

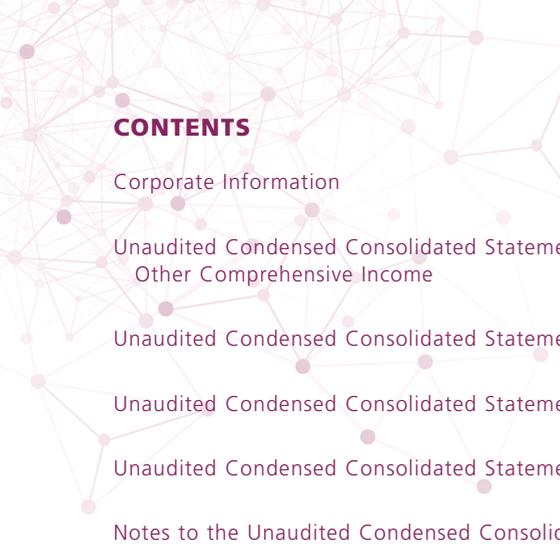
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Kim Byung Kwon (金炳權先生)
(Chairman)
Mr. Kim Jun Yeob (金俊燁先生)
Mr. Koo Ja Chun (具滋千先生)
Mr. Xiao Jingen (肖金根先生)
Mr. Zhao Xiuming (趙修明先生)

Independent Non-Executive Directors:

Mr. Shin Dongmin (申東旻先生)
(resigned on 9 July 2021)
Mr. Kwong Chun Man (鄺振文先生)
Mr. Lee Tsung Wah, Jonathan (李頌華先生)

COMPANY SECRETARY

Mr. Kwok Kai Hung (郭啟雄先生)
(resigned on 1 July 2021)
Ms. Wong Ngar Lai (黃雅麗女士)
(appointed on 1 July 2021)

AUTHORISED REPRESENTATIVES

Mr. Kim Jun Yeob (金俊燁先生)
Mr. Koo Ja Chun (具滋千先生)

COMPLIANCE OFFICER

Mr. Kim Jun Yeob (金俊燁先生)

AUDIT COMMITTEE

Mr. Kwong Chun Man (鄺振文先生)
(Chairman)
Mr. Shin Dongmin (申東旻先生)
(resigned on 9 July 2021)
Mr. Lee Tsung Wah, Jonathan (李頌華先生)

REMUNERATION COMMITTEE

Mr. Shin Dongmin (申東旻先生)
(Chairman)
(resigned on 9 July 2021)
Mr. Kwong Chun Man (鄺振文先生)
(appointed as Chairman on 9 July 2021)
Mr. Kim Jun Yeob (金俊燁先生)
Mr. Lee Tsung Wah, Jonathan (李頌華先生)

NOMINATION COMMITTEE

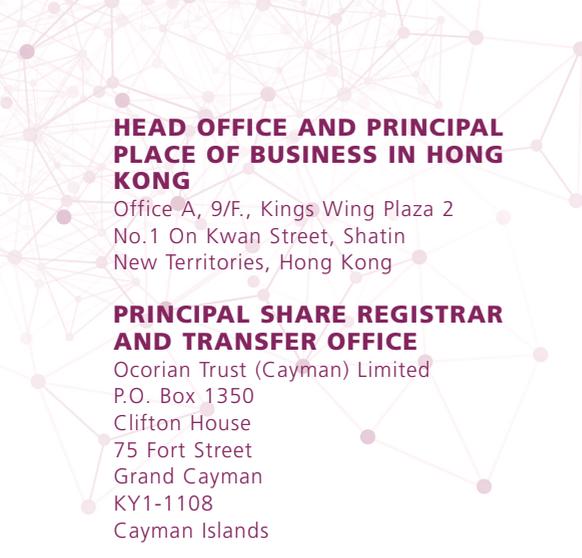
Mr. Shin Dongmin (申東旻先生)
(Chairman)
(resigned on 9 July 2021)
Mr. Kwong Chun Man (鄺振文先生)
(appointed as Chairman on 9 July 2021)
Mr. Koo Ja Chun (具滋千先生)
Mr. Lee Tsung Wah, Jonathan (李頌華先生)

COMPLIANCE COMMITTEE

Mr. Lee Tsung Wah, Jonathan (李頌華先生)
(Chairman)
Mr. Kim Jun Yeob (金俊燁先生)
Mr. Kwong Chun Man (鄺振文先生)
Mr. Shin Dongmin (申東旻先生)
(resigned on 9 July 2021)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands



**HEAD OFFICE AND PRINCIPAL
PLACE OF BUSINESS IN HONG
KONG**

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

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

Ocorian Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

STOCK CODE

8287

COMPANY WEBSITE

www.zioncom.net

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 six months ended 30 June 2021, together with the unaudited comparative figures for the same corresponding period in 2020.

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	135,862	239,608	319,513	381,152
Cost of sales		(115,262)	(214,261)	(278,545)	(339,645)
Gross profit		20,600	25,347	40,968	41,507
Other income		3,136	4,271	4,070	6,568
Change in fair value of financial assets		37	384	90	(36)
Net reversal/(allowance) for impairment losses in respect of trade receivables, deposit and other receivable		-	(165)	-	(165)
Selling and distribution expenses		(4,060)	(4,137)	(8,941)	(6,439)
Administrative expenses		(11,075)	(12,873)	(23,933)	(25,002)
Research and development expenses		(5,474)	(9,227)	(12,037)	(14,105)
Profit from operations		3,164	3,600	217	2,328
Finance costs	6	(1,156)	(1,508)	(1,790)	(2,615)
Profit/(Loss) before taxation		2,008	2,092	(1,573)	(287)
Taxation	7	(298)	(756)	(357)	(836)
Profit/(Loss) for the period		1,710	1,336	(1,930)	(1,123)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Surplus on revaluation of properties		-	-	-	-
Deferred tax liabilities arising from revaluation of properties		-	-	-	-
		-	-	-	-

Items that may be reclassified subsequently to profit or loss:

Exchange difference on translating of foreign operation

Notes

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
	(8,308)	(2,798)	(10,753)	(6,033)
	(8,308)	(2,798)	(10,753)	(6,033)
Other comprehensive loss for the period	(8,308)	(2,798)	(10,753)	(6,033)
Total comprehensive (loss)/income for the period	(6,843)	(1,462)	(12,931)	(7,156)
(Loss)/profit for the period attributable to:				
– Owners of the Company	(554)	(2,250)	(5,526)	(4,233)
– Non-controlling interest	2,016	3,586	3,348	3,110
	1,462	1,336	(2,178)	(1,123)
Total comprehensive (loss)/income attributable to:				
– Owners of the Company	(9,381)	(4,468)	(16,527)	(10,053)
– Non-controlling interest	2,538	3,006	3,596	2,897
	(6,843)	(1,462)	(12,931)	(7,156)
(Loss)/earnings per share attributable to the owners of the Company				
Basic and diluted (HK cents)	(0.08)	(0.34)	(0.83)	(0.64)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	132,692	136,526
Right-of-use asset		15,572	22,381
Finance assets at fair value through profit or loss		11,508	11,412
		159,772	170,319
Current assets			
Inventories		209,488	186,870
Trade and bills receivables	11	64,621	60,029
Prepayments, deposits and other receivables		48,259	42,961
Amount due from directors		1,712	1,712
Tax recoverable		897	897
Pledged bank deposits		25,726	25,463
Cash and bank balances		10,154	9,452
		360,857	327,384
Current liabilities			
Trade and bills payables	12	212,151	186,148
Accruals, deposits received and other payables		22,823	22,239
Contract liabilities		22,394	18,216
Bank borrowings		95,758	83,457
Lease liabilities/obligations under finance leases	13	5,792	11,211
Tax payables		104	827
		359,022	322,098
Net current assets		1,853	5,286
Total assets less current liabilities		161,607	175,605



Non-current liabilities

Lease liabilities/obligations under
finance leases
Deferred tax liabilities

Notes

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Net assets

Capital and reserves

Share capital
Reserves

Non-controlling interest

**Total equity attributable to
owners of the Company**

As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
3,784	4,903
4,666	4,614
8,450	9,517
153,157	166,088
6,600	6,600
131,288	147,815
15,269	11,673
153,157	166,088

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Sub-total	Non-controlling interest	Total
	Share capital	Share premium	Other reserve	Surplus reserve	Exchange reserve	Revaluation surplus reserve	Retained earnings			
	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 for the period	-	-	-	-	-	-	(4,233)	(4,233)	3,110	(1,123)
Other comprehensive income for the period	-	-	-	-	(5,820)	-	-	(5,820)	(213)	(6,033)
Loss and total comprehensive income for the period	-	-	-	-	(5,820)	-	(4,233)	(10,053)	2,897	(7,156)
Transfer to surplus reserve	-	-	-	823	-	-	(823)	-	-	-
At 30 June 2020 (Unaudited)	6,600	58,924	39,551	5,148	(12,201)	23,900	26,436	148,358	11,923	160,281
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
Profit for the period	-	-	-	-	-	-	(5,526)	(5,526)	3,348	(2,178)
Other comprehensive income for the period	-	-	-	-	(11,071)	(3)	(4)	(11,001)	248	(10,753)
Loss and total comprehensive income for the period	-	-	-	-	(11,071)	(3)	(5,530)	(16,527)	3,596	(12,931)
Transfer to surplus reserve	-	-	-	77	-	-	-	-	-	-
At 30 June 2021 (Unaudited)	6,600	58,924	39,551	5,950	(13,175)	26,218	13,820	137,888	15,269	153,157

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months
ended 30 June

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	(7,985)	10,216
Net cash used in investing activities	(1,786)	(7,896)
Net cash (used in)/generated from financing activities	10,415	(7,454)
Net (decrease)/increase in cash and cash equivalents	644	(5,134)
Cash and cash equivalents at 1 January	9,452	25,923
Effect of foreign exchange rate changes	57	(2,720)
Cash and cash equivalents at 30 June	10,153	18,069

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, KY1-1108, Cayman Islands and the principal place of business of the Company is located at 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 six months ended 30 June 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 accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2021 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period, except below.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 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. SEGMENT INFORMATION

During the six months ended 30 June 2021 and 2020, the Group operates in one operating segment which is the manufacturing and sale of electronic networking products. A single management team reports to the Directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information.

Geographical information

The Group's revenue from external customers based on the locations of the customers is detailed as below:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Korea	100,005	126,610	190,876	207,490
The People's Republic of China (the "PRC")	1,361	934	14,800	1,398
Vietnam	11,524	20,398	17,270	28,420
Other Asia (excluding Korea, the PRC and Vietnam)	7,486	83,410	62,573	128,906
Europe	4,848	5,452	11,341	8,063
South America	8,659	1,847	15,470	2,800
Africa	1,746	454	3,722	476
North America	233	503	587	1,697
Central America	-	-	2,674	1,902
	135,862	239,608	319,513	381,152

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the reporting period is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A (Note)	87,463	108,563	170,198	184,705

Note:

Revenue from manufacturing and trading of networking products including routers, switches and LAN cards.

4. REVENUE

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

5. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	858	1,279	1,239	2,131
Interest expenses on lease liabilities/ obligations under finance leases	298	229	551	484
	1,156	1,508	1,790	2,615

6. TAXATION

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current taxation:				
Provision for the period				
– Hong Kong profits tax	–	–	–	–
– Other than Hong Kong	298	756	357	836
	298	756	357	836

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 six months ended 30 June 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 PRC enterprise income tax for the six months ended 30 June 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 six months ended 30 June 2021 and 2020.

Vietnam corporate income tax is calculated at 20% of the estimated assessable profit for the six months ended 30 June 2021 and 2020. No provision of profits tax for the subsidiary in Vietnam as it did not have any assessable profit for the six months ended 30 June 2021 and 2020.

Malaysia corporate income tax is calculated at 17% on the first MYD600,000 and 24% for remaining estimated assessable profit for the six months ended 30 June 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 six months ended 30 June 2021 and 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 six months ended 30 June 2021 and 2020.

7. DIVIDEND

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

8. (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 June		For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period attributable to the owners of the Company	(554)	(2,250)	(5,526)	(4,233)
Number of shares Weighted average number of ordinary shares in issue	660,000,000	660,000,000	660,000,000	660,000,000

The calculation of basic loss per share for the six months ended 30 June 2021 is based on the loss attributable to the owners of the Company for the six months ended 30 June 2021 of approximately HK\$5,526,000 and 660,000,000 weighted average number of ordinary shares in issue during the six months ended 30 June 2021.

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2021 and 2020.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired and disposed property, plant and equipment of approximately HK\$2,075,000 and HK\$290,000, respectively (six months ended 30 June 2020: HK\$9,370,000 and nil, respectively).

10. TRADE AND BILLS RECEIVABLES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade receivables	94,465	89,908
Less: Allowance for credit risk	(29,911)	(29,911)
	64,554	59,997
Bills receivables	67	32
	64,621	60,029

As at 30 June 2021, trade receivables from contracts with customers amounted to approximately HK\$64,554,000 (as at 31 December 2020: approximately HK\$59,997,000).

The following is an ageing analysis of trade receivables (net of allowance for expected credit loss) presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 30 days	34,837	23,649
31 to 60 days	6,801	7,383
61 to 90 days	5,194	5,358
91 to 180 days	1,614	9,993
Over 180 days	16,108	13,614
	64,554	59,997

The Group generally allows an average credit period range from 30 to 120 days to its customers. Receivables that were neither past due nor impaired are related to customers for whom there was no default. Receivables that were past due but not impaired are related to customers that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

Allowance for expected credit loss of HK\$29,911,000 has been recognised for trade receivables as at 30 June 2021 (as at 31 December 2020: HK\$29,911,000).

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the customers from the date that credit was initially granted up to the end of each reporting period. The management also considers the forward-looking information and any change in the expected recovery of the trade receivables.

11. TRADE AND BILLS PAYABLES

Trade payables
Bills payables

As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
164,124	138,621
48,027	47,527
212,151	186,148

The average credit period from suppliers is from 30 to 120 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

Within 30 days
31 to 60 days
61 to 90 days
91 to 180 days
Over 180 days

As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
86,696	67,791
39,883	30,744
24,805	17,698
9,732	21,117
3,008	1,271
164,124	138,621

All bills payable at the end of reporting period are not yet due.

12. LEASE LIABILITIES/OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its property, plant and equipment under finance leases.

Minimum lease payments under finance leases
– within one year
– in the second to fifth years, inclusive

As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
6,038	11,841
4,000	5,000
10,038	16,841
(462)	(727)
9,576	16,114

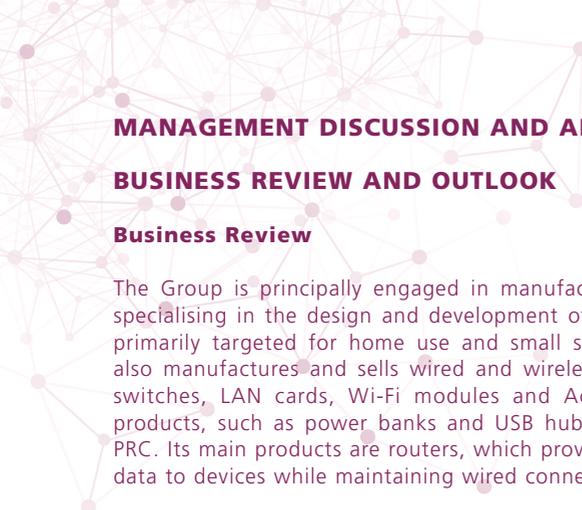
Less: Future finance charges

Present value of finance leases

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Present value of minimum lease payments under finance leases		
– within one year	5,792	11,211
– in the second to fifth years, inclusive	3,784	4,903
	9,576	16,114
Less: Amount due for settlement within one year	(5,792)	(11,211)
Amount due for settlement after one year	3,784	4,903

13. SHARE CAPITAL

	Number of Shares	Amount HK\$
Authorised:		
Ordinary share of HK\$0.01 each as at 31 December 2020 and 30 June 2021	50,000,000,000	500,000,000
Issued and fully paid:		
As at 31 December 2020 and 30 June 2021	660,000,000	6,600,000



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

The Group is principally engaged in manufacturing and sale 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 over 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\$24.1 million and HK\$41.6 million respectively for the six months ended 30 June 2021, which in aggregate contributed approximately 20.5% 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's 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 the 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 continue 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 pandemic 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.

Future Development

The Group is expected to release new products to the market in the third and fourth quarter of 2021. The new products will include improved versions of existing AC routers and new Wi-Fi 6 routers.

Our research and development team will keep delivering innovative technology for our customers.

Looking ahead, the Group will continue to build its existing business and look for new investment opportunities to enhance the Group's profitability and return to its shareholders.

FINANCIAL REVIEW

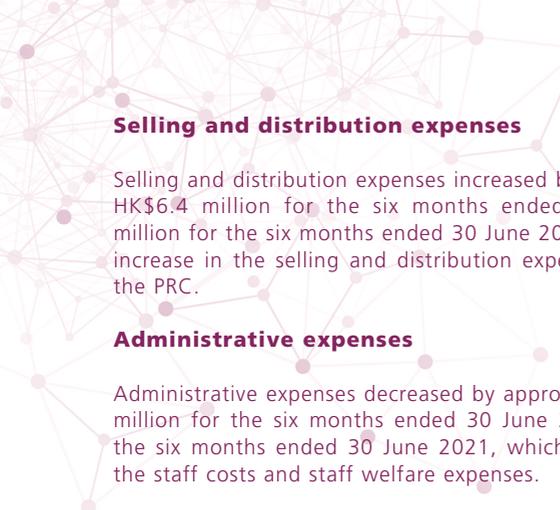
For the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$319.5 million, representing an decrease of approximately 16.2% comparing with that of approximately HK\$381.2 million for the six months ended 30 June 2020.

The decrease was mainly due to the decrease of orders from the Group's customers located in Korea and other Asian countries during the six months ended 30 June 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 six months ended 30 June 2021, the Group's gross profit decreased by approximately 1.2% from approximately HK\$41.5 million for the six months ended 30 June 2020 to approximately HK\$41.0 million for the six months ended 30 June 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 18.0% from approximately HK\$339.6 million for the six months ended 30 June 2020 to approximately HK\$278.5 million for the six months ended 30 June 2021.

However, the gross profit margin increased from approximately 10.9% for the six months ended 30 June 2020 to 12.8% for the six months ended 30 June 2021. The increase of gross profit margin was mainly due to the increase of orders of the high profit margin product made by our major customers.



Selling and distribution expenses

Selling and distribution expenses increased by approximately 39.1% from approximately HK\$6.4 million for the six months ended 30 June 2020 to approximately HK\$8.9 million for the six months ended 30 June 2021, which was mainly due to the aggregate increase in the selling and distribution expenses incurred by the Group's subsidiary in the PRC.

Administrative expenses

Administrative expenses decreased by approximately 4.4% from approximately HK\$25.0 million for the six months ended 30 June 2020 to approximately HK\$23.9 million for the six months ended 30 June 2021, which was mainly due to aggregate decrease of the staff costs and staff welfare expenses.

Research and development expenses

Research and development expenses decreased by approximately 14.9% from approximately HK\$14.1 million for the six months ended 30 June 2020 to approximately HK\$12.0 million for the six months ended 30 June 2021, which was mainly due to the decrease in spending in research and development activities for product development.

Finance costs

Finance costs decreased by approximately 30.8% from approximately HK\$2.6 million for the six months ended 30 June 2020 to approximately HK\$1.8 million for the six months ended 30 June 2021.

Loss for the period

As a result of the foregoing, the loss for the six months ended 30 June 2021 amounted to approximately HK\$1.9 million, comparing with the loss of approximately HK\$1.1 million for the six months ended 30 June 2020.

The loss for the period is aggregated from the increase in expenses as stated above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, total borrowings of the Group amounted to approximately HK\$97.3 million (as at 31 December 2020: approximately HK\$85.8 million) which represented the interest bearing bank loans at floating rates, interest bearing bank loans on fixed terms and finance leases of motor vehicle and machines. As at 30 June 2021, the cash and bank balances and pledged bank deposit of the Group amounted to approximately HK\$35.9 million (as at 31 December 2020: approximately HK\$34.9 million).

As at 30 June 2021, debt to equity ratio of the Group was 45.4% (as at 31 December 2020: 38.9%). Debt to equity ratio is calculated by dividing the net debt, which is defined to include bank borrowings and obligations under finance leases net of pledged bank deposits and cash and bank balances, by total equity at the end of the financial year. Current ratio as at 30 June 2021 was approximately 1.0 time (as at 31 December 2020: approximately 1.0 time).

As at 30 June 2021, gearing ratio of the Group was 68.6% (as at 31 December 2020: 60.0%). Gearing ratio is calculated based on total debt for the financial year divided by total equity as at the end of the financial year.

The Group maintained sufficient working capital as at 30 June 2021 with cash and bank balances of approximately HK\$10.2 million (as at 31 December 2020: approximately HK\$9.5 million). The Board will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to source any appropriate business opportunities.

As at 30 June 2021, the Group's net current assets amounted to approximately HK\$1.8 million (as at 31 December 2020: approximately HK\$5.3 million). The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances as well as bank borrowings.

The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (as at 31 December 2020: nil).

CAPITAL COMMITMENTS

Capital commitments at the end of the each reporting period contracted but not provided for in the consolidated financial statements were as follows:

Authorised and contracted for capital contributions payable to an equity investment

As at 30 June	
2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
–	548

PLEDGE OF ASSETS

As at 30 June 2021, bank deposits of approximately HK\$25.7 million (as at 31 December 2020: approximately HK\$25.5 million), property, plant and equipment with a carrying value of approximately HK\$100.6 million (as at 31 December 2020: approximately HK\$97.4 million), right-of-use assets with a carrying value of approximately HK\$7.9 million (as at 31 December 2020: approximately HK\$8.8 million), financial assets at fair value through profit or loss with a carrying amount of approximately HK\$10.8 million (as at 31 December 2020: approximately HK\$10.8 million) and inventories of approximately HK\$31.3 million (as at 31 December 2020: approximately HK\$29.3 million) of the Group were pledged to secure the Group's bank borrowings.

EXCHANGE RATE EXPOSURE

The Group mainly operates in Hong Kong, the PRC and Vietnam, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollars, Renminbi and Vietnamese Dong. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities denominated in a currency that is not the functional currency of the Group and net investments in foreign operations.

As at 30 June 2021, the Group did not have a foreign currency hedging policy. However, the management will continue to closely monitor the Group's foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 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 plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2021, the Group did not have any material acquisition and disposal of subsidiaries and affiliated companies.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 931 employees (including Directors) as at 30 June 2021 (as at 30 June 2020: 1,126 employees) in Hong Kong, the PRC, Taiwan, Malaysia and Vietnam.

The Group 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 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**").

The Group provides different trainings to staffs of each department from time to time to enhance their industrial, technical and product knowledge, as well as their familiarity with industry quality standards and work safety standards.

The remuneration committee of the Company (the "**Remuneration Committee**") reviews the terms of remuneration packages, bonuses and other compensation payable to the Directors and the senior management personnel of the Group from time to time. The remunerations of the Directors, senior management and employees of the Group are generally determined with reference to their duties, responsibilities and performance.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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, 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 Director	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 (Note)	198,000,000	-	198,000,000	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	Number of shares 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 report, 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 to 5.67 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 ("Absolute Skill")	Long position	Beneficial owner	296,980,000	44.997%
Lincats	Long position	Beneficial owner	198,000,000	30%
Mr. Siu Xiaohe (Note 1)	Long Position	Interest in controlled corporation	296,980,000	44.997%
Mr. Kim Byung Kwon (Note 2)	Long Position	Interest in controlled corporation	198,000,000	81.8%

Note 1: Mr. Siu Xiaohe held 100% interest in Absolute Skill. By virtue of the SFO, Mr. Siu Xiaohe is deemed to be interested in these 296,980,000 shares which Absolute Skill has beneficial interest in.

Note 2: Mr. Kim Byung Kwon held approximately 81.8% interest in Lincats. By virtue of the SFO, Mr. Kim Byung Kwok is deemed to be interested in these 198,000,000 shares which Lincats 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 up to the date of this report and there was no share option outstanding as at 30 June 2021.

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 six months ended 30 June 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 six months ended 30 June 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2021, 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 (the "**Deed of Non-Competition**") in favour of the Company. 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 of the Company on 18 January 2018 and up to the date of this report.

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 six months ended 30 June 2021.

CONNECTED TRANSACTIONS

During the six months ended 30 June 2021, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**Code**”) as set out 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 receive adequate, complete and reliable information in a timely manner.

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 six months ended 30 June 2021 and up to the latest practicable date prior to the issue of this report.

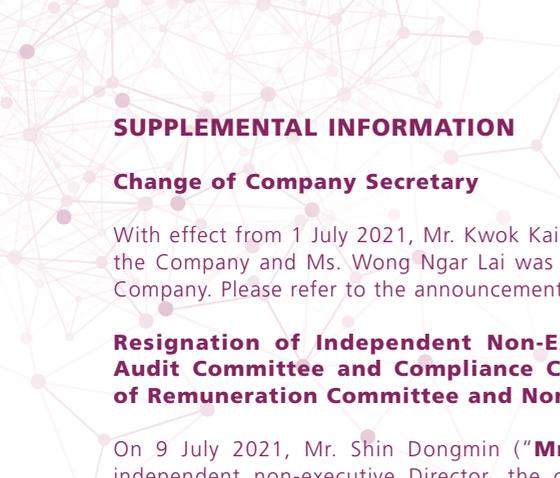
COMPLIANCE WITH THE CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 six months ended 30 June 2021 and up to the date of this report.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of the subsidiaries of the Company who, because of his/her office or employment in the Company or the subsidiaries, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Required Standard of Dealings as if he/she was a Director.

DIVIDENDS

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



SUPPLEMENTAL INFORMATION

Change of Company Secretary

With effect from 1 July 2021, Mr. Kwok Kai Hung resigned as the company secretary of the Company and Ms. Wong Ngar Lai was appointed as the company secretary of the Company. Please refer to the announcement dated 30 June 2021 for more information.

Resignation of Independent Non-Executive Director and Members of Audit Committee and Compliance Committee, and Change in Chairman of Remuneration Committee and Nomination Committee

On 9 July 2021, Mr. Shin Dongmin (“**Mr. Shin**”) tendered his resignation as an independent non-executive Director, the chairman of the Remuneration Committee and the nomination committee of the Company (the “**Nomination Committee**”), and a member of each of the Audit Committee and compliance committee (the “**Compliance Committee**”) of the Company.

Following the resignation of Mr. Shin, the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 5.28 of the GEM Listing Rules with regard to the minimum number of members of the Audit Committee.

The Company shall make every effort to ensure that a suitable candidate be appointed to fulfill the requirements set out in Rules 5.05(1) and 5.28 of the GEM Listing Rules as soon as practicable and in any event within three months as required under Rules 5.06 and 5.33 of the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate.

With effect from 9 July 2021, Mr. Kwong Chun Man will act as the chairman of the Remuneration Committee and Nomination Committee during the interim period.

Please refer to the announcement of the Company dated 9 July 2021 for more information.

Disposal of 21.37% Equity Interests in a Subsidiary

After trading hours on 12 August 2021, Zioncom (Hong Kong) Technology Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with Evergo Technology PTE. Limited (the “**Purchaser**”), a company incorporated in Singapore with limited liability and an independent third party, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 3,629,930 shares of Công Ty Cổ Phần Zioncom (Vietnam) (Zioncom (Vietnam) JSC*) (formerly known as Công Ty TNHH Zioncom (Vietnam) (Zioncom (Vietnam) Co., Ltd.)) (the “**Target Company**”), representing approximately 21.37% of the equity interests in the Target Company, at the consideration of US\$2,000,000 (equivalent to approximately HK\$15,500,000).

* *for identification purposes only*

Upon completion of the disposal, the Vendor will hold 51% of the equity interests in the Target Company. Please refer to the announcement dated 12 August 2021 for more information.

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since 30 June 2021 to this report date save as disclosed in this report.

COMPLIANCE COMMITTEE

The Company established the Compliance Committee with effect from 18 January 2018. The primary duties of the Compliance Committee are, among others, to oversee the legal compliance aspect of the internal control system and the execution of compliance manual which summarises all internal control measures and policies of the Group. The roles and functions of the Compliance Committee are clearly set out in the terms of reference which are no less exacting than the Code and are available on the websites of the Company and the Stock Exchange.

Two Compliance Committee meetings were held for the six months ended 30 June 2021. The attendances of each Compliance Committee member are set out as follows:

	Number of meetings attended/ eligible to attend
Executive Director	
Mr. Kim Jun Yeob	2/2
Independent Non-executive Directors	
Mr. Lee Tsung Wah, Jonathan (<i>Chairman</i>)	2/2
Mr. Shin Dongmin (resigned on 9 July 2021)	2/2
Mr. Kwong Chun Man	2/2

The major works performed by the Compliance Committee for the six months ended 30 June 2021 include the following:

- reviewed the Company's compliance with the Code;
- reviewed and approved the Company's policies and procedures on compliance with legal and regulatory requirements; and
- prepared and submitted summary reports to the Board on the overall compliance performance and corporate governance practices of the Company.

The Compliance Committee reported that it had duly performed its duties relating to the corporate governance functions and save as disclosed, it was not aware of any material non-compliance incidents during the six months ended 30 June 2021.



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 six months ended 30 June 2021 on 13 August 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, 13 August 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 and Mr. Lee Tsung Wah, Jonathan.

This report will remain on the GEM website at www.hkgem.com on the "Latest Listed 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.