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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 2018

The board of directors of Zhidao International (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 March	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**20,865**	23,437
Cost of sales	*5*	**(7,508)**	(7,489)
Gross profit		**13,357**	15,948
Other income and gains	*4*	**33,852**	5,568
General and administrative expenses		**(12,636)**	(14,445)
Impairment of receivables for default guarantee payments and receivables from guarantee customers	*5*	**(24,870)**	(11,846)
Impairment of trade receivables	*5*	**(1,280)**	–
Impairment of other receivables	*5*	**(3,348)**	–
Impairment of investment in associates	*5*	**–**	(181)
Impairment of amount due from associates	*5*	**(1,240)**	(79)
PROFIT/(LOSS) BEFORE TAX	*5*	**3,835**	(5,035)
Income tax expense	*6*	**(1,310)**	(8,589)
PROFIT/(LOSS) FOR THE YEAR		**2,525**	(13,624)

* *For identification purposes only*

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

	Notes	For the year ended 31 March **2018** ***HK$'000***	 2017 *HK$'000*
PROFIT/(LOSS) FOR THE YEAR		**2,525**	(13,624)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**6,414**	(266)
Release of translation reserve upon the disposal of a subsidiary	*22(b)*	**–**	583
NET OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**6,414**	317
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,939**	(13,307)
Profit/(Loss) attributable to:			
Owners of the Company		**2,525**	(13,624)
Non-controlling interests		**–**	–
		2,525	(13,624)
Total comprehensive income attributable to:			
Owners of the Company		**8,939**	(13,307)
Non-controlling interests		**–**	–
		8,939	(13,307)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**0.13 cents**	(0.69) cents
Diluted		**0.13 cents**	(0.69) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,342**	4,350
Investment property		**3,493**	3,254
Prepayment	*13*	**462**	577
Interests in associates	*9*	**18,500**	19,740
Total non-current asset		**26,797**	27,921
CURRENT ASSETS			
Inventories		**–**	942
Trade receivables	*10*	**8,500**	10,164
Loan and interest receivables	*11*	**27,471**	69,454
Receivables for default guarantee payments and receivables from guarantee customers	*12*	**15,625**	26,297
Prepayments, deposits and other receivables	*13*	**73,926**	27,302
Tax recoverable		**484**	–
Equity investments at fair value through profit or loss	*18*	**51,980**	–
Pledged bank deposits	*14*	**35,823**	37,306
Cash and cash equivalents	*14*	**265,630**	290,287
Total current assets		**479,439**	461,752
CURRENT LIABILITIES			
Trade payables	*15*	**–**	1,716
Other payables and accruals	*16*	**2,732**	2,364
Liabilities from guarantees	*17*	**48,357**	38,189
Tax payables		**–**	1,196
Total current liabilities		**51,089**	43,465
NET CURRENT ASSETS		**428,350**	418,287
TOTAL ASSETS LESS CURRENT LIABILITIES		**455,147**	446,208
Net assets		**455,147**	446,208
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*19*	**19,800**	19,800
Reserves		**435,347**	426,408
Total equity		**455,147**	446,208

Notes:

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 Unit 3328D, 33th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Sheung Wan, 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 the construction projects; (iii) money lending business; and (iv) provision of financing guarantee services in the People's Republic of China (the "**PRC**").

During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan (the "**Construction Contract**"). Pursuant to the Construction Contract, the Group shall be the contractor which provides engineering, development and construction services to a Pakistan Company on an exclusive basis. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

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 equity investments at fair value through profit or loss 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 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. 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 Company 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 Group has adopted the following revised HKFRSs, and for the first time for the current year's consolidated financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have had no impact on the consolidated statement of cash flows as the Group did not have any changes in the liabilities arising from financing activities during the year.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

2.3 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.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements to 2014–2016 Cycle	Amendments to a number of HKFRS 1 and HKAS 28[1]
Annual Improvements to 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as described below:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction for the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 April 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018. During the year ended 31 March 2018, the Group has performed a detail assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months upon the adoption from 1 April 2018.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 from 1 April 2018 upon initial adoption of HKFRS 15 will not be material. During the year ended 31 March 2018, the Group has performed a preliminary detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities consist of the (i) trading of aluminium products; (ii) supply of aluminium products in the construction projects; (iii) money lending business; and (iv) provision of financing guarantee services in the PRC. The Group does not expect the adoption of HKFRS 15 will have a significant impact on the Group's financial performance and financial position. However, the presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's consolidated financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the consolidated financial statements will be expanded because of the disclosure of significant judgements made on how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 23 to this announcement, as at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$5,139,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

Amendments to HKAS 28, issued in October 2017, clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using HKFRS 9. In applying HKFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying this standard.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 April 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The principal activities of the Group are engaged in trading of aluminium products, supply of aluminium products in the construction projects, operation of money lending business and provision of financing guarantee services. During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

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

(a) trading of aluminium products segment — sales of aluminium products;

(b) construction projects segment — supply of aluminium products in the construction projects;

(c) money lending segment — provision of loan financing; and

(d) financing guarantee services segment — provision of financing guarantee services.

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, dividend income from equity investments at fair value through profit or loss, gain on disposal of waste material, fair value gains on equity investments at fair value through profit or loss, gain on bargain purchase, gain on disposal of property, plant and equipment, gain on disposal of subsidiaries, rental income, other interest income, impairment of associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged bank deposits, 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 2018	Trading of aluminium products *HK$'000*	Construction projects *HK$'000*	Money lending *HK$'000*	Financing guarantee services *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	**–**	**8,254**	**–**	**–**	**8,254**
Loans interest income	**–**	**–**	**10,329**	**–**	**10,329**
Guarantee fee income	**–**	**–**	**–**	**2,282**	**2,282**
	–	**8,254**	**10,329**	**2,282**	**20,865**
Segment results	**(1,954)**	**(6,432)**	**7,010**	**(24,468)**	**(25,844)**
Interest income					**1,064**
Corporate and other unallocated income					**32,788**
Corporate and other unallocated expenses					**(4,173)**
Profit before tax					**3,835**
Segment assets	**8,501**	**57**	**80,152**	**53,789**	**142,499**
Corporate and other unallocated assets					**363,737**
Total assets					**506,236**
Segment liabilities	**1,085**	**316**	**308**	**48,640**	**50,349**
Corporate and other unallocated liabilities					**740**
Total liabilities					**51,089**
Other segment information:					
Depreciation of property, plant and equipment	**1**	**9**	**–**	**118**	**128**
Depreciation of investment property	**–**	**–**	**–**	**77**	**77**

Year ended 31 March 2017	Trading of aluminium products *HK$'000*	Construction projects *HK$'000*	Money lending *HK$'000*	Financing guarantee services *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	–	11,328	–	–	11,328
Loans interest income	–	–	11,259	–	11,259
Guarantee fee income	–	–	–	850	850
	–	11,328	11,259	850	23,437
Segment results	(4,668)	(351)	10,399	(11,876)	(6,496)
Interest income					24
Corporate and other unallocated income					5,544
Corporate and other unallocated expenses					(4,107)
Loss before tax					(5,035)
Segment assets	8,973	7,292	69,460	56,613	142,338
Corporate and other unallocated assets					347,335
Total assets					489,673
Segment liabilities	1,075	2,233	222	38,406	41,936
Corporate and other unallocated liabilities					1,529
Total liabilities					43,465
Other segment information:					
Capital expenditure *	–	–	7	7,468	7,475
Depreciation of property, plant and equipment	–	26	–	36	62
Depreciation of investment property	–	–	–	23	23

* *The capital expenditure included additions to property, plant and equipment and investment property and property, plant and equipment and investment property acquired through the acquisition of subsidiaries.*

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**10,329**	11,259
PRC	**10,536**	12,178
	20,865	23,437

The classification of the revenue arising from the trading of aluminium products segment, the construction projects segment and the financing guarantee services segment is based on the location of the customer's operation.

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

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**18,505**	19,747
PRC	**8,292**	8,174
	26,797	27,921

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

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A*	**2,729**	3,400
Customer B*	**2,047**	–
Customer C**	**8,254**	11,328
	13,030	14,728

* *Revenue from money lending segment*

** *Revenue from construction project segment*

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) an appropriate proportion of contract revenue of construction contracts; (iii) loan interest income from money lending business; and (iv) net guarantee fee income from provision of financing guarantee service. During the year, the Group entered into an engineering, development and construction contract for a mining project in Pakistan. However, the Group has not yet commenced any engineering, development and construction of the mining project during the year.

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Trading of aluminium products	**–**	–
Construction projects	**8,254**	11,328
Loans interest income	**10,329**	11,259
Guarantee fee income	**2,282**	850
	20,865	23,437
Other income and gains		
Bank interest income	**816**	24
Dividend income from equity investments at fair value through profit or loss	**106**	–
Fair value gains on equity investments at fair value through profit or loss	**32,125**	–
Gain on disposal of subsidiaries (note 22)	**25**	3,408
Gain on bargain purchase (note 21)	**–**	2,125
Gain on disposal of property, plant and equipment	**14**	–
Gain on disposal of waste material	**220**	–
Rental income	**113**	–
Other interest income	**248**	–
Others	**185**	11
	33,852	5,568
Total revenue, other income and gains	**54,717**	29,005

5. PROFIT/(LOSS) BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Cost of sales*		
— cost of construction	**7,508**	7,489
Auditor's remuneration	**750**	650
Depreciation of property, plant and equipment	**128**	62
Depreciation of investment property	**77**	23
Loss on disposal of property, plant and equipment	**–**	61
Impairment of trade receivables (note 10)	**1,280**	–
Impairment of other receivables	**3,348**	–
Impairment of investment in associates (note 9)	**–**	181
Impairment of amount due from associates (note 9)	**1,240**	79
Impairment of receivables for default guarantee payments and receivables from guarantee customers (note 12)	**24,870**	11,846
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**5,270**	6,735
Pension scheme contributions	**356**	449
Employee severance payment	**1,096**	–
	6,722	7,184
Minimum lease payments under operating leases on land and buildings	**1,802**	1,773
Gain on disposal of subsidiaries (note 22)	**(25)**	(3,408)
Bank interest income	**(816)**	(24)
Dividend income from equity investments at fair value through profit or loss	**(106)**	–
Fair value gains on equity investments at fair value through profit or loss	**(32,125)**	–
Gain on bargain purchase (note 21)	**–**	(2,125)
Gain on disposal of property, plant and equipment	**(14)**	–
Other interest income	**(248)**	–

* *Depreciation of the property, plant and equipment of approximately HK$3,000 (2017: HK$14,000) for the year was included in "cost of sales" in the consolidated statement of profit or loss and other comprehensive income.*

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising from Hong Kong during the year.

PRC corporate income tax is calculated at 25% (2017: 25%) on the estimated assessable profits arising in the PRC during the year.

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

	2018	2017
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Charge for the year	**1,231**	1,696
Under-provision in previous year	**–**	6,718
Current tax — PRC		
Charge for the year	**–**	322
Under-provision/(Over-provision) in previous year	**79**	(147)
Total tax charge for the year	**1,310**	8,589

A reconciliation of the tax expense applicable to profit/(loss) 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:

	2018	2017
	HK$'000	*HK$'000*
Profit/(Loss) before tax	**3,835**	(5,035)
Tax at the statutory tax rates	**(1,804)**	(540)
Expenses not deductible for tax	**7,307**	2,546
Income not taxable for tax	**(5,326)**	(1,365)
Tax losses not recognised	**1,053**	1,398
Temporary differences in respect of depreciable assets utilised/(not recognised)	**1**	(1)
Under-provision of Hong Kong profits tax in previous year	**–**	6,718
Under-provision/(Over-provision) of PRC income tax in previous year	**79**	(147)
Tax concession for the year	**–**	(20)
Tax charge at effective tax rate	**1,310**	8,589

The Group had deferred tax benefits not recognised in respect of tax losses available for offsetting future assessable profits calculated at the statutory rate of 16.5% (2017: 16.5%) as follows:

	2018	2017
	HK$'000	*HK$'000*
Tax losses	**4,776**	3,723
Accelerated depreciation	**–**	(1)
	4,776	3,722

7. DIVIDENDS

The board of directors (the "**Board**") did not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

8. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic profit/(loss) per share amounts is based on the profit/(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 profit/(loss) per share are based on:

	2018	2017
	HK$'000	*HK$'000*
Profit/(Loss)		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic profit/(loss) per share calculation	**2,525**	(13,624)

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in basic profit/(loss) per share calculation	**1,980,000,000**	1,980,000,000

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

The calculation of diluted profit/(loss) per share for the years ended 31 March 2018 and 2017 is based on:

	2018	2017
	HK$'000	*HK$'000*
Profit/(Loss)		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic profit/(loss) per share calculation	**2,525**	(13,624)

	Number of shares 2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in basic profit/(loss) per share calculation	**1,980,000,000**	1,980,000,000
Effect on dilution — weighted average number of ordinary shares		
Share options*	**–**	–
Weight average number of ordinary shares for the purpose of diluted profit/(loss) per share	**1,980,000,000**	1,980,000,000

* *For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a diluted effect only when the average market price of ordinary shares exceeds the exercise price of the share options. During the years ended 31 March 2018 and 2017, there is no dilutive event as the average market price of ordinary shares did not exceed its exercise price of the share options.*

9. INTERESTS IN ASSOCIATES

	2018 *HK$'000*	2017 *HK$'000*
Unlisted shares, at cost	**181**	181
Share of net assets	**–**	–
Less: Impairment	**(181)**	(181)
	–	–
Due from associates	**19,819**	19,819
Less: Impairment	**(1,319)**	(79)
	18,500	19,740
Total interests in associates	**18,500**	19,740

Particulars of the associates are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
I Fun International (Holdings) Limited	Ordinary shares	British Virgin Islands	46.5%	Investment holding
I Fun (HK) Limited	Ordinary shares	Hong Kong	46.5%	Investment holding
貴州愛紡實業有限公司	Capital contribution	PRC	46.5%	Trading of bedroom textiles business

These associates were acquired on 24 March 2017 at a consideration of approximately HK$181,000. Pursuant to the shareholder agreement, the Group shall provide a shareholder's loan of HK$20,000,000 to the associates as their working capital. As at 31 March 2017 and 2018, the shareholder's loan in the amount of approximately HK$19,819,000 has been provided by the Group.

The following table illustrates the summarised financial information in respect of I Fun International (Holdings) Limited and its subsidiaries (collectively, the "**I Fun Group**") adjusted for any differences in accounting policies and reconciled to the carrying amount in the unaudited consolidated financial statements:

	2018	2017
	HK$'000	*HK$'000*
Current assets	**42,692**	48,409
Current liabilities	**(1,401)**	(5,968)
Non-current liabilities	**(42,610)**	(42,610)
Net liabilities	**(1,319)**	(169)
Revenue	**2**	1,169
(Loss)/Profit for the year	**(1,654)**	78
Other comprehensive income	**504**	–

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**9,780**	10,164
Less: Impairment	**(1,280)**	–
Net carrying amounts	**8,500**	10,164

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 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:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**–**	1,664
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**8,500**	8,500
	8,500	10,164

The movement in the provision for the impairment of trade receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Impairment losses recognised (note 5)	**1,280**	–
At end of year	**1,280**	–

Included in the above provision for impairment of trade receivables is a provision for an individually impaired trade receivable of HK$1,280,000 (2017: Nil) with a carrying amount before provision of HK$1,280,000 (2017: Nil).

The individually impaired trade receivable relate to a customer that was in default in principal payments.

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

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	1,664
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	–
Over 3 months past due	**8,500**	8,500
	8,500	10,164

Receivable that was neither past due nor impaired related to one single customer for whom there was no recent default history.

Receivable that was past due but not impaired related to one single customer 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.

11. LOAN AND INTEREST RECEIVABLES

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

Loan receivables bear interest at fixed rates in the range from 5% to 18% (2017: 6% to 18%) per annum, and with credit periods mutually agreed between the contracting parties. Loan receivables are secured by the pledge of debtors' assets. Overdue balances are reviewed regularly and handled closely by senior management.

	2018	2017
	HK$'000	*HK$'000*
Loan receivables	**24,400**	68,000
Interest receivables	**3,071**	1,454
Less: Impairment	**–**	–
Net carrying amounts	**27,471**	69,454
Less: Current portion of loan and interest receivables	**(27,471)**	(69,454)
Non-current portion of loan and interest receivables	**–**	–

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

	2018	2017
	HK$'000	*HK$'000*
Receivable:		
Within 3 months	**–**	23,797
3 months to 1 year	**4,410**	24,500
Past due	**23,061**	21,157
	27,471	69,454
Less: Current portion of loan and interest receivables	**(27,471)**	(69,454)
Non-current portion of loan and interest receivables	**–**	–

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

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**4,410**	48,297
Less than 1 month past due	**–**	169
1 to 3 months past due	**–**	512
Over 3 months past due	**23,061**	20,476
	27,471	69,454

Loan and interest receivables that were neither past due nor impaired relate to 1 debtor (2017: four debtors) for whom there was no recent history of default. Loan and interest receivables that were past due but not impaired relate to 1 debtor (2017: four debtors) 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 as the balance is considered fully recoverable.

12. RECEIVABLES FOR DEFAULT GUARANTEE PAYMENTS AND RECEIVABLES FROM GUARANTEE CUSTOMERS

The receivables from default guarantee payments and receivables from guarantee customers represented the corresponding receivables in respect of a provision that the holder of the financial guarantee contract probably called upon the Group or the claims on the Group is expected to exceed the amount currently carried in deferred income regarding the guarantee during the year.

	2018	2017
	HK$'000	*HK$'000*
Receivables for default guarantee payments	**44,713**	26,894
Less: Impairment	**(33,944)**	(8,137)
	10,769	18,757
Receivables from guarantee customers	**8,026**	10,489
Less: Impairment	**(3,925)**	(3,709)
	4,101	6,780
	14,870	25,537
Premium receivables from guarantee customers	**755**	760
Net carrying amounts	**15,625**	26,297
Less: Current portion of the receivables for default guarantee customers and receivables from guarantee customers	**(15,625)**	(26,297)
Non-current portion of the receivables for default guarantee customers and receivables from guarantee customers	**–**	–

An aging analysis of the receivables for default guarantee payments and receivables from guarantee customers at the end of the reporting period, based on the date the guarantee being defaulted and net of provision, is as follows:

(i) Receivables for default guarantee payments

	2018	2017
	HK$'000	*HK$'000*
Default:		
Less than 6 months past due	**10,769**	15,932
6 to 12 months past due	**–**	2,825
Over 1 year past due	**–**	–
	10,769	18,757

(ii) Receivables from guarantee customers

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**4,101**	6,780

Impairment losses in respect of receivables for default guarantee payments and receivables from guarantee customers are recorded using an allowance unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against receivables for default guarantee payments and receivables from guarantee customers.

The movement in the provision for the impairment for receivables for default guarantee payments and receivables from guarantee customers, are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**11,846**	–
Impairment losses recognised *(note 5)*	**24,870**	11,846
Exchange realignment	**1,153**	–
At end of year	**37,869**	11,846

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Prepayments	**754**	747
Trade deposits	**1,556**	3,455
Utility and other deposits	**757**	491
Other receivables *(note (a))*	**33,094**	24,742
Deposit for the mining project *(note (b))*	**43,131**	–
	79,292	29,435
Less: Impairment	**(4,904)**	(1,556)
Less: Non-current portion of prepayments	**(462)**	(577)
Current portion of prepayments, deposits and other receivables	**73,926**	27,302

Notes:

(a) Included in other receivables was amount due from a customer of approximately RMB5,026,000 (equivalent to approximately HK$6,232,000) arising from a previous guarantee contract, of which, the Group has commenced a legal proceeding for recovery of such receivable. The amount receivable is secured by certain properties in the PRC and accordingly, the directors of the Company are of the opinion that the amount receivable is fully recoverable and no impairment was provided as at 31 March 2017 and 2018.

(b) Amount represented deposit paid for sourcing and acquisition of certain project machines for engineering, development and construction of the mining project in Pakistan.

14. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2018	2017
	HK$'000	*HK$'000*
Cash and bank balances	**265,630**	290,287
Time deposits	**35,823**	37,306
	301,453	327,593
Less: Pledged bank deposits*	**(35,823)**	(37,306)
Cash and cash equivalents	**265,630**	290,287

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$2,381,000 (2017: HK$4,954,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

* *All pledged bank deposits represent the deposits at banks according to the requirements from Bank of Guiyang Co., Ltd ("**Bank of Guiyang**") for the financing guarantees that the Group provides to third parties for borrowing from Bank of Guiyang.*

15. 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:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**–**	768
1 to 2 months	**–**	193
2 to 3 months	**–**	197
Over 3 months	**–**	558
	–	1,716

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

16. OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Other payables	**1,322**	1,259
Accruals	**1,410**	1,105
	2,732	2,364

17. LIABILITIES FROM GUARANTEES

	2018	2017
	HK$'000	*HK$'000*
Deferred income	**475**	806
Provision for guarantee losses (note 12)	**47,882**	37,383
	48,357	38,189

The movement in the provision for guarantee losses, is as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**37,383**	–
Provision for the year	**10,499**	37,383
At end of year	**47,822**	37,383

Where the Group issues a guarantee, the fair value of the guarantee contract issued is initially recognised as deferred income within liabilities from guarantees. The fair value of guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services (i.e. the premium received). The fair value of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from guarantees issued.

The provisions for guarantee losses are recognised when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Listed equity investments, at market value	**51,980**	–

The above equity investments as at 31 March 2018 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

19. SHARE CAPITAL

	2018	2017
	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:		
1,980,000,000 (2017: 1,980,000,000) ordinary shares of HK$0.01 each	**19,800**	19,800

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 31 March 2017 and 2018	1,980,000,000	19,800	485,679	505,479

20. SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was newly approved and adopted by the shareholders on 31 August 2015. The Share Option Scheme is valid and effective for a period of 10 years after the date of adoption. The purpose of the Share Option Scheme is to provide incentives to the employee or consultant of the Group including any executive director of any nationality of the Company and any subsidiary (the "**Participants**") to enable the Group to recruit and/or retain high-calibre individuals and attract human resources that are valuable to the Group. Under the Share Option Scheme, the Board may grant options to the Participants to subscribe for shares of the Company. On 2 March 2016, the Group granted 131,299,998 share options (the "**Share Options**") to their directors and employees for a term of 5 years.

The consideration of HK$1 is payable on the grant date of the Share Options. Share Options may be exercised by the grantees at any time before its expiry. The exercise price is determined by the directors of the Company (the "**Directors**"), and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of the outstanding Share Options during the year are as follows:

	Date of grant	Exercise period	Outstanding as at 1 April 2017	Granted during the Year	Lapsed during the Year	Outstanding as at 31 March 2018	Exercise price *HK$*
Directors							
Tung Yee Shing *(note a)*	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	(19,800,000)	–	1.2
Chan Yin Tsung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	4,166,666	1.2
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	4,166,666	1.2
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	4,166,666	1.2
Employees *(note b)*	2 March 2016	2 March 2016 to 1 March 2021	79,200,000	–	(39,600,000)	39,600,000	1.2
			111,499,998	–	(59,400,000)	52,099,998	

Notes:

(a) Mr. Tung Yee Shing resigned as executive director of the Company on 11 December 2017. The Share Options granted to him were lapsed as a result of his resignation.

(b) Two employees resigned during the year and the Share Options granted to them were lapsed as a result of their resignation.

(c) Except for above, no Share Options were granted, exercised, lapsed or cancelled during the years ended 31 March 2018 and 2017.

Fair value of Share Options

The fair value of the Share Options was calculated by using a binomial option pricing model (the "**Binomial Model**"). Where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over past years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after the vesting date when the share price was one and a half or two and a half times the respective exercise price.

Inputs in the model:

Date of grant	2 March 2016
Grant date share price	HK$1.20
Exercise price	HK$1.20
Expected volatility	100%
Option life	5 years
Risk-free interest rate	1.08%
Fair value per Share Option	HK$0.536

The Binomial Model has been used to estimate the fair value of the Share Options. The variables and assumptions used in computing the fair value of the Share Options are based on the directors' best estimates. The value of the Share Option varies with different variables in certain subjective assumptions.

21. BUSINESS COMBINATION

31 March 2017

On 13 September 2016, the Group entered into a sale and purchase agreement (the "**Fu Ya Acquisition Agreement**") with Mr. Li Hua Liang ("**Mr. Li**"), an independent third party, pursuant to which, the Group acquired (the "**Acquisition**") (i) 100% equity interest in Fu Ya Investments Limited ("**Fu Ya**") and its subsidiaries (collectively the "**Fu Ya Group**"); and (ii) the amount due to Mr. Li by the Fu Ya Group (the "**Sales Loan**") at a cash consideration of HK$70,000,000. The Acquisition was completed on 12 December 2016 (the "**Acquisition Date**").

The fair value of the identifiable assets and liabilities of the Fu Ya Group as at the Acquisition Date was as follows:

	Fair value recognised on the Acquisition Date
	HK$'000
Property, plant and equipment	4,191
Investment property	3,277
Prepayments, deposits and other receivables	17,421
Receivables from guarantee customers	6,998
Pledged bank deposits	37,595
Cash and bank balances	3,878
Liabilities from guarantee	(1,170)
Other payables and accruals	(65)
Due to Mr. Li	(76,126)
Net liabilities of the Fu Ya Group	(4,001)
Less: The Sales Loan	76,126
Net assets acquired	72,125
Gain on bargain purchase (note 4)	(2,125)
Cash consideration	70,000

An analysis of the net outflow of cash and cash equivalents in respect of the Acquisition is as follows:

	HK$'000
Cash consideration	(70,000)
Cash and bank balances acquired	3,878
Net outflow of cash and cash equivalents included in cash flows from investing activities	(66,122)

Since the Acquisition, the Fu Ya Group attributed approximately HK$850,000 to the Group's revenue and a loss of approximately HK$11,847,000 to the consolidated loss for the year ended 31 March 2017.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year ended 31 March 2017 would have been HK$25,442,000 and HK$11,758,000, respectively.

22. DISPOSAL OF SUBSIDIARIES

31 March 2018

(a) Disposal of Noble Dynasty Holdings Limited

On 19 June 2017, the Group entered into a sale and purchase agreement (the "**Noble Dynasty S&P Agreement**") with Star Century Ventures Corp., an independent third party, pursuant to which, the Group disposed (the "**Noble Dynasty Disposal**") of 100% equity interest in Noble Dynasty Holdings Limited, and its subsidiaries (collectively, the "**Noble Dynasty Group**") at a cash consideration of HK$25,210. The Noble Dynasty Disposal has been completed on 19 June 2017 (the "**Noble Dynasty Disposal Date**").

The assets and liabilities of the Noble Dynasty Group as at the Noble Dynasty Disposal Date was as follows:

	HK$'000
Net liabilities disposed of:	
Due to ultimate holding company by the Noble Dynasty Group	(31)
	(31)
Add: Waiver of amount due to ultimate holding company	31
Net assets of the Noble Dynasty Group	–
Less: Consideration	(25)
Gain on disposal of a subsidiaries (note 4)	(25)

An analysis of the net inflow of cash and cash equivalents in respect of the Noble Dynasty Disposal is as follows:

	HK$'000
Cash consideration	25
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalent included in cash flows from investing activities	25

31 March 2017

(b) Disposal of Tak Lee Metal Manufactory (Hong Kong) Company Limited

On 17 February 2017, the Group entered into a sale and purchase agreement (the "**Tak Lee S&P Agreement**") with Mr. Li Fo An, an independent third party, pursuant to which, the Group disposed (the "**Tak Lee Disposal**") of 100% equity interest in its subsidiary, Tak Lee Metal Manufactory (Hong Kong) Company Limited ("**Tak Lee**") at a cash consideration of HK$1. The Tak Lee Disposal has been completed on 21 February 2017 (the "**Tak Lee Disposal Date**").

The assets and liabilities of Tak Lee as at the Tak Lee Disposal Date was as follows:

	HK$'000
Net liabilities disposed of:	
Cash and bank balances	2,477
Other payables and accruals	(124)
Tax payable	(6,344)
	(3,991)
Translation reserve	583
Net liabilities of Tak Lee	(3,408)
Less: Consideration*	–
Gain on disposal of a subsidiary (note 4)	(3,408)

An analysis of the net outflow of cash and cash equivalents in respect of the Tak Lee Disposal is as follows:

	HK$'000
Cash consideration	–
Cash and bank balances disposed of	(2,477)
Net outflow of cash and cash equivalent included in cash flows from investing activities	(2,477)

* *The consideration has been presented as "Nil" as a result of rounding.*

23. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases its investment property to independent third party under operating leases arrangement with leases negotiated for terms of 5 years.

At 31 March 2018, the Group had total future minimum lease receivable under non-cancellable operating lease with its tenant falling due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**113**	103
2–5 years, inclusive	**274**	352
	387	455

(b) As lessee

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

At 31 March 2018, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**1,828**	1,443
2–5 years, inclusive	**3,311**	–
	5,139	1,443

24. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 23 above, the Group had the following capital commitments at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Shareholder's loan provide to associates (note 9)	**181**	181

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period on 27 April 2018, the Group entered into an agreement (the "**Fu Ya Disposal Agreement**") with Deng Chunli (the "**Purchaser**"), an independent third party, pursuant to which, the Group disposed (i) 100% equity interest in the Fu Ya Group; and (ii) the amount due to the Group by the Fu Ya Group, for an aggregate consideration (the "**Consideration**") of HK$50,000,000, of which, as to HK$30,000,000 was satisfied by cash and the remaining balance of HK$20,000,000 satisfied by way of issuing a promissory note by the Purchaser to the Group upon the completion with 6 months maturity. The disposal of the Fu Ya Group was completed on 4 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year of 2017/18, as a result of the decrease in revenue of the Group's construction projects business and money lending business, the total revenue of the Group decreased to approximately HK$20.9 million, compared to that of approximately HK$23.4 million for the year of 2016/17.

In comparison to that of last year, the Group recorded a lower gross profit for the year at approximately HK$13.4 million (2016/17: approximately HK$15.9 million), representing an approximately 15.7% decrease. The gross margin for the year of 2017/18 was approximately 64.0% (2016/17: approximately 68.0%).

During the year, the Group continued the strategy in seeking opportunities in the construction projects business and money lending business. As a result of deploying resources to the construction projects business and money lending business, the Group recorded no revenue from the trading of aluminium products business during the year (2016/17: 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 of the aluminium trading business and will keep monitoring the business environment and looking for appropriate opportunities to improve the current aluminium trading business.

The Group's construction projects segment recorded a revenue of approximately HK$8.3 million for the year, an approximately 26.5% decrease from that of approximately HK$11.3 million for the year 2016/17. Gross margin of the construction projects segment recorded a decrease to approximately 9.0% for the year, in comparison to approximately 33.9% last year. The Group had made progress in securing businesses in the construction projects segment after the end of the year and it is expected that the result of the construction projects segment will be better in the year to come.

Revenue and gross profit of the money lending segment, which were mainly interest income with no direct interest expense, were both approximately HK$10.3 million for the year, contributing approximately 49.5% of total revenue and approximately 77.3% of total gross profit of the Group.

The financing guarantee services contributed approximately HK$2.3 million (2016/17: HK$0.9 million) of revenue and gross profit, without direct cost, to the Group. For the year ended 31 March 2018, the Group recognised a provision for the impairment of receivables for default guarantee payments and receivables from guarantee customers of approximately HK$24.9 million (2016/17: HK$11.8 million). As disclosed in an announcement on 27 April 2018, the management of the Group considered that the financing guarantee services made slow progress in expansion of its business and the financial performance of its business was not as satisfactory as the Group expected, the Group entered into a disposal agreement to dispose of the entire interest in the financing guarantee services business. The disposal was subsequently completed on 4 June 2018. For the net proceeds from the disposal of HK$50 million, approximately HK$30 million will be applied for the development of the Group's core trading and construction project businesses, and the remainder of the net proceed of approximately HK$20 million will be utilised as general working capital and as funds for future development of the Group when investment opportunities arise.

PROSPECTS

The management expects to continue the Group's focus on the construction projects business and the money lending businesses. The Group will identify and pursue new business and investment opportunities in different areas which could bring potential and long-term value to the Group and its shareholders.

After 31 March 2018 and before the date of this Result Announcement, the Group secured two contracts in the construction projects business which will contribute to the Group's revenue and profit for the coming year. The Group will continue its effort in the construction sector in Hong Kong and Macao, and the management is confident in the growth of the Group's construction projects business.

In addition to the opportunities in the construction projects, the Group has new loan disbursement of approximately HK$110.9 million after 31 March 2018 and before the date of this Result Announcement. The Group targets to achieve a loan portfolio of approximately HK$180 million by the end of December 2018, which if achieved, would substantially improve the revenue and profitability of the money lending business of the Group.

On 29 January 2018, as disclosed in an announcement on the same date, the Group entered into an Engineering, Development and Construction Contract (the "**EDC**" Contract) pursuant to which the Group will be engaged in provision of the Services, as defined in the EDC Contract, for the Mining Project in Pakistan. The management considered that the EDC Contract will provide the Group with an attractive entry point into Pakistan, part of the "One Belt One Road" initiative, by anticipating development into a copper and gold resource located in a region with well-known copper-gold porphyry mineralisation. The long stop date of the EDC Contract was 30 April 2018 and the Group has been working with the Employer Company regarding certain conditions precedent for completion. The Group expects further agreement will be entered into with the Employer Company. The Company will make announcement once further development of the EDC Contract is achieved.

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 2018, the Group had cash and bank balances of approximately HK$265.6 million (2017: HK$290.3 million) while net assets was approximately HK$455.1 million (2017: HK$446.2 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2018 (2017: Nil).

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. The primary purpose of the Share Option 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 Share Option Scheme are as disclosed in the circular of the Company dated 30 July 2015.

Details of the movements in the Share Options under the Share Option Scheme during the Year are set out in note 20 to this announcement.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2018, 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

The Board did not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Details of significant investments or material acquisitions and disposals for the year are set out in notes 21 and 22 to this announcement.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2018.

COMMITMENTS

Details of the commitments are set out in notes 23 and 24 to this announcement.

INVESTMENT SECURITIES

As at 31 March 2018, the Group had equity investments at fair value through profit or loss of approximately HK$52.0 million (31 March 2017: Nil). All these investments represented equity securities listed on the Stock Exchange.

For equity investments at fair value through profit or loss, the Group recorded a fair value gain of HK$32.1 million during the year ended 31 March 2018 (2017: Nil) in profit or loss. Dividend income received from the listed securities during the year ended 31 March 2018 amounted to HK$0.1 million (2017: Nil).

Company name	Principal activities	Number of shares held	Percentage of shareholdings	Unrealised gains on fair value change for the year	Dividend received during the year	Cost of acquisition	Fair value as at 31 March 2018	Percentage of net asset of the Group as at 31 March 2018	Fair value as at 31 March 2017	Reason for unrealised gains/(losses) on fair value change for the year
				HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	
Agritrade Resources Limited (Stock Code: 1131)	Production, processing, transportation, sales, marketing and trading of coal	42,260,000	0.7%	(32,125)	106	19,855	51,980	11.4%	N/A	Upward movement of share prices

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 32 (2017: 94) 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, 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 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. Tung Yee Shing 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.

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 2018 Annual Report will be despatched to our shareholders on or before 31 July 2018 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 29 August 2018. 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.

RECORD DATE

The record date for determining Shareholders' right to attend and vote at the Annual General Meeting is Thursday, 23 August 2018. Shareholders who are entitled to attend and vote at the Annual General Meeting are those whose names appear on the register of members of the Company as at the close of business on Thursday, 23 August 2018. In order to qualify for attending and voting at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 23 August 2018.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee comprising of the three independent non-executive directors, namely Mr. Chan Yin Tsung, 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. Chan Yin Tsung 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.

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

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises 5 Directors. The executive Directors are Mr. Fung Kwok Kit (Chairman) and Mr. Zhong Can. The independent non-executive Directors are Mr. Chan Yin Tsung, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson.

* *For identification purposes only*