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ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED

志道國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 01220)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board of directors of Zhidao International (Holdings) Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	4	84,555	244,346
Cost of sales		(94,271)	(219,039)
Gross (loss)/profit		(9,716)	25,307
Other income and gains	4	510	817
General and administrative expenses		(14,098)	(15,714)
Finance costs	6	(649)	(641)
Fair value loss on equity investments at fair value through profit or loss		(852)	(7,626)
Impairment of trade receivables		(27,067)	(619)
Impairment of other receivables		(22,929)	(6,954)
Impairment of contract assets		(308)	(38)
Impairment of loan and interest receivables		(2,965)	(7,800)
Impairment of amount due from associates		(4,113)	(1,100)
Impairment of property, plant and equipment		(2,108)	(602)
Loss on deregistration of a subsidiary		(129)	–
LOSS BEFORE TAX	5	(84,424)	(14,970)
Income tax expenses/(credit)	7	(1,257)	2,067
LOSS FOR THE YEAR		(85,681)	(12,903)

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (Continued)**

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		137	33
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Financial assets designated at fair value through other comprehensive income changes in fair value		<u>(4,100)</u>	<u>(2,400)</u>
NET OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(3,963)</u>	<u>(2,367)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(89,644)</u>	<u>(15,270)</u>
Loss attributable to:			
Owners of the Company		(85,461)	(12,747)
Non-controlling interests		<u>(220)</u>	<u>(156)</u>
		<u>(85,681)</u>	<u>(12,903)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(89,424)	(15,114)
Non-controlling interests		<u>(220)</u>	<u>(156)</u>
		<u>(89,644)</u>	<u>(15,270)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>(4.32) cents</u>	<u>(0.64) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		10,323	12,965
Right-of-use assets		120	286
Loan and interest receivables	<i>11</i>	18,118	32,491
Deferred tax assets		6,599	8,203
Interests in associates		6,536	10,649
		<hr/>	<hr/>
Total non-current assets		41,696	64,594
CURRENT ASSETS			
Trade receivables	<i>10</i>	128,721	134,100
Loan and interest receivables	<i>11</i>	35,497	32,725
Contract assets	<i>12</i>	32,428	43,087
Deposits, prepayments and other receivables	<i>13</i>	34,249	77,711
Equity investments at fair value through profit or loss		146	998
Financial assets at fair value through other comprehensive income		9,700	13,800
Pledged bank deposits		21,608	21,549
Cash and cash equivalents		4,427	20,655
		<hr/>	<hr/>
Total current assets		266,776	344,625
CURRENT LIABILITIES			
Trade payables	<i>14</i>	61,875	11,392
Lease liabilities		82	224
Other payables and accruals	<i>15</i>	10,580	8,567
Contract liabilities		–	63,792
Retention payables		30,137	27,066
Interest-bearing bank borrowings		9,135	8,680
Tax payables		906	1,892
		<hr/>	<hr/>
Total current liabilities		112,715	121,613
		<hr/>	<hr/>
NET CURRENT ASSETS		154,061	223,012
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		195,757	287,606
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		2,855	5,034
Lease liabilities		43	69
		<hr/>	<hr/>
Total non-current liabilities		2,898	5,103
		<hr/>	<hr/>
Net assets		192,859	282,503
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>16</i>	19,800	19,800
Reserves		184,316	273,740
		<hr/>	<hr/>
		204,116	293,540
Non-controlling interests		(11,257)	(11,037)
		<hr/>	<hr/>
Total equity		192,859	282,503
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Zhidao International (Holdings) Limited (the “**Company**”) is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Room 2606, 26th Floor, C C Wu Building, No. 302–308 Hennessy Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the “**Group**”) is principally engaged in (i) trading of aluminium products; (ii) supply of aluminium products in construction projects and the provision of construction and engineering services; and (iii) money lending.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 23 September 1997.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) equity investments at fair value through profit or loss and (ii) financial assets at fair value through other comprehensive income which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024. A subsidiary is an entity, directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new or amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and removed certain immaterial accounting policies.

HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (the “Abolition”)

The Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) was gazetted in June 2022 and will take effect on 1 May 2025 (the “**Transition Date**”). The Amendment Ordinance has two effects: (i) the accrued benefits derived from an employer’s mandatory MPF contributions can no longer be used to offset long service payment (“**LSP**”) in respect of the employment period after the Transition Date (post-transition LSP); and (ii) the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date (pre-transition LSP).

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance for the accounting for the impact arising from the Abolition.

The HKICPA guidance illustrates that an entity may account for the accrued benefits arising from its MPF contributions that have been vested with an employee and which would be used to offset the employee’s LSP benefits (offsettable accrued benefits) as a deemed contribution by the employee towards the LSP in accordance with paragraph 93(a) of *HKAS 19 Employee Benefits* (“HKAS 19”). However, upon the enactment of the Amendment Ordinance, the accrued benefits derived from mandatory employer MPF contributions cannot be used to offset an employee’s post-transition LSP obligation so that an entity can no longer apply the practical expedient of recognising the deemed contribution as a reduction of service cost under paragraph 93(b) of HKAS 19. Accordingly, it resulted a catch-up adjustment for past service cost, in accordance with paragraph 94(a) of HKAS 19, and a corresponding increase in the LSP obligation since the MPF-LSP offsetting mechanism was not contemplated in the original LSP legislation.

To reflect the Abolition, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. Such change in accounting policy did not have any material impact on the consolidated financial statements for the current and prior period.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied any revised HKFRSs that have been issued but are not yet effective. These revised HKFRSs include the following which may be relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

The principal activities of the Group consisted of (i) trading of aluminium products; (ii) supply of aluminium products in construction projects and provision of construction and engineering services; and (iii) money lending.

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) construction projects segment — supply of aluminium products in construction projects and the provision of construction and engineering services; and
- (b) money lending segment — provision of loan financing.

The Group's chairman, who is the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, fair value loss on equity investments at fair value through profit or loss, loss on disposal of property, plant and equipment, loss on deregistration of a subsidiary, government subsidies, impairment of amount due from associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged bank deposits, equity investment at fair value through profit or loss, financial assets at fair value through other comprehensive income, deferred tax assets, interests in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Year ended 31 March 2024	Construction projects <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Construction projects	81,107	–	81,107
Loans interest income	–	3,448	3,448
	<u>81,107</u>	<u>3,448</u>	<u>84,555</u>
Sales to external customers			
	<u>81,107</u>	<u>3,448</u>	<u>84,555</u>
Segment results	<u>(70,807)</u>	<u>(822)</u>	<u>(71,629)</u>
Interest income			508
Corporate and other unallocated income			2
Corporate and other unallocated expenses			<u>(13,305)</u>
Loss before tax			<u><u>(84,424)</u></u>
Segment assets	201,095	53,815	254,910
Corporate and other unallocated assets			<u>53,562</u>
Total assets			<u><u>308,472</u></u>
Segment liabilities	107,209	485	107,694
Corporate and other unallocated liabilities			<u>7,919</u>
Total liabilities			<u><u>115,613</u></u>
Other segment information:			
Depreciation of property, plant and equipment	530	4	<u>534</u>
Depreciation of right-of-use assets	–	228	<u>228</u>
Impairment of trade receivables	27,067	–	<u>27,067</u>
Impairment of loan and interest receivables	–	2,965	<u>2,965</u>
Impairment of contract assets	308	–	<u>308</u>
Impairment of other receivables	22,929	–	<u>22,929</u>
Impairment of property, plant and equipment	2,108	–	<u>2,108</u>
Additions to non-current assets other than financial instruments and deferred tax assets	–	62	<u>62</u>

Year ended 31 March 2023	Construction projects HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue:			
Construction projects	240,520	–	240,520
Loans interest income	–	3,826	3,826
	<u>240,520</u>	<u>3,826</u>	<u>244,346</u>
Sales to external customers			
	<u>240,520</u>	<u>3,826</u>	<u>244,346</u>
Segment results	<u>7,635</u>	<u>(7,746)</u>	<u>(111)</u>
Interest income			549
Corporate and other unallocated income			268
Corporate and other unallocated expenses			<u>(15,676)</u>
Loss before tax			<u>(14,970)</u>
Segment assets	263,226	65,585	328,811
Corporate and other unallocated assets			<u>80,408</u>
Total assets			<u>409,219</u>
Segment liabilities	116,461	662	117,123
Corporate and other unallocated liabilities			<u>9,593</u>
Total liabilities			<u>126,716</u>
Other segment information:			
Depreciation of property, plant and equipment	574	5	<u>579</u>
Depreciation of right-of-use assets	150	239	<u>389</u>
Impairment of trade receivables	619	–	<u>619</u>
Impairment of loan and interest receivables	–	7,800	<u>7,800</u>
Impairment of contract assets	38	–	<u>38</u>
Impairment of other receivables	6,954	–	<u>6,954</u>
Impairment of property, plant and equipment	602	–	<u>602</u>
Additions to non-current assets other than financial instruments and deferred tax assets	7	436	<u>443</u>

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	3,448	3,826
Macau	<u>81,107</u>	<u>240,520</u>
	<u><u>84,555</u></u>	<u><u>244,346</u></u>

The classification of the revenue arising from the construction projects segment is based on the location of the construction projects.

The classification of the revenue arising from money lending segment is based on the location where the funds is first available to their borrowers.

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	24,782	43,439
Macau	<u>10,315</u>	<u>12,952</u>
	<u><u>35,097</u></u>	<u><u>56,391</u></u>

The classification of non-current assets is based on the location of the assets (excluding deferred tax assets).

Information about major customers

Revenue from customers contributing over 10% of the total revenue are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A*	<u><u>81,107</u></u>	<u><u>240,520</u></u>

* Revenue from construction projects segment

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15		
Construction projects	<u>81,107</u>	<u>240,520</u>
Revenue from other sources		
Loans interest income	<u>3,448</u>	<u>3,826</u>
	<u>84,555</u>	<u>244,346</u>
Other income and gains		
Bank interest income	508	549
Write-back of other payables	–	239
Government subsidies (<i>Note</i>)	–	19
Others	<u>2</u>	<u>10</u>
	<u>510</u>	<u>817</u>
Total revenue, other income and gains	<u><u>85,065</u></u>	<u><u>245,163</u></u>

Note: Government subsidies were cash subsidies granted by the Government of the Macau Special Administrative Region amounting to MOP20,000 (equivalent to approximately HK\$19,000) to support the Group's business in Macau under Covid-19 epidemic during the year ended 31 March 2023.

(i) Disaggregated revenue information

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition within the scope of HKFRS 15		
Construction projects transferred over time	<u><u>81,107</u></u>	<u><u>240,520</u></u>

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales		
— cost of construction	94,271	219,039
Auditor's remuneration	1,100	1,100
Depreciation of property, plant and equipment	534	579
Depreciation of right-of-use assets	228	389
Impairment of trade receivables	27,067	619
Impairment of loan and interest receivables	2,965	7,800
Impairment of contract assets	308	38
Impairment of other receivables	22,929	6,954
Impairment of amount due from associates	4,113	1,100
Impairment of property, plant and equipment	2,108	602
Employee benefits expenses (including Directors' remuneration):		
Wages and salaries	8,976	9,189
Pension scheme contributions	152	157
	<u>9,128</u>	<u>9,346</u>
Bank interest income	(508)	(549)
Loss on disposal of property, plant and equipment	—	38
Fair value loss on equity investments at fair value through profit or loss	<u>852</u>	<u>7,626</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings, secured	510	521
Interest on bank overdrafts	126	103
Interest on lease liabilities	13	17
	<u>649</u>	<u>641</u>

7. INCOME TAX EXPENSES/(CREDIT)

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5% during the years ended 31 March 2023 and 2024. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Enterprise Income Tax Law of the PRC, the Enterprise Income Tax (“EIT”) will be taxed at 25% during the years ended 31 March 2023 and 2024 and where small-scale enterprises with low profitability meet certain conditions, the EIT rate will be reduced to 20%. No EIT has been provided as the Group did not generate any assessable profits arising in the PRC during the years ended 31 March 2023 and 2024.

Macau profits tax is calculated at 12% on the estimated assessable profits over MOP600,000 arising from Macau during the years ended 31 March 2023 and 2024. Assessable profits below MOP600,000 is exempted from profits tax assessment. No Macau profits tax has been provided as the Group incurred loss for taxation purpose in Macau during the year ended 31 March 2024.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong		
Charge for the year	–	4
Over-provision in previous year	(347)	–
Current tax — Macau		
Charge for the year	–	906
Over-provision in previous year	–	(2,977)
	(347)	(2,067)
Deferred tax		
Charge for the year	1,604	–
Total tax expenses/(credit) for the year	<u>1,257</u>	<u>(2,067)</u>

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic loss per share are based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	<u>(85,461)</u>	<u>(12,747)</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	<u>1,980,000,000</u>	<u>1,980,000,000</u>

No diluted loss per share is presented for the years ended 31 March 2024 and 2023 as there are no potential dilutive ordinary shares outstanding as at 31 March 2024 and 2023.

9. DIVIDENDS

The directors did not recommend the payment of any dividends for the year ended 31 March 2024 (2023: nil).

10. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	176,525	154,837
Less: Impairment	<u>(47,804)</u>	<u>(20,737)</u>
Net carrying amounts	<u>128,721</u>	<u>134,100</u>

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing. As at 31 March 2024, included in the trade receivables of gross amount of HK\$20,098,000 with impairment of HK\$20,098,000 (2023: gross amount of HK\$20,098,000 with impairment of HK\$20,098,000) were the outstanding balance with Fortune Engineering & Consultants Limited (“**Fortune**”), the non-controlling shareholder of an indirect subsidiary of the Company.

The Group normally did not grant any credit period to its customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	–	23,932
1 to 2 months	–	35,098
2 to 3 months	–	38,290
3 to 6 months	–	36,780
6 to 12 months	27,838	–
Over 1 year	100,883	–
	<u>128,721</u>	<u>134,100</u>

11. LOAN AND INTEREST RECEIVABLES

The loan receivables represented outstanding loans arose from the money lending business during the year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables	97,900	109,400
Interest receivables	16,196	13,332
	<u>114,096</u>	<u>122,732</u>
Less: Impairment	(60,481)	(57,516)
	<u>53,615</u>	<u>65,216</u>
Net carrying amounts	53,615	65,216
Less: Current portion of loan and interest receivables	(35,497)	(32,725)
	<u>18,118</u>	<u>32,491</u>

The loan and interest receivables at the end of the reporting period, net of loss allowance, are analysed by the remaining period to contractual maturity date as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan and interest receivables with maturity date:		
Past due	–	3,007
Within 3 months	–	1,501
3 months to 1 year	35,497	28,217
More than 1 year	18,118	32,491
	<u>53,615</u>	<u>65,216</u>
Less: Current portion of loan and interest receivables	(35,497)	(32,725)
	<u>18,118</u>	<u>32,491</u>

12. CONTRACT ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets arising from construction contracts		
— retention receivables	37,601	32,699
— unbilled revenue	—	15,253
Less: Impairment of contract assets	<u>(5,173)</u>	<u>(4,865)</u>
	<u>32,428</u>	<u>43,087</u>

The expected timing of recovery or settlement for contract assets, net of loss allowance as at 31 March 2023 and 2024 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	5,965	11,207
More than one year	<u>26,463</u>	<u>31,880</u>
	<u>32,428</u>	<u>43,087</u>

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Prepayments	2	12,459
Trade deposits	30,360	31,916
Utility and other deposits	6,293	6,267
Other receivables	17,651	25,766
Due from securities brokers	4,544	4,536
Proceeds from disposal of property, plant and equipment	7,362	7,362
Due from a director of subsidiary	<u>1,416</u>	<u>1,411</u>
	67,628	89,717
Less: Impairment	<u>(33,379)</u>	<u>(12,006)</u>
	<u>34,249</u>	<u>77,711</u>

14. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	8,236	3,313
1 to 2 months	–	1,624
2 to 3 months	–	6,455
Over 3 months	<u>53,639</u>	<u>–</u>
	<u><u>61,875</u></u>	<u><u>11,392</u></u>

Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

15. OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other payables	3,111	398
Accruals	1,380	2,080
Consideration payable	<u>6,089</u>	<u>6,089</u>
	<u><u>10,580</u></u>	<u><u>8,567</u></u>

16. SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$'000
Authorised:			
Ordinary shares			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>20,000,000,000</u>	<u>0.01</u>	<u>200,000</u>
Preference shares			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>850,000,000</u>	<u>0.01</u>	<u>8,500</u>
Issued and fully paid:			
Ordinary shares			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,980,000,000</u>	<u>0.01</u>	<u>19,800</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2024, the economic activities grew gradually in both the Macau and Hong Kong market. However, the construction industry did not have noticeable rebound with the sluggish or even down turning property market conditions. The impact of the rising costs in previous years with the COVID-19 pandemic and shortage of profitable potential projects has given significant impact to the Group during the year.

In addition to the unfavorable property market conditions, the high interest rate environment further created uncertainties and difficulties in financing, cost estimation and management, and tendering. Nevertheless, the Group continues the discussion with regard to a number of potential projects in both Macau and Hong Kong so as to create value in the coming years.

For money lending business, the Group continued the conservative approach in customer selection and maintained a similar scale of loan portfolio to last year. The major part of the Group's revenue was from the construction business. For the year ended 31 March 2024, the Group recorded total revenue of approximately HK\$84.6 million, or a 65.4% decrease from that of FY2023 (HK\$244.3 million) since the Macau Prison Project was completed early in the year and no material income from new projects was recognized. The Group's construction business contributed a revenue of approximately HK\$81.1 million (2023: HK\$240.5 million) and money lending business of approximately HK\$3.5 million (2023: HK\$3.8 million).

There was a total gross loss recognized for the year was approximately HK\$9.7 million (2023: approximately HK\$25.3 million profit). With the closing of Macau Prison Project, some unexpected costs to allocate additional manpower and subcontractor resources to accelerate contract progress were recognized, which created a gross loss for the year. The gross margin for the year was approximately -11.5% (2023: approximately +10.4%). The Group recorded no revenue from the trading of aluminium products business during the year (2023: Nil). Although the aluminium trading business may not be the Group's focus, the management of the Group will still keep reviewing the current business model and looking for appropriate opportunities to improve the current aluminium trading business.

PROSPECTS

The post pandemic economic rebound is gradual. With the unfavorable market condition and interest rate, the Group believes business environment will be difficult in the next few years. However, the Group continues the effort in negotiation of projects with good potential and maintain the strategies to develop its market position in both Macau and Hong Kong.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2024, the Group had cash and bank balances of approximately HK\$4.4 million (2023: HK\$20.7 million) while net assets was approximately HK\$192.9 million (2023: HK\$282.5 million). The Group's gearing ratio as at 31 March 2024 was approximately 0.06 (2023: approximately 0.05), being a ratio of total bank and other borrowings of approximately HK\$12.0 million (2023: approximately HK\$13.7 million) to Shareholders' funds of approximately HK\$204.1 million (2023: approximately HK\$293.5 million).

SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the special general meeting held on 31 August 2015 (“**2015 Scheme**”). The primary purpose of the 2015 Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the 2015 Scheme are as disclosed in the circular of the Company dated 30 July 2015.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2024, the monetary assets and liabilities and businesses of the Group are mainly conducted in Hong Kong Dollars, MOP, and United States Dollars. The Group did not use any financial instruments to hedge against foreign currency risk during the Financial Year. The Group will continue to monitor its foreign currency exposure closely and consider hedging foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2024, the Group pledged an office premises and car park in Macau with an aggregate amount of HK\$8.5 million (2023: HK\$10.8 million) and bank deposits amounting to approximately HK\$21.6 million (2023: HK\$21.5 million) to secure bank facilities of the Group.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2024 and 2023.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2024.

COMMITMENTS

The Group did not have any significant commitments as at 31 March 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 10 (2023: 15) employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company complied with the code provisions as stipulated in Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules throughout the Year.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.zdihl.com). The 2024 Annual Report will be despatched to our shareholders on or before 31 July 2024 and will be available at the websites of the Stock Exchange and the Company.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee comprising of the three independent non-executive directors, namely Mr. Wong Wing Cheung, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson, with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are (i) to review, in draft form, the Company's annual report and accounts, and half-yearly report and providing advice and comments thereon to the Board; and (ii) to review and supervise the Company's financial reporting and internal control procedures. Mr. Wong Wing Cheung is the chairman of the audit committee.

The Audit Committee had reviewed the consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group and the adequacy of internal control system. The Committee is satisfied with the review and the Board is also satisfied with the Committee's report.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or no assurance conclusion has been expressed by Crowe (HK) CPA Limited on this preliminary announcement.

By order of the Board
Zhidao International (Holdings) Limited
Tung Yee Shing
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises 6 Directors. The executive Directors are Mr. Tung Yee Shing, Mr. Zhong Can and Mr. Lam Chun Bun. The independent non-executive Directors are Mr. Li Kam Chung, Mr. Kwok Lap Fung, Beeson and Mr. Wong Wing Cheung.

* *For identification purposes only*