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Zhicheng Technology Group Ltd.
志承科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8511)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

*　*For identification purposes only*

RESULTS

The board of Directors (the "**Board**") of the Company presents the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2021, together with the comparative audited figures for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2021	2020
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**39,962**	54,892
Cost of sales	*4*	**(23,582)**	(23,760)
Gross profit		**16,380**	31,132
Selling and marketing expenses	*4*	**(5,345)**	(5,460)
Administrative expenses	*4*	**(18,425)**	(19,398)
Net impairment gains/(losses) on financial assets		**32**	(324)
Other income	*5*	**609**	291
Other gains/(losses) – net		**455**	(62)
Operating (loss)/profit		**(6,294)**	6,179
Finance income		**15**	20
Finance costs		**(112)**	–
Finance (costs)/income – net		**(97)**	20
(Loss)/Profit before income tax		**(6,391)**	6,199
Income tax expense	*6*	**3,052**	(3,061)
(Loss)/Profit attributable to:			
Owners of the Company		**(3,339)**	3,138
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**2,682**	(1,920)
Other comprehensive income for the year, net of tax		**2,682**	(1,920)
Total comprehensive income attributable to:			
Owners of the Company		**(657)**	1,218
(Losses)/Earnings per share			
– Basic and diluted (HK$)	*7*	**(0.01)**	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Equipment		**467**	146
Right-of-use assets		**329**	–
Intangible assets		**7,873**	6,048
Prepayments		**9,241**	–
Deferred income tax assets		**923**	108
		18,833	6,302
Current assets			
Trade receivables	*9*	**37,941**	35,152
Other receivables		**3,486**	2,735
Prepayments		**25,343**	21,802
Restricted cash		**514**	128
Cash and cash equivalents		**2,660**	13,147
		69,944	72,964
Total assets		**88,777**	79,266
EQUITY			
Equity attributable to owners of the Company			
Share capital		**312**	312
Other reserves		**55,038**	52,356
Retained earnings		**7,905**	11,244
Total equity		**63,255**	63,912
LIABILITIES			
Non-current liabilities			
Borrowings		**5,567**	–
Lease liabilities		**18**	–
		5,585	–
Current liabilities			
Trade payables	*10*	**8,755**	5,199
Other payables		**6,077**	6,313
Contract liabilities		**198**	181
Borrowings		**2,724**	–
Current income tax liabilities		**1,884**	3,661
Lease liabilities		**299**	–
		19,937	15,354
Total liabilities		**25,522**	15,354
Total equity and liabilities		**88,777**	79,266

NOTES

1 GENERAL INFORMATION

Zhicheng Technology Group Ltd. (the "**Company**") was incorporated in the Cayman Islands on 23 June 2017 as an exempted company with limited liability. The address of its registered office is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104 Cayman Islands.

The holding company of the Company is IFG Swans Holding Ltd., a company incorporated in the British Virgin Islands ("**BVI**") and 100% owned by Mr. Wu Di ("**Mr. Wu**"). Mr. Wu is the controlling shareholder of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of smart manufacturing solutions including sales of equipment and provision of relevant technical service in the People's Republic of China (the "**PRC**").

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 April 2018.

These financial statements are presented in Hong Kong dollar ("**HK$**"), unless otherwise stated, and have been approved for issue by the board of directors (the "**Board**") of the Company on 24 May 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Companies Ordinance (Cap. 622)

The consolidated financial statements of the Group have been prepared in accordance with HKFRS and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

(c) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- COVID-19-Related Rent Concessions – amendments to HKFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *New standards, amendments to standards and interpretations not yet adopted*

The following new standards, amendments to existing standards and interpretations have been issued but are not yet effective for the accounting period beginning 1 April 2020 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Annual Improvements	Annual Improvements to HKFRS standards 2018-2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a contract	1 January 2022

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors, who are responsible for allocating resources and assessing performance of the operating segment.

The Group is principally engaged in the provision smart manufacturing solutions of precision testing and precision machining, which comprises the sales of precision testing equipment and precision machining equipment as well as the provision of technical services. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measure reported to the executive directors for the purpose of resources allocation and performance assessment.

All of the Group's revenue was derived in the PRC during the year ended 31 March 2021 (2020: same).

All of the Group's non-current assets were located in the PRC as at 31 March 2021 (31 March 2020: same).

Revenue of the Group

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Precision 3D testing solutions		
– Sales of equipment	**34,220**	50,481
– Technical services	**5,742**	4,411
	39,962	54,892

Revenues from transactions with external customers amounted to 10% or more of the Group's revenues are as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Customer A	**8,424**	9,760
Customer B	**6,990**	Not applicable*
Customer C	**4,864**	Not applicable*
Customer D	**4,200**	Not applicable*
Customer E	**Not applicable***	8,033
Customer F	**Not applicable***	8,003
Customer G	**Not applicable***	6,950
Customer H	**Not applicable***	6,253

*Note**: The revenue of each customer for the year is less than 10% of the Group's revenue for the respective year.

The Group does not disclose information about remaining unsatisfied performance obligations for the year as permitted under the practical expedient in accordance with HKFRS 15 as their original expected duration is less than one year.

4 EXPENSES BY NATURE

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Cost of goods sold	**23,051**	22,217
Outsourced research and development expenses	**5,648**	7,144
Staff costs (including directors' emoluments)	**5,580**	6,080
Professional Fees	**4,513**	4,489
Entertainment expenses	**2,900**	2,126
Depreciation and amortisation	**2,055**	689
Travelling expenses	**1,192**	2,838
Auditors' remuneration	**1,009**	1,015
Other expenses	**1,404**	2,020
Total cost of sales, selling and marketing expenses and administrative expenses	**47,352**	48,618

5 OTHER INCOME

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Other income		
– Government grant	**605**	269
– Others	**4**	33
	609	302
Other expense		
– Donations	**–**	(6)
– Others	**–**	(5)
	–	(11)
Other income – net	**609**	291

6 INCOME TAX EXPENSE

	Year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax	**(2,272)**	3,172
Deferred income tax	**(780)**	(111)
	(3,052)	3,061

No income tax relating to components of other comprehensive income was charged for the year ended 31 March 2021 (2020: same).

7 (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2021	2020
(Loss)/Profit for the year *(HK$'000)*	**(3,339)**	3,138
Weighted average number of ordinary shares in issue *(number of shares)*	**400,000,000**	400,000,000
Basic (losses)/earnings per share *(HK$)*	**(0.01)**	0.01

Diluted (losses)/earnings per share is the same as the basic (losses)/earnings per share as there were no potentially dilutive ordinary shares issued during the year ended 31 March 2021 (2020: same).

8 DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 March 2021 (2020: nil).

9 TRADE RECEIVABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**38,233**	35,476
Less: provision for impairment of trade receivables	**(292)**	(324)
Trade receivables — net	**37,941**	35,152

(a) As at 31 March 2021, aging analysis of trade receivables based on invoice date is as follows:

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**22,468**	26,327
1 to 6 months	**7,944**	5,537
6 months to 1 year	**694**	876
1 to 2 years	**6,835**	2,736
2 to 3 years	**292**	–
	38,233	35,476

(b) The fair value of trade receivables approximated to its carrying amounts as at 31 March 2021 due to their short maturities (31 March 2020: same).

10 TRADE PAYABLES

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Trade payables	**8,755**	5,199

Aging analysis of the trade payables is as follows:

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**8,655**	5,099
Over 1 year	**100**	100
	8,755	5,199

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a smart manufacturing solution provider focusing on precision 3D testing solutions and precision machining solutions in China. The Company provides smart manufacturing solutions to serve the needs of high-end equipment manufacturers which require a high level of precision in the manufacture of their industrial products. Its solutions comprise and integrate various equipment and services, ranging from solution concept and design, procurement of machinery, auxiliary tools and software and system installation and debugging to provision of aftersales services such as technical support and training.

For the year ended 31 March 2021, the Group continued to devote great efforts in expanding the market scopes, approaching new customers in various industries and regions, and maintaining the productive relationships with existing customers. Benefited from its sales efforts, the Group obtained a total of 18 new projects. 12 new projects together with 14 projects which were carried forward from prior years, were completed during the year. As at 31 March 2021, the Group had 7 on-going projects, which were all precision 3D scanning solutions projects.

The Group had been persisting in developing new technology, including new auxiliary tools design and relevant software applications. As of 31 March 2021, the Group has 16 registered patents, including 6 invention patents and 10 utility model patents as well, and 8 invention patents in the registration process.

Looking forward, the Group will organically expand its business, broaden its operation scale and realise its business growth, improving market competitiveness while increasing market share. In addition, the Group will continue to expand its talent pool to recruit professional sales and marketing staffs, as well as administrative staffs, for future business expansion. Furthermore, in order to enhance competitiveness and form its own core technology, the Group pays attention to the investment in research and development ("**R & D**"). Through two years of technical precipitation, the Company has formed own intangible assets such as scanning detection software, data identification and analysis system software. Affected by the global epidemic situation in 2020, the Company could not carry out its business in the first half of the year, which affected the Group's sales performance and payment collection. Since June 2020, with the epidemic situation gradually under control in China, the Company actively expanded its business, and its performance began to pick up in the third quarter of 2020. The epidemic has no impact on the Company's main business scope, but has a lagging impact on business performance. As a result, the Group's operating performance for the year was not significantly affected by the epidemic. Taking into account the uncertainty of the duration of the epidemic and the implementation of the preventive measures against the spread of the epidemic, the Group's future operating performance may be affected by changes in the future economic conditions and the extent of the impact cannot be predicted as at the date of this announcement. The Group will continue to keep track of the epidemic development and react proactively to its possible impact on the performance of the Group. By virtue of the technological edges, the Group is expecting to continuously promote its integrated smart manufacturing solutions, understand the industrial evolution and further consolidate the market position and customer confidence.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2021, the Group recorded revenue of approximately HK$40.0 million, representing a decrease of 27.2% comparing with that of approximately HK$54.9 million for the year ended 31 March 2020. Set out below is the revenue breakdown of the Group for the year:

	Year ended 31 March					
	2021			2020		
	Revenue	**% of Revenue**	**Gross Profit Margin**	Revenue	% of Revenue	Gross Profit Margin
	HK$'000	***%***	***%***	*HK$'000*	*%*	*%*
Precision 3D testing solutions						
Static 3D scanning	**30,470**	**76.2**	**35.0**	42,579	77.6	58.4
Dynamic 3D scanning	**9,492**	**23.8**	**60.0**	12,313	22.4	51.0
Overall precision 3D testing solutions	**39,962**	**100**	**41.0**	54,892	100	56.7

The decrease in revenue was mainly attributable to a decrease of HK$14.9 million in sales of precision 3D testing solutions.

Precision 3D testing solutions: Revenue from precision 3D testing solutions decreased by 27.2% to HK$40.0 million for the year ended 31 March 2021 from HK$54.9 million for the year ended 31 March 2020. This decrease was mainly attributable to (i) the continuous impact of the epidemic, the Company's sales personnel were hindered from business travelling for about 3 months, and customers were not fully operational, resulting in sales not fully recovered until September 2020; and (ii) in accordance with the Group's project implementation schedule, fewer projects providing imported or home-made modules were implemented, and accordingly the revenue was totally generated from project related to provision of technical services of which the contract value was relatively low in 2020. While the revenue was mainly derived from a project providing imported modules of which the contract value was relatively high in 2019.

Cost of sales

Cost of sales decreased by 0.7% to HK$23.6 million for the year ended 31 March 2021 from HK$23.8 million for the year ended 31 March 2020. The decrease in gross profit was mainly due to the higher cost of new projects obtained in the current period.

Gross profit and gross profit margin

Gross profit decreased by 47.4% to HK$16.4 million for the year ended 31 March 2021 from HK$31.1 million for the year ended 31 March 2020. Gross profit margin decreased to 41.0% for the year ended 31 March 2021 from 56.7% for the year ended 31 March 2020, which was primarily due to (i) the decrease in sales of overseas companies. The gross profit of overseas orders is generally higher than that of domestic orders. (ii) Affected by the global epidemic situation in 2020, the gross profit of new projects this year is relatively low.

Selling and marketing expenses

Selling and marketing expenses remained stable. Selling and marketing expenses decreased by 2.1% to HK$5.3 million for the year ended 31 March 2021 from HK$5.5 million for the year ended 31 March 2020.

Administrative expenses

Administrative expenses remained stable. Administrative expenses decreased by 5.0% to HK$18.4 million for the year ended 31 March 2021 from HK$19.4 million for the year ended 31 March 2020.

Income tax expense

The Group had an income tax revenue of HK$3.1 million (2020: income tax expenses of HK$3.1 million) for the year ended 31 March 2021.

Income tax expense included the PRC income tax of Hong Kong Cheng Phong Technology Limited ("**Hong Kong Cheng Phong**"), Bow Chak Industry (HK) Limited ("**Bow Chak**") and MGW Swans Ltd., calculated on a deemed profit basis. The income tax expense for the year ended 31 March 2021 mainly comprised (i) Hong Kong incorporated companies, Hong Kong Cheng Phong and Bow Chak received the tax refund in a total HK$2.6 million from the Hong Kong Inland Revenue Department; (ii) The PRC income tax expense of subsidiaries incorporated in BVI and Hong Kong of HK$0.3 million; and (iii) PRC income tax loss of subsidiary incorporated in PRC of HK$0.8 million.

Loss for the year

Profit decreased by 206.4% to a net loss of HK$3.3 million for the year ended 31 March 2021 from a net profit of HK$3.1 million for the year ended 31 March 2020. Such decrease was mainly attributable to the decrease in sales by HK$14.9 million and gross profit decreased by HK$14.7 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The net cash used in operating activities was approximately HK$15.0 million for the year ended 31 March 2021. During the year, the Group has current and non-current bank borrowings of HK$8.3 million in this year to support operation.

As at 31 March 2021, the net current assets of the Group were approximately HK$50.0 million (31 March 2020: net current assets of HK$57.6 million). The decrease was mainly attributable to the increase in trade payables of HK$3.6 million and current borrowings of HK$2.7 million arising from the business expansion, besides the increase in prepayments of HK$3.5 million and the increase in trade receivables of HK$2.8 million.

As at 31 March 2021, the cash and cash equivalents of the Group was approximately HK$2.7 million (31 March 2020: approximately HK$13.1 million).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any capital commitments.

GEARING RATIO

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as at 31 March 2021 was 8% (31 March 2020: 0).

As at 31 March 2021, the Group has current and non-current bank borrowings of HK$8.3 million (31 March 2020: 0). The Group had one year credit loan of HK$2.4 million from ICBC bank since 4 September 2020, annual interest rate is 4.05%, it also had two years credit loan of HK$5.9 million from BOC bank since 4 January 2021, annual interest rate is 3.80%. Annual weighted average effective interest rates of 3.98%.

PLEDGE OF ASSETS

As at 31 March 2021, the Group did not have any pledge on its assets.

EXCHANGE RATE RISK EXPOSURE

For the operating entities of the Company that are incorporated in Hong Kong and the British Virgin Islands, their functional currencies are United States dollars ("**US$**"). As certain trade and other receivables, bank balances, lease liabilities, trade and other payables of overseas entities are denominated in Hong Kong dollars ("**HK$**") or Euro ("**EUR**") or Renminbi ("**RMB**"), currencies other than the functional currencies of the entities may cause the foreign exchange risk. Under the Linked Exchange Rate System in Hong Kong, HK$ is pegged to US$, the Board considers that there is no significant foreign exchange risk with respect to HK$. Therefore, the foreign exchange risk mainly arises from the monetary assets and liabilities denominated in EUR and RMB, which the Board considers as not significant to the Group. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Because of the fluctuation in the exchange rate of the functional currencies of the Group entities, mainly RMB and US$, to the Group's presentation currency, HK$, the Group recorded a gain in other comprehensive income of HK$2.7 million for the year ended 31 March 2021.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2021, the Group did not hold any significant investments.

OTHER FINANCIAL ASSETS

As at 31 March 2021, other financial assets held by the Group comprise:

Trade receivables of HK$37.9 million;

Cash and bank deposits of HK$2.7 million; and

Other receivables of HK$3.5 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2021, the Group did not have any plans for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2021, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 25 employees (including executive Directors) as at 31 March 2021 (2020: 25 employees). The Company relies on its employees to provide smart manufacturing solutions to its customers. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance-based bonus. For the year ended 31 March 2021, the Company has long term employment contracts with all of its senior management for four years or more as personnel especially management and skilled employees are one of its greatest assets and stability of such personnel are crucial to its business operations. The Company generally has a fixed term employment contract with its employees such as administrative and finance staff and the Company generally renews the employment contract with such employees on a yearly basis. For the year ended 31 March 2021, the Company has also entered into a confidentiality and non-competition agreement with all of its employees which sets out the confidentiality clause and non-competition clause during and after the employment. In addition, all intellectual properties or technical achievement obtained during employment and after a year upon leaving are owned by the Company.

The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefits scheme to fund the benefits. The Group made contributions to the retirement benefit schemes of HK$103,000 for the year ended 31 March 2021 (2020: HK$419,000).

The Group also reviews the performance of the Group's staff periodically and consider the result of such review for staff's annual bonus, salary review and promotion appraisal. The Company has also adopted a share option scheme, details of which are set out in the section headed "Statutory and General Information — 13. Share Option Scheme" of Appendix IV to the prospectus of the Company dated 29 March 2018.

The Company provides induction training and on-going training to its employees in order to enhance their technical skills and product understanding.

The Remuneration Committee shall make recommendation to its Board on the overall remuneration policy and structure relating to all Directors and senior management; review remuneration proposals of the management with reference to its Board's corporate goals and objectives; and ensure none of its Directors or any of their associates determine their own remuneration.

USE OF PROCEEDS

As at 31 March 2021, all of the funds raised from the Listing have been fully utilised in the manner as described in the section headed "Use of Proceeds" of the annual report of the Company dated 15 June 2020.

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 year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

There was a deviation from code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company considers that having Mr. Wu Di acting as both its chairman of the Board and its chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management for the Group. In view of Mr. Wu Di's extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Company considers that it is beneficial to the business prospects of the Group that Mr. Wu Di continues to act as both its chairman and its chief executive officer.

Save as disclosed above, the Company has complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2021.

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**"), as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that he or she has complied with the required Standard of Dealings for the year ended 31 March 2021.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2021 (2020: nil).

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 March 2021 have been reviewed by the Audit Committee in a meeting held on 24 May 2021.

By order of the Board
Zhicheng Technology Group Ltd.
Wu Di
Chairman

Hong Kong, 24 May 2021

As at the date of this announcement, the executive Directors are Mr. Wu Di and Ms. Liu Zhining; and the independent non-executive Directors are Mr. Tang Yong, Mr. Xing Shaonan and Mr. Tan Michael Zhen Shan.

This announcement will remain at the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.ztecgroup.com.