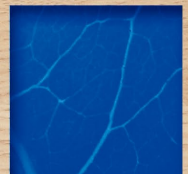
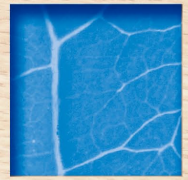


ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8370

2017 THIRD QUARTERLY REPORT



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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 Zhi Sheng Group 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 (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL RESULTS

SUMMARY

- The Group recorded revenue of approximately RMB69.0 million for the nine months ended 30 September 2017, representing a decrease of approximately 9.8% as compared with the nine months ended 30 September 2016.
- The Group recorded a profit of approximately RMB0.9 million for the nine months ended 30 September 2016 and recorded a profit of approximately RMB3.6 million for the nine months ended 30 September 2017. The increase in profit was mainly attributable to the decrease of approximately RMB3.3 million in the listing expenses for the nine months ended 30 September 2017 as compared with the corresponding period in 2016.
- The basic earnings per share for the nine months ended 30 September 2017 was approximately RMB0.55 cent, while the basic profit per share for the nine months ended 30 September 2016 was approximately RMB0.23 cent.

FINANCIAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and the nine months ended 30 September 2017, together with the comparative figures for the three months and the nine months ended 30 September 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	3	21,212	29,244	68,957	76,473
Cost of sales		(12,707)	(20,820)	(46,483)	(56,484)
Gross Profit		8,505	8,424	22,474	19,989
Other income	4	18	7	70	198
Selling and distribution expenses		(1,374)	(1,333)	(3,975)	(3,255)
Administrative expenses		(2,858)	(4,555)	(11,266)	(12,470)
Finance costs	5	(160)	(492)	(1,036)	(1,380)
Profit before income tax		4,131	2,051	6,267	3,082
Income tax expense	6	(1,141)	(1,033)	(2,666)	(2,172)
Profit for the period attributable to the owners of the Company		2,990	1,018	3,601	910
Other comprehensive income/(loss) for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(528)	151	(1,028)	61
Total comprehensive income for the period attributable to the owners of the Company		2,462	1,169	2,573	971
Earnings per share	8				
— Basic and diluted (RMB cents)		0.45	0.25	0.55	0.23

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	Share capital (Note a) RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Foreign exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2016 (Audited)	62	-	-	724	(112)	18,328	19,002
Profit for the period	-	-	-	-	-	910	910
Other comprehensive income:							
Exchange difference arising on translating of foreign operations	-	-	-	-	61	-	61
Total comprehensive income for the period	-	-	-	-	61	910	971
Transfer to statutory reserve	-	-	-	705	-	(705)	-
As at 30 September 2016 (Unaudited)	62	-	-	1,429	(51)	18,533	19,973
As at 1 January 2017 (Audited)	-	80,702	(11,131)	1,872	(8,180)	17,439	80,702
Profit for the period	-	-	-	-	-	3,601	3,601
Other comprehensive income:							
Exchange difference arising on translating of foreign operations	-	-	-	-	(1,028)	-	(1,028)
Total comprehensive income for the period	-	-	-	-	(1,028)	3,601	2,573
Issue of shares (Note b)	2,369	71,075	-	-	-	-	73,444
Capitalisation issue (Note c)	3,554	(3,554)	-	-	-	-	-
Transaction costs attributable to the issue of shares	-	(10,234)	-	-	-	-	(10,234)
Transfer to statutory reserve	-	-	-	853	-	(853)	-
As at 30 September 2017 (Unaudited)	5,923	137,989	(11,131)	2,725	(9,208)	20,187	146,485

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Notes:

- a. The share capital of the Group as at 30 September 2016 represented the aggregate amount of the share capital of the subsidiaries of the Company and was transferred to other reserve upon the reorganisation of the Group in connection with the listing of shares of the Company on the GEM (the "**Reorganisation**").
- b. On 19 January 2017, the Company placed 268,000,000 new shares at HK\$0.31 per share for a total gross proceeds of HK\$83,080,000 (the "**Placing**"). The proceeds (after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Placing) will be used to finance the implementation plan as set forth in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2016 (the "**Prospectus**"). The proceeds of HK\$2,680,000 representing the par value of the shares of the Company, were credited to the Company's share capital and the remaining proceeds of HK\$80,400,000 before issuing expenses, were credited to share premium account of the Company.
- c. Pursuant to the written resolutions passed by the shareholders of the Company on 19 December 2016, the Directors were authorised to capitalise the amount of HK\$4,019,900 standing to the credit of the share premium account of the Company, a total of 401,990,000 ordinary shares credited as fully paid at par to the holders of shares of the Company on the register of members or principal share register of the Company at the close of business on 19 December 2016 in proportion (or as nearly as possible without fractions) to their then respective shareholdings of the Company (the "**Capitalisation Issue**").

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 4 March 2016. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is at Unit A, 17/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong and its headquarters is at 3/F, 222 Tianren Road, Gaoxin District, Chengdu City, Sichuan Province, the Peoples' Republic of China (the "PRC").

The Company is an investment holding company. The Group is principally engaged in the manufacture and sales of office furniture products in the PRC.

The shares of the Company were listed on the GEM of the Stock Exchange on 20 January 2017.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 and 2017 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the GEM Listing Rules.

Other than the adoption of the new and revised HKFRSs during the accounting period from 1 January 2017, the basis of preparation and accounting policies adopted in the preparation of such unaudited condensed consolidated financial statements are the same as those followed in the preparation of the annual financial statements for the year ended 31 December 2016.

The application of the new and revised HKFRSs has no material impact on such unaudited condensed consolidated financial statements.

The Group did not adopt the new and revised HKFRSs which had been issued but had not yet entered into force during the current accounting period of the Group.

The unaudited condensed consolidated financial statements are prepared on the historical cost basis.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

3. REVENUE

Revenue represented the net invoiced value of goods sold, net of allowances for returns, trade discounts and value added tax. An analysis of the Group's revenue is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	21,212	29,244	68,957	76,473

4. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from trade payables written off	-	-	-	168
Interest income	18	7	70	30
	18	7	70	198

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	160	492	1,036	1,380

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

6. INCOME TAX EXPENSE

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— Tax for the period	1,201	1,093	2,845	2,351
Deferred tax				
— Current period	(60)	(60)	(179)	(179)
	1,141	1,033	2,666	2,172

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

No Hong Kong profit tax was provided in the consolidated financial statements as the Group has no estimated assessable profit derived from and earned in Hong Kong during the nine months ended 30 September 2017 and 2016.

Provision for the enterprise income tax in the PRC is calculated on a statutory tax rate of 25% of the estimated assessable profit as determined in accordance with the relevant income tax law in the PRC.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (2016: Nil).

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

8. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of 670,000,000 shares and 402,000,000 shares of the Company in issue for the three months and the nine months ended 30 September 2017 and 2016.

	For the three months ended 30 September		For the nine months ended 30 September	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit:				
The profit used to calculate the basic earnings per share for three months and nine months	2,990	1,018	3,601	910
	'000 shares	'000 shares	'000 shares	'000 shares
Number of shares used to calculate the basic earnings per share	670,000	402,000	670,000	402,000

Note: The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the nine months ended 30 September 2017 of approximately RMB3.601 million (for the nine months ended 30 September 2016: approximately RMB0.91 million), and on the weighted average number of 670,000,000 shares of the Company in issue as of 30 September 2017 (30 September 2016: 402,000,000 shares in issue). The calculation also assumes as if the number of shares of the Company issued and outstanding immediately after the Reorganisation and the Capitalisation Issue had been issued and outstanding as of 1 January 2016. There were no potential ordinary shares in issue for the nine months ended 30 September 2017 and 2016. Accordingly, the diluted earnings per share presented are the same as basic earnings per share. Meanwhile, because the Group has placed and issued 268,000,000 shares on 19 January 2017, the earnings per share are calculated by the weighted average number of 670,000,000 shares of the Company in issue.

No diluted earnings per share for the current and prior period was presented as there were no dilutive potential ordinary shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of office furniture products in the PRC. The Group sells its products to the domestic PRC market with a large proportion of its sales derived from Sichuan Province, Chongqing city, Tibet Autonomous Region, Jiangsu Province and Guangdong Province. The Group sells its products to the customers mainly through two sales channels, namely participating in tenders and direct sales. The Group's sales offices, namely Sichuan Greenland Furniture Co., Limited ("**Sichuan Greenland**") and a branch office in Chongqing ("**Chongqing Branch Office**"), are located in Chengdu city and Chongqing city, respectively.

During the first nine months of 2017, the Group faced a harsher economic environment for business in China. The competitive bidding to supply office furniture and the competition among retail businesses were very intense. The demand for office furniture of financial institutions outlets in Sichuan Province, Yunnan Province and other areas has decreased significantly as compared to the previous years. The Group faces certain challenge in its development. Nevertheless, the Group will consolidate the Group's market share in the five provinces in the southwest based on the established sales strategy and will strengthen the development of Jiangsu, Beijing, Guangdong and other developed provinces and the northwest regions to broaden the geographical coverage and reach to new customers in these regions. In addition, although the increasingly strict environmental regulation of governments at all levels in China to a certain extent increased the pressure for product cost, it presents good development opportunities for the Company. The standard of products provided by the Company is superior to that required by relevant environmental regulations. This not only enhances the market competitiveness of the Company, but also increases the bargaining power of the Company in that the Company can effectively pass on the costs, thereby significantly increasing the gross profit margin of the Company as compared with the corresponding period of previous year.

Leveraging on years of experience and competitive strengths of the Group, including (i) quality of its products which are recognised by the PRC government and international certification organisations; (ii) its provision of custom-made office furniture to suit the needs of its customers; (iii) its provision of after-sales customer service to ensure its customers are satisfied with the quality of its products; (iv) its extensive experience and knowledge in dealing with PRC governmental departments, major financial institutions and state-owned entities; and (v) its experienced management team, the Group has effectively expanded markets outside the southwest regions of the PRC. For the nine months ended 30 September 2017, the Group recorded a revenue of approximately RMB69.0 million, representing a decrease of approximately 9.8% as compared to the corresponding period in 2016. Despite the fact that overall sales declined as compared with the same period of previous year, the Group remains confident about its future development. The Group's efforts and sales strategy implemented prior to the current reporting period will lead to gradual results. It is expected that the Group will progressively resume its sales growth in the coming months.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a profit of approximately RMB0.9 million for the nine months ended 30 September 2016 and recorded a profit of approximately RMB3.6 million for the nine months ended 30 September 2017. The increase in profit was mainly attributable to the decrease of approximately RMB3.3 million in listing expenses for the nine months ended 30 September 2017 as compared with the corresponding period in 2016. After deducting listing expenses for the corresponding periods, the Group recorded a profit of approximately RMB6.2 million for the nine months ended 30 September 2017, representing a decrease of approximately 8.8% as compared with the corresponding period in 2016. The decrease in profit was mainly attributable to the increase of audit, intermediary consultancy and other relevant fees of approximately RMB1.3 million after the listing of the Group.

The Company successfully listed on GEM on 20 January 2017 (the “**Listing Date**”). The net proceeds received from the Placing have strengthened the Group’s cash flow.

Looking forward, the Group will make steady progress in accordance with the plans formulated before its listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it. The business strategies include: (i) observing market trends and adjusting the Group’s strategies to adapt accordingly; (ii) renovating and refurbishing the exhibition hall; (iii) expanding the Group’s market presence in the PRC; and (iv) acquiring new machinery and equipment. The Group believes that successful implementation of the above business strategies will help the Group to enhance its competitiveness in the office furniture market and retain more customers. Also, listing may enhance the Group’s reputation and brand as a reliable supplier of quality office furniture to government, corporate and institutional customers in the PRC.

In terms of sales strategy, the Group will secure its market share in five southwest provinces through Sichuan Greenland and strengthen the development in developed provinces and municipalities such as Jiangsu, Beijing and Guangdong and the northwestern regions of the PRC, with a view to extend its geographical coverage and develop new customers in those districts. Such areas are believed to be new sales growth drivers, which provide strong support for revenue growth target of the Group in the coming two years.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has renovated the exhibition hall in its branch office, Chongqing Branch Office, which would help to raise the attractiveness of the Group's products and enhance its brand image.

On the other hand, in accordance with established targets, the Group will adopt effective measures to exercise strict control over the growth of manpower, sales and distribution and administrative expenses and ensure successful achievement of profit target set by the Group. The Group is committed to enhancing its market competitiveness, creating sustainable returns and maximising wealth for the shareholders.

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2017, the Group generated revenue of approximately RMB69.0 million, representing a decrease of approximately 9.8% as compared to the nine months ended 30 September 2016. The revenue of Sichuan Greenland was approximately RMB60.5 million, representing a decrease of approximately 13.7% as compared to the nine months ended 30 September 2016. Such decrease was primarily due to a period-on-period decrease in sales to financial institutions customers in provinces such as Sichuan Province, Yunnan Province and Tibet Autonomous Region. In each of Beijing and Chongqing, the Group recorded sales to one major tender customer each for the nine months ended 30 September 2016 while no such sale has been recorded in the corresponding period in 2017. The sales generated from five private customers in Jiangsu, Sichuan and Guangdong, to a certain extent, covered the decrease in sales. The revenue of Chongqing Branch Office for the nine months ended 30 September 2017 was approximately RMB8.4 million, representing an increase of approximately 33.0% as compared to the nine months ended 30 September 2016, the increase was mainly attributable to the sale made to a private enterprise in Qinghai Province of approximately RMB1.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Cost of sales mainly comprised (i) cost of raw materials used for production; (ii) cost of goods purchased; (iii) labour costs; and (iv) production overheads such as depreciation. For the nine months ended 30 September 2017, the Group's cost of sales amounted to approximately RMB46.5 million, representing a decrease of approximately 17.7% from approximately RMB56.5 million for the nine months ended 30 September 2016. Such decrease was mainly attributable to following factors: (i) the Group's decrease in sales by approximately 9.8%, (ii) a decrease in cost of raw material of approximately RMB8.0 million, (iii) a decrease in salary of production staff of approximately RMB0.8 million, and (iv) a decrease in other production expenses of approximately RMB1.2 million.

In addition, a significant decrease in the proportion of sales to financial institutions customers in the PRC which tend to record lower gross profit margin, resulted in proportionately lower cost of sales for the same type of product.

Gross profit

Gross profit increased from approximately RMB20.0 million for the nine months ended 30 September 2016 to approximately RMB22.5 million for the nine months ended 30 September 2017. Gross profit margin increased from approximately 26.1% for the nine months ended 30 September 2016 to approximately 32.6% for the nine months ended 30 September 2017. Such increase was mainly attributable to: the fact that although the revenue of the Group decreased by approximately RMB7.5 million for the nine months ended 30 September 2017 as compared with the corresponding period in 2016, the cost of sales decreased by approximately RMB10.0 million for the nine months ended 30 September 2017 as compared with the same period in 2016, resulting in an increase in the gross profit margin. The increase in gross profit margin was also due to the significant decrease (for the nine months ended 30 September 2017 as compared with the corresponding period in 2016) in the proportion of sales to financial institutions customers in the PRC which tend to record lower gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

For the nine months ended 30 September 2017, the Group's other income amounted to approximately RMB0.07 million, representing a decrease of approximately 64.6% from approximately RMB0.198 million for the nine months ended 30 September 2016. Such decrease was mainly attributable to income from written off of trade payable of approximately RMB0.168 million for the corresponding period in 2016 compared to nil for the nine months ended 30 September 2017. The Group's bank deposits increased for the nine months ended 30 September 2017 as compared to the corresponding period in 2016, resulting in a significant period-on-period increase in interest income.

Administrative expenses

For the nine months ended 30 September 2017, the Group's administrative expenses amounted to approximately RMB11.3 million, representing a decrease of approximately 6.3% from approximately RMB12.5 million for the nine months ended 30 September 2016. Such decrease was mainly attributable to a decrease in listing expenses of approximately RMB3.3 million for the nine months ended 30 September 2017 as compared with the corresponding period in 2016 as well as an increase in audit, intermediary consultancy and other relevant fees of approximately RMB1.3 million, an increase in remunerations of independent non-executive directors and company secretary of the Company of approximately RMB0.3 million, and an increase in office expense of mainland subsidiaries of approximately RMB0.5 million after the listing during the nine months ended 30 September 2017 as compared to the same period in 2016.

Selling and distribution expenses

For the nine months ended 30 September 2017, the selling and distribution expenses of the Group amounted to approximately RMB4.0 million, representing an increase of approximately 21.2% from approximately RMB3.3 million for the nine months ended 30 September 2016. Such increase was mainly attributable to the commencement of depreciation of the renovation of exhibition hall of Chongqing Branch Office as well as the increase in operating expense due to expansion of sales channels.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

For the nine months ended 30 September 2017, the Group's income tax expense amounted to approximately RMB2.7 million, representing an increase of approximately 22.7% from approximately RMB2.2 million for the nine months ended 30 September 2016. Such increase was mainly attributable to an increase in taxable profit of the Group generated in the relevant period.

PLEDGE OF ASSETS

As the Group has repaid a bank loan of RMB30.0 million on 28 July 2017, the pledge of the land use rights and property of the Group's production facilities in Chengdu City has been released. For the nine months ended 30 September 2017, other than the pledge described above, the Group had no asset pledge agreement.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) **Interests and short positions of Directors and chief executive in shares, underlying shares and debentures of the Company and its associated corporations**

As the Company was not listed on the Stock Exchange as at 31 December 2016, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (“SFO”) and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at 31 December 2016.

As at 30 September 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors were as follows:

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held/interested	Percentage of shareholding
Mr. Ma Gary Ming Fai ("Mr. Ma")	Interest in a controlled corporation (Note 1)	245,300,400 (Long position)	36.62%
Mr. Yi Cong	Interest of a spouse (Note 2)	116,580,000 (Long position)	17.40%

Notes:

1. The shares are held by Sun Universal Limited, the equity interest of which is owned as to 100% by Mr. Ma. Accordingly, Mr. Ma is deemed to be interested in all the shares held by Sun Universal Limited for the purpose of Part XV of the SFO.
2. Mr. Yi Cong is the spouse of Ms. Zhang Gui Hong. Accordingly, Mr. Yi Cong is deemed to be interested in all the shares which Ms. Zhang Gui Hong is interested for the purpose of Part XV of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2017, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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/or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors.

(b) Interests and short positions of the substantial shareholders in the shares and underlying shares

As the Company was not listed on the Stock Exchange as at 31 December 2016, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at 31 December 2016.

As at 30 September 2017, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held/interested	Percentage of shareholding
Sun Universal Limited	Beneficial owner	245,300,400 (Long position)	36.62%
Ms. Hung Fung King Margaret	Interest of spouse (Note 1)	245,300,400 (Long position)	36.62%
Brilliant Talent Global Limited	Beneficial owner (Note 2)	116,580,000 (Long position)	17.40%
Ms. Zhang Gui Hong	Interest in a controlled corporation (Note 2)	116,580,000 (Long position)	17.40%

OTHER INFORMATION

Notes:

1. Ms. Hung Fung King Margaret is the spouse of Mr. Ma. Accordingly, Ms. Hung Fung King Margaret is deemed to be interested in the shares held by Mr. Ma for the purpose of Part XV of the SFO.
2. The entire issued share capital of Brilliant Talent Global Limited is owned by Ms. Zhang Gui Hong. Accordingly, Ms. Zhang Gui Hong is deemed to be interested in all the shares held by Brilliant Talent Global Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 September 2017, the Directors had not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company required to be recorded in the register pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the share option scheme of the Company (the “**Share Option Scheme**”) by way of written resolutions on 19 December 2016. Since the adoption, no share option has been granted under the Share Option Scheme, and no share option has been granted as at 30 September 2017.

DEED OF NON-COMPETITION

A deed of non-competition (the “Deed of Non-Competition”) dated 19 December 2016 was entered into by Mr. Ma and Sun Universal Limited (being controlling shareholders of the Group) in favour of the Company (for itself and each of its subsidiaries). The details of the Deed of Non-Competition have been disclosed in the Prospectus under the section headed “Relationship with Controlling Shareholders — Non-Competition Undertakings” of the Prospectus.

OTHER INFORMATION

POTENTIAL COMPETING INTERESTS

As at 30 September 2017, Mr. Ma remains the sole shareholder of Myshowhome International Limited (“Myshowhome International”, together with its subsidiaries, the “Myshowhome Group”). Myshowhome International holds 100% interest in Myshowhome (Hong Kong) Limited (“Myshowhome HK”), which in turn holds 100% interest in Dongguan Shangpin Furniture Co., Ltd. (東莞市尚品家具有限公司). Mr. Ma confirms that Myshowhome International and Myshowhome HK are both investment holding companies. As the Group manufactures and sells office furniture and although the Group’s focus is on office furniture while Myshowhome Group’s focus is on sofas and sofa-beds, Myshowhome Group may potentially compete with the Group. For further details, please refer to the section headed “Relationship with Controlling Shareholders” in the Prospectus.

Save as disclosed above, none of the controlling shareholders, the Directors and their respective close associates (as defined under the GEM Listing Rules) has any interest in a business apart from Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business which would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules as at 30 September 2017.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Convoy Capital Hong Kong Limited, the Company’s compliance adviser, neither Convoy Capital Hong Kong Limited nor any of its directors, employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2017.

Pursuant to the agreement entered into between Convoy Capital Hong Kong Limited and the Company on 29 December 2016, Convoy Capital Hong Kong Limited has received and will receive fees for acting as the Company’s compliance adviser.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee (the “**Audit Committee**”) on 19 December 2016 with written terms of reference. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Kwok Sui Hung. Mr. Chan Wing Kit is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors, review quarterly report of the Company’s compliance department’s findings, meet with external auditor regularly and provide advice and comments to the Directors.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial results for the nine months ended 30 September 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to 30 September 2017, the Company did not redeem any of its shares, and neither the Company nor any of its subsidiaries have bought or sold any shares of the Company.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to 30 September 2017, the Company has complied with the applicable code provisions of the CG Code.

By order of the Board
Zhi Sheng Group Holdings Limited
Yi Cong
Executive Director

Hong Kong, 10 November 2017

As at the date of this report, the Board comprises Mr. Yi Cong and Mr. Liang Xing Jun as executive Directors; Mr. Ma Gary Ming Fai as non-executive Director; and Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Kwok Sui Hung as independent non-executive Directors.