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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)**

### **CLARIFICATION ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018**

Reference is made to the annual report of Zhidao International (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 29 June 2018 (the “**Annual Report**”). Unless otherwise defined, capitalized terms used herein has the same meaning as those defined in the Annual Report.

Further to the information disclosed in the Annual Report, the Company wishes to provide the following supplemental information regarding the (i) impairment of other receivables; and (ii) impairment of receivables for default guarantee payments and receivables from guarantee customers, for the year ended 31 March 2018.

#### **(i) IMPAIRMENT OF OTHER RECEIVABLES OF HK\$3.3 MILLION**

The amount of HK\$3.3 million represented an increase in the impairment made to the Other Receivables of the Group in relation to the advance payment for procurement of raw materials for the Group’s Construction Projects segment. As a result of the shrinking of the Group’s Construction Projects segment, the Group was in the process of recovering these payment from a supplier and an ex-employee. As the amount has been outstanding for over 12 months, the management considered the impairment should be made for prudence. With the new initiatives in the Construction Project segment of the Group which has generated revenue to the Group since mid-2018, the management is in negotiation with the supplier and the ex-employee regarding the recovery of the amount and believes the whole amount could be recovered during the year of 2019.

\* *For identification purposes only*

**(ii) IMPAIRMENT OF RECEIVABLES FOR DEFAULT GUARANTEE PAYMENTS AND RECEIVABLES FROM GUARANTEE CUSTOMERS OF HK\$24.9 MILLION**

The amount of HK\$24.9 million represented the additional provision to outstanding amount of 5 specific financial guarantee customers. The principal amount of these 5 customers was HK\$29.5 million. The outstanding amount was not settled during the year and had been overdue for over 12 months as at 31 March 2018. The Group has taken legal actions against the borrowers so as to recovery the amount. The management considered it is prudent to include the whole amount as an impairment in the financial statements of the Group for the year ended 31 March 2018.

The above supplemental information does not affect information contained in the Annual Report and, save as disclosed above, all other information in the Annual Report remains unchanged.

By order of the Board  
**Zhidao International (Holdings) Limited**  
**Fung Kwok Kit**  
*Chairman*

Hong Kong, 22 July 2019

*As at the date of this announcement, the board of Directors comprises 6 Directors. The executive Directors are Mr. Fung Kwok Kit (Chairman), Mr. Zhong Can and Mr. Kwong Kin Fai, Eric. The independent non-executive Directors are Mr. Chan Yin Tsung, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson.*