



Zhuoxin International Holdings Limited

卓信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8266)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

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

GEM has been positioned as a market designed to accommodate 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 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 announcement, 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 announcement.

This announcement, for which the directors (the “Directors”) of Zhuoxin International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.

RESULTS

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2019, together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 December 2019

	<i>Note</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue		134,362	127,233	411,785	393,847
Cost of sales		(129,945)	(122,583)	(397,973)	(378,400)
Gross profit		4,417	4,650	13,812	15,447
Other net income/(loss)		46	(740)	349	(366)
Employment costs		(5,025)	(7,115)	(16,504)	(20,788)
Research and development expenses		(379)	56	(1,109)	(105)
Depreciation		(907)	(192)	(2,678)	(619)
Transportation expenses		(131)	(150)	(460)	(556)
Other operating expenses		(1,764)	(3,430)	(6,613)	(10,544)
Loss from operations		(3,743)	(6,921)	(13,203)	(17,531)
Finance costs	3	(1,016)	(1,029)	(2,986)	(3,696)
Gain on disposal of subsidiaries		–	–	–	7,673
Share of losses of associates		(61)	(51)	(168)	(167)
Loss before tax		(4,820)	(8,001)	(16,357)	(13,721)
Income tax expense	4	–	(14)	–	(45)
Loss for the period		(4,820)	(8,015)	(16,357)	(13,766)

		Three months ended 31 December		Nine months ended 31 December	
		2019	2018	2019	2018
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:					
Owners of the Company		(4,764)	(7,768)	(16,289)	(13,697)
Non-controlling interests		(56)	(247)	(68)	(69)
		<u>(4,820)</u>	<u>(8,015)</u>	<u>(16,357)</u>	<u>(13,766)</u>
Loss per share (HK cents)					
	<i>5</i>				
Basic		<u>(1.16)</u>	<u>(1.90)</u>	<u>(3.95)</u>	<u>(3.32)</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

For the three months and nine months ended 31 December 2019

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	<u>(4,820)</u>	<u>(8,015)</u>	<u>(16,357)</u>	<u>(13,766)</u>
Other comprehensive (loss)/income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(1,835)	(543)	1,031	(3,441)
Exchange differences on disposal of foreign operations	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,774)</u>
	<u>(1,835)</u>	<u>(543)</u>	<u>1,031</u>	<u>(5,215)</u>
<i>Items that may not be reclassified to profit or loss:</i>				
Change in the fair value of equity instrument at FVTOCI	<u>–</u>	<u>(33)</u>	<u>–</u>	<u>(3,998)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(1,835)</u>	<u>(576)</u>	<u>1,031</u>	<u>(9,213)</u>
Total comprehensive loss for the period	<u>(6,655)</u>	<u>(8,591)</u>	<u>(15,326)</u>	<u>(22,979)</u>
Attributable to:				
Owners of the Company	(6,710)	(8,344)	(15,208)	(25,287)
Non-controlling interests	<u>55</u>	<u>(247)</u>	<u>(118)</u>	<u>2,308</u>
	<u>(6,655)</u>	<u>(8,591)</u>	<u>(15,326)</u>	<u>(22,979)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company										
	Share capital <i>HKS'000</i>	Share premium account <i>HKS'000</i>	Contributed surplus <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	Share-based payment reserve <i>HKS'000</i>	FVTOCI reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 April 2018	32,194	442,050	16,375	2,943	6,948	-	-	(403,155)	97,355	26,572	123,927
Adjustment on initial application of HKFRS 9 (note 2)	-	-	-	-	-	-	(18,668)	21,339	2,671	(38)	2,633
Restated balance at 1 April 2018	32,194	442,050	16,375	2,943	6,948	-	(18,668)	(381,816)	100,026	26,534	126,560
Comprehensive loss											
Loss for the period	-	-	-	-	-	-	-	(13,697)	(13,697)	(69)	(13,766)
Other comprehensive income/(loss)											
Change in the fair value of equity instrument at FVTOCI	-	-	-	-	-	-	(3,998)	-	(3,998)	-	(3,998)
Currency translation differences											
- Group	-	-	-	-	(5,818)	-	-	-	(5,818)	2,377	(3,441)
- Release upon disposal of subsidiaries	-	-	-	-	(1,774)	-	-	-	(1,774)	-	(1,774)
	-	-	-	-	(7,592)	-	(3,998)	(13,697)	(25,287)	2,308	(22,979)
Total transaction with owners, recognised directly in equity											
Decognition of non-controlling interests upon disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(14,239)	(14,239)
At 31 December 2018	32,194	442,050	16,375	2,943	(644)	-	(22,666)	(395,513)	74,739	14,603	89,342
At 1 April 2019	32,194	442,050	16,375	2,943	(502)	-	(24,629)	(408,682)	59,749	14,214	73,963
Comprehensive loss											
Loss for the period	-	-	-	-	-	-	-	(16,289)	(16,289)	(68)	(16,357)
Other comprehensive income/(loss)											
Current translation differences											
- Group	-	-	-	-	1,081	-	-	-	1,081	(50)	1,031
	-	-	-	-	1,081	-	-	(16,289)	(15,208)	(118)	(15,326)
At 31 December 2019	32,194	442,050	16,375	2,943	579	-	(24,629)	(424,971)	44,541	14,096	58,637

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively term include all applicable individually HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2019.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2019 except as stated below.

2. Changes in accounting policies

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group. Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS16 Lease

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

After the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivables;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group re-measures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) *Impact of application of HKFRS 16*

The following table summarises the impact of transition to HKFRS 16 on the condensed consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

Condensed consolidated statements of financial position as at 1 April 2019:	<i>HK\$</i>
Right-of-use assets	5,059
Lease liabilities (non-current)	1,993
Lease liabilities (current)	3,066

The following reconciliation explains how the operating lease commitments disclosed by applying HKAS 17 as of 31 March 2019 could be reconciled to the lease liabilities on the date of initial application of HKFRS 16 recognised in the condensed consolidated statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitment to lease liabilities	<i>HK\$</i>
Operating lease commitment as of 31 March 2019	5,255
Lease: Future interest expenses	<u>(196)</u>
Total lease liabilities as of 1 April 2019	<u><u>5,059</u></u>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the condensed consolidated statement of financial position as at 1 April 2019 is 4.88%.

3. Finance costs

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Wholly repayable within five years				
– Interest on bank loans	478	509	1,346	2,074
– Interest on other loan	–	–	–	62
– Finance lease charges	–	–	–	3
– Interest on lease liabilities	38	–	140	–
Not wholly repayable within five years based on repayment schedules				
– Interest on bank loans	–	20	–	57
– Interest on long term bonds	500	500	1,500	1,500
	1,016	1,029	2,986	3,696

4. Income tax expense

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	–	–	–
Current tax – PRC Enterprise Income Tax				
– Provision for the period	–	14	–	45
	–	14	–	45
Deferred tax				
– Hong Kong Profits Tax	–	–	–	–
Income tax expense	–	14	–	45

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current period’s estimated assessable profit (2018: Nil).

No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements since the Group incurred tax losses for the nine months ended 31 December 2019. PRC Enterprise Income Tax has been provided at rate of 25% for the nine months ended 31 December 2018.

5. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is as follows:

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
Loss for the period attributable to owners of the Company (<i>HK\$'000</i>)	<u>(4,764)</u>	<u>(7,768)</u>	<u>(16,289)</u>	<u>(13,697)</u>
Weighted average number of ordinary shares in issue during the period (<i>in '000</i>)	<u>412,090</u>	<u>412,090</u>	<u>412,090</u>	<u>412,090</u>
Basic loss per share (<i>HK cents</i>)	<u><u>(1.16)</u></u>	<u><u>(1.90)</u></u>	<u><u>(3.95)</u></u>	<u><u>(3.32)</u></u>

(b) Diluted loss per share

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding during the nine months ended 31 December 2019 and 2018.

6. Dividend

The Directors have not declare nor proposed any dividends in respect of the nine months ended 31 December 2019 (2018: Nil).

7. Event after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2019 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Group had been participating in the following activities:

- Trading of Electronic Hardware Components (Display Modules including mainly IC Drivers and LCD panel) with Compatibilities Solutions Advisory Services; and
- Property Development and Investment.

BUSINESS REVIEW

Trading of Electronic Hardware Components (Display Modules including mainly IC Drivers and LCD panel) with Compatibility Solutions Advisory Services

Revenue for the nine months ended 31 December 2019 increased by approximately 4.6%, from approximately HK\$393,847,000 in the same period last year to approximately HK\$411,785,000 in this year's period due to the increase of demand from our customers.

A turnaround from profit of approximately HK\$221,000 in same period in last year to loss of approximately HK\$118,000 in this year period was obtained.

Property Development and Investment

The Group has a real estate development project in the area of Yangjiang City, Guangdong Province, PRC. The project the Group held is still in active sales by the associate company on the few remaining residential and commercial units. The Group will continue with its cautious investment approach and will make necessary preparations against possible adverse conditions due to market competition and tightened government policies for the sector.

During the period, the Group has one property investment, which is located in Yangjiang City. The property investment located in Yangjiang City comprises 2 vacant lands of total site area of approximately 16,128 square meters, which are opened for sale currently.

Prospects

The management of ETC Technology Limited (“ETC”) will continue to enforce its effective cost controls including renegotiating favourable credit terms with major vendors. Besides, the management has begun renegotiating credit terms with existing customers for a shorter credit period. Hence, our customer base will be optimised to utilise our financial resources in the most efficient way to reduce the finance costs.

However, the management predicts overall market condition will be difficult as global smartphone shipment declined in 2018 and the outlook for 2019 is still conservative. Other external factors, such as potential trade war and exchange rate fluctuation may cast darker cloud. The management of ETC will continuously review their business approach and will make necessary preparations against possible adverse conditions due to trade war and market competition.

For the property development business, it is still in an adjustment period since the last quarter of 2017 that the PRC government have lifted the purchase restrictions for properties in some third and fourth-tier cities, including Yangjiang City. The management will continuously and carefully balance our business strategy in this heavily government policy-influenced market. The Group will closely monitor the market conditions in Yangjiang City and will also actively seek for potential business opportunities elsewhere.

Moving forward, the Group will continue to work hard on our existing businesses, and will actively looking for new investment opportunities while optimising our financial resources. We are committed to enhancing the business performance and to bringing better return to our shareholders.

FINANCIAL REVIEW

Revenue and Results

For the nine months ended 31 December 2019, the Group recorded an unaudited revenue of approximately HK\$411,785,000 (2018: approximately HK\$393,847,000), representing a increase of 4.6% as compared to the corresponding period in last year. All the revenue was contributed by the trading of electronic parts and components business.

The Group recorded a loss for the nine months ended 31 December 2019 of approximately HK\$16,357,000 as compared to approximately HK\$13,766,000 for the corresponding period in last year.

Loss attributable to owners of the Company for the nine months ended 31 December 2019 was approximately HK\$16,289,000, representing a increase of 18.9% as compared to approximately HK\$13,697,000 for the corresponding period in 2018.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 December 2019 (2018: Nil).

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The equity instrument at FVTOCI with fair value of approximately HK\$40,564,000 is regarded as significant investments held by the Company and accounts for approximately 14.0% of the Group's total assets as at 31 December 2018. The equity instrument at FVTOCI is an unlisted equity securities (the "UES"), representing an investment of 7% equity interests in Coulman, a private company incorporated in the BVI, Coulman International Limited ("Coulman"). Coulman and its non-wholly owned subsidiaries are principally engaged in the operations of natural gas business, including construction of pipeline, selling and distribution of natural gas, installation of natural gas equipment and operation of fuel station in the PRC. For the nine months ended 30 September 2019, Coulman recorded unaudited revenue of approximately HK\$134,139,000, unaudited profit before taxation of approximately HK\$24,740,000 and unaudited profit after taxation of approximately HK\$23,294,000.

The Group considered that the future prospect of the UES to be positive. According to the PRC Natural Gas Industry Development Report (2018) (中國天然氣發展報告(2018)) published in August 2018, the PRC government has plans to boost the natural gas usage in the PRC. In view of the overall energy policy, the PRC government also set a goal to increase reliance on natural gas to 10%-15% of total energy consumption by 2030, while natural gas consumption only accounted for 7.3% in 2017. Therefore, the Group considered that the income of the investee companies which are engaged in the operations of natural gas business is expected to grow steadily in the next 2 decades.

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

As at 31 December 2019, the interests and short positions of each Director and chief executive of the Company in 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 (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Aggregate long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Ma Chao	Interest in a controlled corporation	Corporate interest (Note 1)	262,096,789	63.60%
Mr. Cheung Kwan Hung	Beneficial owner	Personal interest (Note 2)	200	0.00%

Notes:

1. By virtue of the SFO, Mr. Ma Chao is deemed to be interested in the 262,096,789 shares held by Pine Cypress Development Limited, a company wholly and beneficially owned by him.
2. Mr. Cheung Kwan Hung was resigned as an independent non-executive Director of the Company with effect from 31 January 2020.
3. As at 31 December 2019, the Company had a total of 412,089,994 shares in issue.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company has or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

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

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2019, the Company had been notified of the following substantial shareholders' interest and short positions, being 5% or more of the issued share capital of the Company.

Aggregate long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Pine Cypress Development Limited	Beneficial owner	Corporate interest	262,096,789	63.60%
Mr. Ma Chao	Interest in controlled corporation	Corporate interest (Note 1)	262,096,789	63.60%

Notes:

1. Pine Cypress Development Limited is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Ma Chao. Mr. Ma Chao is deemed, by virtue of the SFO, to be interested in the same 262,096,789 shares held by Pine Cypress Development Limited.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 December 2019.

SHARE OPTIONS

For the nine months ended 31 December 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the 2013 Share Option Scheme.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2019.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

During the nine months ended 31 December 2019, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules, with the exceptions of code provisions A.2.1.

Under the code provision A.2.1, the role of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The chairman is responsible for management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Group. The role of chief executive is responsible to undertake the day-to-day management of the Group's business.

Mr. Ma Chao is the chairman of the Company and there was no chief executive officer appointed by the Company and the day-to-day management of the Group was led by Mr. Ma Chao. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, board diversity has been considered from a number of diversity perspectives, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service (altogether, the "Major Diversity Perspectives"). All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of aforesaid Major Diversity Perspectives. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The nomination committee reviews annually the Board's composition under Major Diversity Perspectives and monitors the implementation of the Board Diversity Policy. During the period, the nomination committee has reviewed its practice on board diversity based on the Major Diversity Perspectives set forth and has come to the conclusion that it is a balanced board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions of the Company. The Company has made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2019.

The Company's code of conduct also applies to all employees who are likely to be in the possession of inside information of the Company. No incident of non-compliance of the Company's code of conduct by the employees was noted by the Company.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in Directors' information as notified to the Company subsequent to the date of the 2019 Annual Report are set out as follows:

Mr. Zhang Shourong resigned as executive Director, a member of the nomination committee and the remuneration committee with effect from 9 September 2019.

Mr. Chiu Wai Piu resigned as an independent non-executive Director, the chairman of the nomination committee, and a member of the audit committee and the remuneration committee with effect from 31 December 2019.

Mr. Li Shiu Ki, Ernest resigned as an independent non-executive Director, the chairman of the remuneration committee, and a member of the audit committee and the nomination committee with effect from 10 January 2020.

Mr. Cheung Kwan Hung resigned as an independent non-executive Director, the chairman of the audit committee, a member of the remuneration committee and the nomination committee with effect from 31 January 2020.

Mr. Sun Bo was appointed as an independent non-executive Director, the chairman of the audit committee, and a member of the remuneration committee and the nomination committee with effect from 13 February 2020.

Mr. Feng Xiaohua was appointed as an independent non-executive Director, the chairman of the remuneration committee, and a member of the audit committee and the nomination committee with effect from 13 February 2020.

Mr. Fang Wei was appointed as an independent non-executive Director, the chairman of the nomination committee, and a member of the audit committee and the remuneration committee with effect from 13 February 2020.

Save as disclosed above, there is no other change of information in respect of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has three members comprising all independent non-executive Directors namely Mr. Sun Bo (as chairman), Mr. Feng Xiaohua and Mr. Fang Wei.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing and monitoring the external auditors’ independence; reviewing the quarterly reports, interim report, annual report and accounts of the Group; and overseeing the Company’s financial reporting system, risk management and internal control systems.

The Audit Committee has reviewed the unaudited results for the nine months ended 31 December 2019 and has provided advice and comments thereon.

By Order of the Board
Zhuoxin International Holdings Limited
Ma Chao
Chairman

Hong Kong, 14 February 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Ma Chao (Chairman) and Mr. Fu Yong; and three independent non-executive Directors, namely, Mr. Fang Wei, Mr. Feng Xiaohua and Mr. Sun Bo.

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