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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 RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board of directors (the "**Board**") of Zhidao International (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2013 (the "**Year**"), together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 March	
		2013	2012
	Note	***HK$'000***	*HK$'000*
REVENUE	*4,5*	**202,789**	343,153
Cost of sales		**(176,929)**	(317,376)
Gross profit		**25,860**	25,777
Other income and gain	*5,6*	**123**	1,930,655
Restructuring costs		**—**	(25,000)
General and administrative expenses		**(11,424)**	(8,595)
Finance costs	*8*	—	(223)
PROFIT BEFORE TAX	*7*	**14,559**	1,922,614
Income tax expense	*9*	**(854)**	(962)
PROFIT FOR THE YEAR		**13,705**	1,921,652

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	*For the year ended 31 March* **2013** ***HK$'000***	2012 *HK$'000*
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**301**	67
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**301**	67
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14,006**	1,921,719
Profit attributable to:			
Owners of the Company		**13,705**	1,921,652
Non-controlling interests		**—**	—
		13,705	1,921,652
Total comprehensive income attributable to:			
Owners of the Company		**14,006**	1,921,719
Non-controlling interests		**—**	—
		14,006	1,921,719
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*11*	**HK$ 0.02**	HK$ 6.61
Diluted (Restated)	*11*	**HK$ 0.01**	HK$ 4.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31March	
		2013	2012
	Note	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**357**	445
Goodwill		**1,243**	1,243
Intangible assets		**252**	252
Retention receivables		**19,993**	20,974
Total non-current assets		**21,845**	22,914
CURRENT ASSETS			
Inventories		**693**	648
Trade receivables	*12*	**103,351**	72,613
Prepayments, deposits and other receivables	*13*	**36,909**	34,126
Retention receivables		**1,441**	679
Amounts due from customers on construction contracts		**—**	2,118
Cash and cash equivalents		**37,965**	75,490
Total current assets		**180,359**	185,674
CURRENT LIABILITIES			
Trade payables	*14*	**18,393**	37,469
Other payables and accruals	*15*	**2,777**	3,472
Dividend payables	*16(iii)*	**5,550**	—
Tax payables		**424**	1,102
Total current liabilities		**27,144**	42,043
NET CURRENT ASSETS		**153,215**	143,631
TOTAL ASSETS LESS CURRENT LIABILITIES		**175,060**	166,545
NON-CURRENT LIABILITIES			
Retention payables		**16,790**	16,731
Total non-current liabilities		**16,790**	16,731
Net assets		**158,270**	149,814
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**16,500**	16,500
Reserves		**141,800**	133,314
Total shareholders' fund		**158,300**	149,814
Non-controlling interests		**(30)**	—
Total equity		**158,270**	149,814

Notes:

1. CORPORATE 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 Unit C&D, 16th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong. 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.

Pursuant to a special resolution passed at a special general meeting of the Company held on 23 May 2012, the name of the Company has been changed from "Ocean Grand Holdings Limited" to "Zhidao International (Holdings) Limited".

The principal activity of the Company is investment holding. The Group is principally engaged in trading of aluminium products and raw materials and in supply of aluminium products to construction projects.

2. 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 disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

2.1 WITHDRAWAL OF WINDING-UP PETITIONS AND DISCHARGE OF PROVISIONAL LIQUIDATORS IN PREVIOUS YEAR

The shares of the Company was suspended for trading on the Stock Exchange since 17 July 2006. Messrs. Joseph Kin Ching Lo and Lai Kar Yan (also known as Lai Kar Yan, Derek), both of Deloitte ToucheTohmatsu, were appointed as the joint and several provisional liquidators of the Company (the "**Provisional Liquidators**") by the orders of the High Court of The Hong Kong Special Administrative Region (the "**High Court**") on 24 July 2006 and by the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 July 2006 in order to protect the assets of the Company and to safeguard the interests of both the creditors and the shareholders.

At the respective resumed hearings of the winding-up petitions (the "**Petitions**") against the Company held on 19 and 23 December 2011, the High Court and the Bermuda Court ordered that the Petitions be withdrawn and the Provisional Liquidators be discharged and released, conditional upon, and to take effect from, the date of delivery by the Provisional Liquidators to the Registrar of Companies in Hong Kong and Bermuda respectively of the office copies of the orders of the High Court sanctioning the Company's scheme of arrangement (the "**Scheme**") for discharging its debts and its modifications and the order of the Bermuda Court recognising the Scheme.

On 9 January 2012, the office copies of the orders of the High Court sanctioning the Scheme and its modifications and the order of the Bermuda Court recognising the Scheme were filed with the Registrar of Companies in Hong Kong and Bermuda respectively. As a result, the Petitions were withdrawn and the Provisional Liquidators were discharged on 9 January 2012.

Following fulfillment of the resumption conditions set out in the decision letter from the Stock Exchange dated 28 September 2010, trading in the shares of the Company on the Stock Exchange was resumed on 11 January 2012.

Details of the above were disclosed in the Company's announcement dated 9 January 2012.

2.2 DEBT RESTRUCTURING IN PREVIOUS YEAR

On 20 December 2007, the Company, the Provisional Liquidators, Goldstar Success Limited (the "**Investor**") and the escrow agent entered into an agreement (the "**Restructuring Agreement**") for the implementation of the restructuring proposal.

The Restructuring Agreement, as supplemented by the supplemental agreements, provided terms for, inter alia, the debt restructuring, the capital restructuring, the group reorganisation, the open offer and the subscription (the "**Restructuring**"). Details of the Restructuring are set out in the Company's circular dated 31 October 2011 and prospectus dated 8 December 2011.

On 23 November 2011, the Company convened a special general meeting in which all the resolutions regarding the implementation of the Restructuring were duly and unanimously passed by the shareholders of the Company.

Pursuant to Company's announcement on 9 January 2012, the Restructuring was completed, winding-up petitions were withdrawn and Provisional Liquidators were discharged on 9 January 2012. Accordingly, a number of subsidiaries were transferred to the scheme administrators for the benefit of the Company's creditors at a nominal consideration of HK$1 and all liabilities of the Company were eliminated and fully discharged pursuant to the Scheme.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for first-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these consolidated financial statements.

3.1 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 - *Transition Guidance* [2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) - *Investment Entities* [3]
HKFRS 13	Fair Value Measurement [2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* [1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvement 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2014*
[4] *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

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) the trading of aluminium products segment – sales of aluminium products; and

(b) the construction projects segment - supply of aluminium products in the construction projects.

Management 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 before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, 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 2013	Trading of aluminium products HK$'000	Construction projects HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	**93,361**	**109,428**	**202,789**
Segment results	**4,919**	**12,616**	**17,535**
Interest income			**8**
Corporate and other unallocated expenses			**(2,984)**
Profit before tax			**14,559**
Segment assets	**81,657**	**82,582**	**164,239**
Corporate and other unallocated assets			**37,965**
Total assets			**202,204**
Segment liabilities	**1,261**	**36,398**	**37,659**
Corporate and other unallocated liabilities			**6,275**
Total liabilities			**43,934**
Other segment information:			
Capital expenditure *****	**67**	—	**67**
Depreciation of property, plant and equipment	**177**	—	**177**

*The capital expenditure included additions of property, plant and equipment.

Year ended 31 March 2012	Trading of aluminium products HK$'000	Construction projects HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	154,406	188,747	343,153
Segment results	(39)	20,523	20,484
Unallocated corporate income, net			1,930,655
Corporate and other unallocated expenses			(28,389)
Interest income			87
Finance costs			(223)
Profit before tax			1,922,614
Segment assets	31,559	101,539	133,098
Corporate and other unallocated assets			75,490
Total assets			208,588
Segment liabilities	958	56,095	57,053
Corporate and other unallocated liabilities			1,721
Total liabilities			58,774
Other segment information:			
Capital expenditure *	8	—	8
Depreciation of property, plant and equipment	188	—	188

*The capital expenditure included additions of property, plant and equipment.

Geographical information

	2013	2012
	HK$'000	*HK$'000*
(a) Revenue from external customers		
Hong Kong	**6,727**	7,432
Mainland China	**196,062**	335,721
	202,789	343,153
(b) Non-current assets		
Hong Kong	**20,245**	21,226
Mainland China	**357**	445
	20,602	21,671

The non-current asset information of continuing operations above is based on the locations of the assets (excluded goodwill).

Information about major customer

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

	2013	2012
	HK$'000	*HK$'000*
Customer A[1]	**96,550**	179,123
Customer B[2]	**59,900**	—
Customer C[2]	**30,422**	—
Customer D[2]	—	78,131
Customer E[2]	—	70,697

1 Revenue from construction projects segment
2 Revenue from trading of aluminium products segment

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and an appropriate proportion of contract revenue of construction contracts during the year.

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

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Trading of aluminium products	**93,361**	154,406
Construction projects	**109,428**	188,747
Total revenue	**202,789**	343,153
Other income and gains		
Gain on debt restructuring *(note 6)*	—	1,930,503
Interest income	**8**	87
Others	**115**	65
Total other income and gains	**123**	1,930,655
Total revenue, other income and gains	**202,912**	2,273,808

6. GAIN ON DEBT RESTRUCTURING

On 20 December 2007, the Company, the Provisional Liquidators, the Investor and the escrow agent entered into the Restructuring Agreement for the implementation of the Restructuring proposal.

The Restructuring Agreement, as supplemented by the supplementary agreements, provided terms for, inter alia, the debt restructuring, the capital restructuring, the group reorganisation, the open offer and the subscription. Details of the Restructuring are set out in the Company's circular dated 31 October 2011 and prospectus dated 8 December 2011.

Pursuant to a special general meeting on 23 November 2011, all the resolutions regarding the implementation of the Restructuring were duly and unanimously passed by the shareholders of the Company.

On 9 January 2012, the Restructuring was completed, winding-up petitions were withdrawn and the Provisional Liquidators were discharged. Accordingly, a number of subsidiaries were transferred to the scheme administrators for the benefit of the Company's creditors at a nominal consideration of HK$1 and all liabilities of the Company were eliminated and fully discharged pursuant to the Company's scheme of arrangement (the "Scheme") for discharging its debts.

Pursuant to the Scheme, (i) a cash of HK$35 million was paid to the Scheme; (ii) 157,600,000 new ordinary shares were allotted and issued to the Scheme creditors of the Company at nil consideration; and (iii) the bank balances and cash of the Company amounted to approximately HK$102,000 were transferred to the Scheme for the benefit of the Scheme creditors of the Company. The gain on debt restructuring pursuant to the Scheme is as follows:

	9 January 2012 *HK$'000*
Liabilities fully discharged pursuant to the Scheme:	
Other payables	391,101
Amounts due to deconsolidated subsidiaries	126,426
Short-term borrowings	1,448,078
Total	1,965,605
Less: (i) Cash paid to the Scheme	(35,000)
(ii) Bank balances and cash of the Company transferred to the Scheme	(102)
(iii) New ordinary shares allotted and issued at nil consideration	—
Gain on debt restructuring *(note 5)*	1,930,503

As explained by the current directors of the Company, most of former accounting personnel and former directors left the Group on or before the completion of the Restructuring, the current directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the gain on debt restructuring for the year ended 31 March 2012 was fairly stated and thus the auditors of the Company has qualified their auditors' report for the year ended 31 March 2012 in this respect.

7. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of construction and inventories sold *	**176,929**	317,376
Auditors' remuneration	**600**	753
Depreciation	**177**	188
Foreign exchange difference, net	**26**	19
Employee benefits expenses (including directors' remuneration):		
— Wages and salaries	**7,032**	3,463
— Pension scheme contributions	**233**	157
	7,265	3,620
Minimum lease payments under operating leases on land and buildings	**1,238**	700
Gain on debt restructuring *(note 6)*	—	(1,930,503)
Interest income	**(8)**	(87)

* The depreciation of the property, plant and equipment of approximately HK$170,000 (2012: HK$174,000) for the Year are included in the "cost of construction and inventories sold" in the consolidated statement of comprehensive income.

8. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within 5 years	—	94
Bills and overdrafts	—	129
	—	223

9. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current tax - Hong Kong		
Charge for the year	**795**	183
Under-provision in prior years	—	715
Current tax - PRC		
Charge for the year	**41**	26
Under-provision in prior years	**18**	38
Total tax charge for the year	**854**	962

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the Year.

PRC enterprise income tax is calculated at 25% (2012: 25%) on the estimated assessable profits for the Year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before tax	**14,559**	1,922,614
Tax at the statutory tax rates	**2,399**	317,060
Income not subject to tax	**(15,931)**	(322,044)
Expenses not deductible for tax	**13,205**	4,842
Tax loss not recognised	**1,175**	352
Tax effect of temporary differences	**(2)**	(1)
Under-provision in previous years	**18**	753
Tax reduction for year of assessment 2012/13	**(10)**	—
Income tax charge for the year	**854**	962

The Group had deferred tax benefits not recognised in respect of tax losses available for offsetting future assessable profits calculated at the rate of 16.5% as follows:

	2013	2012
	HK$'000	*HK$'000*
Tax losses	**9,255**	2,134

10. DIVIDENDS

Except for the accrual of cumulative preferential share dividend of HK$5,550,000 during the Year, no dividend has been declared or paid by the Company for the ordinary shareholders during the Year (2012: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit 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 earnings per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**13,705**	1,921,652

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**800,000,000**	290,661,000

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the basic earnings per share calculation, as adjusted for the weighted average number of convertible preference shares and share options assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share for the year ended 31 March 2012 did not assume the conversion of outstanding share options since the exercise price was higher than the average market price of the Company's shares for the year ended 31 March 2012.

The calculation of diluted earnings per share for the years ended 31 March 2013 and 2012 is based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**13,705**	1,921,652

	Number of shares	
	2013	2012
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**800,000,000**	290,661,000
Effect on dilution – weighted average number of ordinary shares		
Share options (Note a)	—	—
Convertible preference shares (Note b)	**850,000,000**	188,114,754
Weight average number of ordinary shares for the purpose of diluted earnings per share	**1,650,000,000**	478,775,754

Note:

(a) The share options had no dilutive effect on the weighted average number of ordinary shares as the exercise price was higher than the average market price of the Company's shares for the year ended 31 March 2012.

(b) The weighted average number of ordinary shares assumed the conversion of preference shares for the year ended 31 March 2012 has been restated to reflect the time portion of the preference shares in issue during the year ended 31 March 2012.

12. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**103,351**	72,613

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.

The Group allows a credit period normally 0 to 90 days (2012: 0 to 90 days) to its trade customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**34,755**	29,493
1 to 2 months	—	29,535
2 to 3 months	—	—
Over 3 months	**68,596**	13,585
Trade receivables	**103,351**	72,613

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**34,755**	59,028
Less than 1 month past due	—	—
1 to 3 months past due	**15,722**	12,388
Over 3 months past due	**52,874**	1,197
	103,351	72,613

Receivables that were neither past due nor impaired relate to several customers for whom there was no recent history default.

Receivables that were past due but not impaired relate to two of the independent customers and the Group has a high concentration of credit risk accordingly. Based on the past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Prepayments	**92**	1,600
Trade deposits	**34,047**	31,196
Utility deposits	**471**	406
Other receivables	**3,855**	2,480
	38,465	35,682
Less: Impairment	**(1,556)**	(1,556)
	36,909	34,126

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

14. TRADE PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**715**	27,794
1 to 2 months	—	246
2 to 3 months	**138**	—
Over 3 months	**17,540**	9,429
	18,393	37,469

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

15. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Other payables	**2,040**	2,605
Accruals	**737**	867
	2,777	3,472

16. SHARE CAPITAL

	2013	2012
	HK$'000	*HK$'000*
Authorised:		
2,800,000,000 ordinary shares of HK$0.01 each	**28,000**	28,000
850,000,000 preference shares of HK$0.01 each	**8,500**	8,500
	36,500	36,500
Issued and fully paid:		
800,000,000 ordinary shares of HK$0.01 each	**8,000**	8,000
850,000,000 preference shares of HK$0.01 each	**8,500**	8,500
	16,500	16,500

The movements in the Company's authorised share capital for the years is as follows:

		Number of shares	**Authorised capital**
		'000	*HK$'000*
Authorised:			
Ordinary shares:			
At 31 March 2011 and 1 April 2011			
Ordinary shares of HK$1.00 each		1,000,000	1,000,000
Share consolidation	(i)	(666,667)	—
Ordinary shares of HK$3.00 each		333,333	1,000,000
Capital reduction	(i)	—	(996,667)
Cancellation of unissued ordinary share capital	(i)	(192,054)	(1,920)
		141,279	1,413
Increase in authorised share capital	(i)	2,658,721	26,587
At 31 March 2012 and 2013			
Ordinary shares of HK$0.01 each		**2,800,000**	**28,000**

Preference shares:			
At 31 March 2011 and 1 April 2011			
Increase in authorised share capital	(i)	850,000	850
At 31 March 2012 and 2013			
Preference shares of HK$0.01 each		**850,000**	**850**

The movements in the Company's issued share capital for the years is as follows:

		Number of shares	**Amount**
		'000	*HK$'000*
Issued and fully paid:			
Ordinary shares:			
At 1 April 2011			
Ordinary shares of HK$1.00 each		423,835	423,835
Capital reduction and share consolidation pursuant to the Restructuring Agreement	(i)	(282,556)	(422,422)
Ordinary shares of HK$0.01 each		141,279	1,413
Issue of ordinary shares — open offer	(ii)	94,185	942
Issue of ordinary shares — subscription	(iii)	406,936	4,069
Issue of ordinary shares — creditors pursuant to the Scheme	(iv)	157,600	1,576
At 31 March 2012 and 2013			
Ordinary shares of HK$0.01 each		800,000	8,000
Preference shares:			
At 1 April 2011		—	—
Issue of preference shares pursuant to the Restructuring Agreement	(iii)	850,000	8,500
At 31 March 2012 and 2013			
Preference shares of HK$0.01 each		850,000	8,500

On 24 November 2011, the Company underwent a capital restructuring pursuant to the Restructuring Agreement. Further details of the transactions were set out in the Company's circular dated 31 October 2011, prospectus dated 8 December 2011 and the announcement dated 9 January 2012.

(i) Pursuant to special resolutions passed by the Company's shareholders at a special general meeting held on 23 November 2011, (1) every three issued ordinary shares of HK$1.00 each were consolidated into one consolidated ordinary share of HK$3.00 each; (2) the par value of every consolidated ordinary share were reduced from HK$3.00 each to HK$0.01 each; (3) all the authorised but unissued ordinary shares were cancelled; (4) the authorised share capital of the Company was increased to HK$36,500,000 divided into 2,800,000,000 ordinary shares of HK$0.01 each and 850,000,000 convertible preference shares of HK$0.01 each.

(ii) On 6 December 2011, 94,185,624 ordinary shares of HK$0.01 each were issued at HK$0.133 per share by way of an open offer on the basis of two offer shares for every three shares held with proceeds of HK$12,527,000 before expenses.

(iii) On 9 January 2012, 406,936,000 ordinary shares of HK$0.01 each and 850,000,000 convertible preference shares of HK$0.01 each were issued at HK$0.133 per share upon completion of the Restructuring with proceeds of approximately HK$54,122,000 and HK$113,050,000, respectively. The preference share, with a paid-up value of HK$0.133 per share, shall entitle the holder thereof the right to convert one preference share into one fully-paid ordinary share of the Company commencing on the first anniversary from the date of the resumption of the Company on 11 January 2012. The preference shares are non-redeemable and do not bear any voting right. The preference shares shall carry a fixed cumulative preferential dividend at a rate of 4% per annum on the initial subscription price of HK$0.133 each out of the funds of the Company available for distribution. The cumulative preferential share dividend of HK$5,550,000 has been accrued during the Year.

(iv) 157,600,000 new ordinary shares were issued at nil consideration to the creditors of the Company pursuant to the Scheme upon completion of the Restructuring on 9 January 2012.

17. DISPOSAL OF SUBSIDIARIES

(a) 31 March 2013

During the Year, the Company disposed (the "Disposal") of 40% equity interests of its subsidiary, Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited ("FEGM"), to an independent third party at a cash consideration of HK$2. FEGM has not commenced business since its incorporation on 29 November 2010. Upon the completion of the Disposal, the equity interests in FEGM held by the Group decreased from 100% to 60%, and a gain on partial disposal of FEGM of approximately HK$30,000 was recognised in capital reserve.

(b) 31 March 2012

Upon completion of the Restructuring on 9 January 2012, OG Aluminium Australia Pty Ltd and the following subsidiaries were transferred to the scheme administrators for the benefit of the Company's scheme creditors at a consideration of HK$1 pursuant to the Scheme.

	Percentage of capital held by the Company	
	Directly	Indirectly
Chinacin.com Limited	—	100%
Harvest Fortune Limited (Dissolved)	—	100%
Hing Yip Holdings (China) Limited (Dissolved)	—	100%
Hing Yip Holdings (Hong Kong) Limited (In Liquidation)	—	100%
Jinbocho Holdings Limited	100%	—
Jorki Profits Limited	—	100%
Ocean Grand (China) Limited	—	100%
Ocean Grand Aluminium Company Limited (Foshan)	—	100%
Ocean Grand Development Holdings Limited	—	100%
Ocean Grand Finance Limited (Dissolved)	100%	—
Ocean Grand Services Limited	100%	—
Ocean Grand Technology Company Limited	100%	—
OG Aluminium (Sanshui) Company Limited	—	90%
OG Aluminium Company Limited (Foshan)	—	100%
OG Development Company Limited (In Liquidation)	—	100%
Sky Leader Industries Limited (In Liquidation)	—	100%
Successful Gold Profits Limited (In Liquidation)	100%	—
Toowomba Holdings Limited (In Liquidation)	100%	—
廣州倫帕理維信息科技有限公司	—	100%

As OG Aluminium Australia Pty Ltd was not included in the consolidated financial statements and the results, assets and liabilities of the above subsidiaries were deconsolidated from the consolidated financial statements of the Group since 1 January 2005, the net asset value of these subsidiaries was nil as at the date of disposal and accordingly a gain on disposal of subsidiaries of HK$1, being the consideration received for the disposal, was recorded.

18. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

At 31 March 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,378**	1,285
2 – 5 years, inclusive	**1,247**	2,052
	2,625	3,337

19. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 18 above, the Group had the following capital commitments at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital contributions payable to a non-wholly owned subsidiary	**30,000**	30,000

20. LITIGATION

On 23 August 2007, the Company, together with its former subsidiaries (the "**Former Subsidiaries**"), namely Toowomba Holdings Limited (In Liquidation), Hing Yip Holdings (Hong Kong) Limited (In Liquidation) and OG Development Company Limited (In Liquidation), as plaintiffs, issued a writ of summons in the High Court to claim against a number of former directors of the Company, Mr. Li Lee Cheung ("**Mr. Li**") and Mr. Kwan Man Wai ("**Mr. Kwan**"), seeking compensation from them in connection with their alleged breach of duties during the period they acted as directors of the Company and the Former Subsidiaries. The total compensation claimed (the "**Claim**") amounted to approximately HK$136 million in connection with the purported purchase of machinery by a former subsidiary in November 2005. Details of this litigation were disclosed in the Company's announcement dated 11 January 2012.

The Company was of the information and knowledge in prior year that Mr. Kwan was seeking leave from the court to commence, by way of counterclaim (the "**CounterClaim**"), an action against the Company for an alleged indemnity in respect of Claim.

Subsequent to the end of the reporting period in June 2013, it came to the attention of the directors of the Company from the Provisional Liquidators that Mr. Kwan has served on his CounterClaim on 21 February 2012 against the Former Subsidiaries whilst the Company was not named as a counterclaims party.

The directors of the Company are of the opinion that since the Former Subsidiaries have been transferred to the Scheme which became effective on 9 January 2012 and the Company was not a named party in the CounterClaim, the Claim and the CounterClaim would not have any impact on the financial position of the Company and the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group was principally engaged in supplying aluminium products to construction projects in addition to trading of aluminium products and raw materials throughout the year. Group restructuring was completed in January 2012 and it is the first full year that the group operates under the leadership of the current management. As a result of the change in sales strategy coupled with dedication from our employees, the Group realized a profit of HK$13.7 million, which is comparable to 2012 profit before gain on debt restructuring and restructuring cost of HK$16.2 million. Turnover for the year was HK$202.8 million for 2013, a 41% decrease compared to HK$343.2 million in 2012. Gross profit was maintained at the level of HK$25.9 million, similar to 2012. This is a result of the Group's continuous effort in reshaping its business model and customer base with focus on higher-margin businesses within the chosen business segments: trading of aluminium products and raw materials, and supplying aluminium products to construction projects.

The expected adverse business environment prompted the management decisively to develop and implement an adjusted business strategy of focusing on higher-margin aluminium related trading sales coupled with supplying higher value-added products to construction projects of emphasizing on sales volume.

As a result of higher profit margin, profit attributable to shareholders of the Company was HK$13.7 million for the year (2012 (before gain on debt restructuring and restructuring cost): HK$16.2 million). The trading business was greatly improved and recorded a profit of HK$4.9 million (please refer to note 4 above for more detailed segment information) for the year, which is a reflection of the higher-margin business model. However, the profit from supplying aluminium products to construction projects dropped from HK$20.5 million last year to HK$12.6 million for the year. It was mainly due to the sluggishness and uncertainties in the property development market of the PRC. The Group considers that trading is a strategic business in terms of securing and expanding customer base and securing lower cost of raw materials. Thus, we will continue our effort in managing the customer base, increase volume of trading and reshape our cost structure to ensure to strive for profit for our trading business.

Prospects

The past year was a year of challenge. We expect to have another tough year ahead although the global economic condition of our chosen markets would become better based on recent statistics.

Resulting from recent visits to our key customers, we have realized most of our customers have been adversely impacted by the economic slowdown currently experiencing in their respective countries. The lack of visibility in economic recovery in the European countries and in the United States will discourage investment initiatives and purchasing appetites. Thus, we expect an even tougher business environment in the coming year.

However, we are confident that we could maintain developed momentum and dedication from our employees to achieve acceptable performance through our global customer and supplier base, take full advantage of our recognized global presence and to continue to capitalize on trading of higher margin aluminium related products and manufacturing of higher value-added products supplying to construction projects in Hong Kong and China.

In addition, the Group will explore business and investment opportunities, which would enhance and position the Group for sustainable growth. In view of the need to meet all challenges resulted from the adverse business environment, the Group has taken decisive actions to reduce operating and sales cost in order to strive for better margin for selected businesses. We are confident that the implemented dedicated measures will facilitate us to ride through and meet the challenges resulted from continuing economic downturn, achieve the expected year-end performance and develop a more superior business model for the prolonged unfavorable business environment.

We are in the process to finalize the development of the contemplated joint venture in Zhongshan, the PRC, between Fast Excel Limited and our strategic partner, Gold Mountain Aluminium Limited. We expect that the approval of the joint venture would be granted by no later than the fourth quarter of 2013 in spite of the delay.

Our performance in the past year fulfilled our target in spite of the adverse business condition. We are confident that we could maintain the momentum and achieve an even better performance in the coming year.

Scope of Work of Auditors

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditors, Ascenda Cachet CPA Limited ("**Ascenda Cachet**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2013, the Group had bank balances and cash of HK$38.0 million (2012: HK$75.5 million) while total net assets was HK$158.3 million (2012: HK$149.8 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2013 (2012: nil).

As detailed in note 16 above, the Company did not have any movements in its share capital during the Year.

Foreign Exchange Exposure

As at 31 March 2013, the majority of the Group's assets and liabilities were denominated in Hong Kong dollars. The Board considered its exposure to foreign exchange risk was insignificant, therefore no financial instruments was made to hedge such exposure.

Dividends

Except for the accrual of undeclared cumulative preferential share dividend of HK$5,550,000 during the Year, no dividend has been paid or declared by the Company for the ordinary shareholders during the Year (2012: Nil).

Significant Investments and Material Acquisitions

The Company did not have any significant investments or material acquisitions for the Year.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2013.

Commitments

Details of the commitments are set out in notes 18 and 19.

Employees and Remuneration Policy

As at 31 March 2013, the Group had 57 (2012: 55) 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.

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 of the Company, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

On 1 April 2012, the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules was amended and renamed as Corporate Governance Code and Corporate Governance Report ("Revised CG Code").

In the opinion of the Board, the Company complied with the Revised CG Code as stipulated in Appendix 14 of the Listing Rules throughout the Year except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Mung Hing Choy provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Code Provision E.1.3 stipulates that notice for annual general meetings should be sent to shareholders at least 20 clear business days before the meeting. The annual general meeting of the Company for the year of 2012 was held on 23 August 2012 with notice for the meeting dispatched on 31 July 2012. The notice period was less than 20 clear business days before the meeting. The Board was of the view that it was the best practicable date for the directors to attend the annual general meeting as the directors each had different business commitments and appointments thereafter. The Board confirmed that it would have better time management in the future to avoid the matter happening again.

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 2013 Annual Report will be despatched to our shareholders on or before 31 July 2013 and will be available at the websites of the Stock Exchange and the Company.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") will be held on 30 August 2013. A circular containing the notice of the Annual General Meeting will be published on the Company's website and the Stock Exchange's website and sent to the shareholders of the Company in due course.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee comprising of the three independent non-executive directors, namely Mr. Choi Wing Koon, 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. Choi Wing Koon is the chairman of the audit committee.

The Audit Committee had reviewed with the external auditors 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.

By order of the Board
Zhidao International (Holdings) Limited

Mung Hing Choy
Chairman

Hong Kong, 27 June 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Mung Hing Choy (Chairman), Mr. Chau Shing Yim, David and Ms. Cheung Oi Chun, one non-executive Director namely Mr. Tsoi Tong Hoo, Tony and three independent non-executive Directors, namely Mr. Choi Wing Koon, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson.

** For identification purposes only*