for the period	-	-	-	-	(9,060)	-	(4,851)	(13,911)	4,789	(9,122)
Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-
At 30 September 2021 (Unaudited)	6,600	58,924	39,551	5,873	(11,164)	26,221	14,499	140,504	16,462	156,966

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.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months and nine months ended 30 September 2021 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 2021 are consistent with those adopted in the financial statements of the Group for the year ended 31 December 2020.

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 30 September 2021 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").

## 3. REVENUE

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

## 4. FINANCE COSTS

Interest expenses on bank borrowings wholly repayable within five years  
Interest expenses on lease liabilities/ obligations under finance leases

For the three months ended 30 September		For the nine months ended 30 September	
2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
651	539	1,890	2,670
277	254	828	738
<b>928</b>	<b>793</b>	<b>2,718</b>	<b>3,408</b>



## 5. TAXATION

- Current taxation:  
 Provision for the period  
 – Hong Kong Profits Tax  
 – Other than Hong Kong

For the three months ended 30 September		For the nine months ended 30 September	
2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
–	–	–	–
177	1,459	534	2,295
<b>177</b>	<b>1,459</b>	<b>534</b>	<b>2,295</b>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Amendment Bill**”) which introduces the two-tiered profits tax rates regime. The Amendment 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 nine months ended 30 September 2021 and 2020.

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 the People’s Republic of China (the “**PRC**”) enterprise income tax for the nine months ended 30 September 2021 and 2020, according to the New PRC Enterprise Income Tax Law.

Taiwan Corporate Income Tax is calculated at 17% of the estimated assessable profit for the nine months ended 30 September 2021 and 2020.

Vietnam Corporate Income Tax is calculated at 20% of the estimated assessable profit for the nine months ended 30 September 2021 and 2020. No provision of profits tax for the subsidiary in Vietnam as it did not have any assessable profit for the nine months ended 30 September 2021 and 2020.

Malaysia Corporate Income Tax is calculated at 17% for the first MYD600,000 and 24% for remaining estimated assessable profit for the nine months ended 30 September 2021 and 2020. No provision of corporate income tax for the subsidiary in Malaysia has been recognised as it did not have any assessable profit for the nine months ended 30 September 2021 and 2020.

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during the nine months ended 30 September 2021 and 2020.

## 6. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (2020: nil).

## 7. (LOSS)/EARNINGS PER SHARE

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings (Loss)/profit for the period attributable to the owners of the Company	678	3,657	(4,848)	(576)
Number of shares Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	660,000,000	660,000,000	660,000,000	660,000,000

The calculation of basic (loss)/earnings per share for the three months and nine months ended 30 September 2021 is calculated by dividing unaudited (loss)/profit attributable to the owners of the Company for the three months and nine months ended 30 September 2021 over the weighted average number of ordinary shares in issue during the three months and nine months ended 30 September 2021.

Diluted earnings/(loss) per share were same as the basic earnings/loss per share as there were no potential dilutive ordinary shares in existence during the three months and nine months ended 30 September 2021 and 2020.

A decorative graphic in the top-left corner of the page, consisting of a network of interconnected nodes and lines, resembling a molecular or digital structure. The nodes are small circles in various shades of purple and pink, and the lines are thin, light-colored lines connecting them.

## 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.

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, etc. In addition, the subsidiaries of the Group in Taiwan and Vietnam have strong sales team working closely with their distributors. The revenues contributed from the Group's Taiwan and Vietnam operations were approximately HK\$37.4 million and HK\$60.2 million, respectively, for the nine months ended 30 September 2021, which in aggregate contributed approximately 21.1% of the Group's revenue.

#### 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 promoting the Group's growth in the emerging markets in Asia and other markets with good potential, increasing the Group production capacity 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 with a possible trade truce and the recent COVID-19 pandemic in the world. 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 outbreak and associated containment measures. The Group is cautiously optimistic that the economic impact due to the COVID-19 epidemic will be mitigated as a result of anti-epidemic measures implemented by the various governments and the on-going vaccination schemes. 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 2021, the Group recorded a revenue of approximately HK\$461.8 million, representing a decreased of approximately 5.4% comparing with that of approximately HK\$488.0 million for the nine months ended 30 September 2020.

The decrease was mainly due to the decrease of orders from the Group's customers located in Korea and other Asian countries during the nine months ended 30 Sep 2021. 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 nine months ended 30 September 2021, the Group's gross profit decreased by approximately 2.1% from approximately HK\$60.8 million for the nine months ended 30 September 2020 to approximately HK\$59.5 million for the nine months ended 30 September 2021. The Group's cost of sales comprises costs of materials, direct labour, manufacturing overhead, subcontracting services fee and other overhead. The cost of sales decreased by approximately 5.8% from approximately HK\$427.1 million for the nine months ended 30 September 2020 to approximately HK\$402.3 million for the nine months ended 30 September 2021.

The gross profit margin increased from approximately 12.5% for the nine months ended 30 September 2020 to approximately 12.8% for the nine months ended 30 September 2021. The increase of gross profit margin was mainly due to the increase of orders of high profit margin products made by our major customers.



## **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 22.1% from approximately HK\$11.3 million for the nine months ended 30 September 2020 to approximately HK\$13.8 million for the nine months ended 30 September 2021, which was mainly due to the aggregate increase in the selling and distribution expenses incurred by the Group's subsidiaries in the PRC and Hong Kong.

## **Administrative expenses**

Administrative expenses increased by approximately 0.9% from approximately HK\$33.2 million for the nine months ended 30 September 2020 to approximately HK\$33.5 million for the nine months ended 30 September 2021. The administrative expenses remain stable.

## **Research and development expenses**

Research and development expenses increase by approximately 4.2% from approximately HK\$16.7 million for the nine months ended 30 September 2020 to approximately HK\$17.4 million for the nine months ended 30 September 2021, which was mainly due to the increase in staff related expenses.

## **Finance costs**

Finance costs decreased by approximately 20.6% from approximately HK\$3.4 million for the nine months ended 30 September 2020 to approximately HK\$2.7 million for the nine months ended 30 September 2021.

## **Loss for the period**

As a result of the foregoing, the loss for the nine months ended 30 September 2021 amounted to approximately HK\$59,000, comparing with the profit of approximately HK\$1.3 million for the nine months ended 30 September 2020.

## CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (2020: nil).

## PLEDGE OF ASSETS

As at 30 September 2021, bank deposits of approximately HK\$25.8 million (2020: approximately HK\$24.4 million), property, plant and equipment with a carrying value of approximately HK\$99.2 million (2020: approximately HK\$89.6 million), right-of-use assets with a carrying value of approximately HK\$7.5 million (2020: Nil), financial assets at fair value through profit or loss with a carrying value of approximately HK\$11.6 million (2020: approximately HK\$11.3 million) and inventories of approximately HK\$31.9 million (2020: Nil) of the Group were pledged to secure the Group's bank borrowings.

## SIGNIFICANT INVESTMENTS HELD

During the nine months ended 30 September 2021, 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 report, the Group did not have any other plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months ended 30 September 2021, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save and except the disposal of 21.37% equity interest in a subsidiary referred to in the announcements of the Company dated 12 August 2021 and 29 October 2021.

## EMPLOYEES INFORMATION

The Group had 687 employees (including Directors) as at 30 September 2021 (2020: 1,084 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 adopted a share option scheme (the **"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 of the Company dated 28 December 2017 (the **"Prospectus"**).

## 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 report, none of the Directors or chief executive of the Company had any interest or short position in shares of the Company (the "**Shares**"), underlying Shares or debentures of the Company or any of 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 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 report, 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 shareholders	Long/short position	Capacity	Number of shares held	Percentage of issued share capital
Absolute Skill Holdings Limited (" <b>Absolute Skill</b> ")	Long position	Beneficial owner	296,980,000	44.997%
Ms. Siu Xiaohu (Note)	Long position	Interest in controlled corporation	296,980,000	44.997%

Note: Ms. Siu Xiaohu held 100% interest in Absolute Skill. By virtue of the SFO, Ms. Siu Xiaohu is deemed to be interested in these 296,980,000 Shares which Absolute Skill has beneficial interest in.

Save as disclosed above, as at the date of this report, 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 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 2020 annual report of the Company.

No share option had been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 September 2021 and 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 report, at no time during the nine months ended 30 September 2021 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 2021.

## **DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS**

For the nine months ended 30 September 2021, none of the Directors or the controlling shareholders 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 2021.

## **CONNECTED TRANSACTIONS**

During the nine months ended 30 September 2021, 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 2021, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 15 to 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 9 July 2021, Mr. Shin Dongmin resigned as independent non-executive Director (“**INED**”) leaving only two INEDs which did not meet the requirements pursuant to Rules 5.05(1) and 5.28 of the GEM Listing Rules. On 24 September 2021, Mr. Lee Tsung Wah, Jonathan (“**Mr. Lee**”) also resigned as INED. Ms. Cai Peiyao (“**Ms. Cai**”) and Mr. Tsang Chung Yu (“**Mr. Tsang**”) were appointed on 24 September 2021 to fill the casual vacancies. Ms. Cai and Mr. Tsang shall hold office until the next general meeting of the Company and will be eligible for and subject to re-election at such meeting in accordance with the articles of association of the Company. Please refer to the Company’s announcements dated 9 July 2021 and 24 September 2021 for more information. Following the appointment of Ms. Cai and Mr. Tsang as INEDs with effect from 24 September 2021, the Board comprises eight members with five executive Directors and three INEDs. The Audit Committee comprises three INEDs. As such, the Company has re-complied with the requirements under Rules 5.05(1) and 5.28 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 for the nine months ended 30 September 2021 and up to the latest practicable date prior to the issue of this report.

## COMPLIANCE WITH THE CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required 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/she has complied with the Required Standard of Dealings for the nine months ended 30 September 2021 and up to the date of this report.

## DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (2020: nil).

## SUPPLEMENTAL INFORMATION

### Disposal of Shares by Controlling Shareholder

On 3 September 2021, 6 September 2021 and 7 September 2021, Lincats (BVI) Limited ("**Lincats**"), a controlling shareholder of the Company (as defined under the GEM Listing Rules) (the "**Controlling Shareholder**"), had disposed of 200,000, 1,730,000 and 196,070,000 Shares, respectively on the open market (the "**Disposal**"). Accordingly, a total of 198,000,000 Shares were disposed of on the open market (which represented 30% of the total issued share capital of the Company on 7 September 2021) at an average consideration of approximately HK\$0.194, HK\$0.220 and HK\$0.240 per Share respectively, for a total consideration of approximately HK\$46,542,760, through on-market transactions on the trading platform of the Stock Exchange. Immediately after the Disposal, Lincats does not hold any Shares and ceases to be a Controlling Shareholder pursuant to the GEM Listing Rules. Please refer to the Company's announcement dated 7 September 2021 for more information.

### Change of Independent Non-Executive Directors and Composition of Board Committees

On 24 September 2021, Mr. Lee resigned as INED and Ms. Cai and Mr. Tsang were appointed as INEDs. Ms. Cai and Mr. Tsang shall hold office until the next general meeting of the Company and will be eligible for and subject to re-election at such meeting in accordance with the articles of association of the Company.

In addition:

- (i) Mr. Lee ceased to act as the chairman of the compliance committee of the Company (the "**Compliance Committee**") and a member of each of the Audit Committee, remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") of the Company;
- (ii) Mr. Kwong Chun Man, an INED, has been re-designated from the chairman of the Remuneration Committee and Nomination Committee to a member of each of the Remuneration Committee and Nomination Committee;
- (iii) Ms. Cai has been appointed as the chairwoman of the Compliance Committee and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee; and
- (iv) Mr. Tsang has been appointed as the chairman of each of the Remuneration Committee and Nomination Committee and a member of each of the Audit Committee and Compliance Committee.



Please refer to the Company's announcement dated 24 September 2021 for more information.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events have occurred since 30 September 2021 and up to the date of this report.

## **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, to 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 nine months ended 30 September 2021 on 12 November 2021 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, 12 November 2021

*As at the date of this report, 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, Ms. Cai Peiyao and Mr. Tsang Chung Yu.*

*This report will remain on the GEM website at [www.hkgem.com](http://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](http://www.zioncom.net).*