

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the “**Board**”) of Zhidao International (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020 (the “**Period**”), together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4, 5	28,029	156,291
Cost of sales		(18,252)	(131,131)
Gross profit		9,777	25,160
Other income and gains	5	6,260	2,796
General and administrative expenses		(6,646)	(13,713)
Net unrealised loss arising on revaluation of financial assets at fair value through profit or loss	6	(4,525)	(10,879)
Impairment of loan and interest receivables		–	(715)
Impairment of amount due from associates		(2,212)	(1,271)
PROFIT BEFORE TAX	6	2,654	1,378
Income tax expense	7	(1,222)	(194)
PROFIT FOR THE PERIOD		1,432	1,184

* For identification purposes only

		Six months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(175)</u>	<u>24</u>
NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(175)</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,257</u>	<u>1,208</u>
Profit attributable to:			
Owners of the Company		1,468	(4,003)
Non-controlling interests		<u>(36)</u>	<u>5,187</u>
		<u>1,432</u>	<u>1,184</u>
Total comprehensive income attributable to:			
Owners of the Company		1,293	(3,979)
Non-controlling interests		<u>(36)</u>	<u>5,187</u>
		<u>1,257</u>	<u>1,208</u>
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic		<u>0.07 cent</u>	<u>(0.20) cent</u>
Diluted		<u>0.07 cent</u>	<u>(0.20) cent</u>

8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		14,586	18,453
Intangible assets		–	60
Right-of-use asset		227	284
Contract assets		14,942	11,305
Deferred tax asset		3,284	3,284
Interests in associates		14,120	16,333
Total non-current assets		47,159	49,719
CURRENT ASSETS			
Trade receivables	10	15,598	43,394
Right-of-use asset		309	–
Loan and interest receivables	11	96,256	91,327
Contract assets		31,726	36,678
Finance lease receivables		–	582
Prepayments, deposits and other receivables	12	121,853	85,358
Equity investments at fair value through profit or loss	13	14,157	18,682
Equity investments at fair value through other Comprehensive income	14	19,663	19,663
Pledged bank deposits	15	27,081	29,028
Cash and cash equivalents	15	125,384	135,985
Total current assets		452,027	460,697
CURRENT LIABILITIES			
Trade payables		50,355	103,668
Other payables and accruals		3,777	8,556
Contract liabilities		51,067	7,728
Lease liabilities		306	253
Interest-bearing bank and other borrowings		9,529	12,715
Contingent consideration payable		6,089	6,089
Tax payables		1,372	3,716
Total current liabilities		122,495	142,725
NET CURRENT ASSETS		329,532	317,972

	At 30 September 2020 (Unaudited) <i>Notes</i> HK\$'000	At 31 March 2020 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Retention payables	19,449	12,992
Lease liabilities	234	38
Interest-bearing bank and other borrowings	12,662	11,572
Total non-current liabilities	32,345	24,602
Net assets	344,346	343,089
EQUITY		
Equity attributable to owners of the Company		
Issued capital	19,800	19,800
Reserves	324,730	323,437
Equity attributable to owners of the Company	344,530	343,237
Non-controlling interests	(184)	(148)
Total equity	344,346	343,089

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Room 2606, 26/F, C C Wu Building, 302–308 Hennessy Road, Wan Chai, Hong Kong.

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

In previous 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 Period.

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. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2020 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**”) (including HKAS 34 “**Interim Financial Reporting**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong. In addition, the condensed consolidated financial statements include applicable disclosures required by Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). They have been prepared under the historical cost convention. These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

Except as described below, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2020.

These condensed consolidated financial statements have not been audited, but have been reviewed by the audit committee of the Company.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

4. OPERATING SEGMENT INFORMATION

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, gain on disposal of subsidiaries, written back of impairment of associates and share of losses of associates, as well as head office and corporate income and expenses are excluded from such measurement.

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Segment revenue		
Transactions with external customers:		
Trading of aluminium products	–	–
Construction projects	23,858	150,403
Money lending	4,171	5,888
	28,029	156,291
Segment results		
Trading of aluminium products	(101)	–
Construction projects	6,819	11,271
Money lending	2,514	3,284
	9,232	14,555
Interest income	216	26
Corporate and other unallocated income	1,436	2,796
Corporate and other unallocated expenses	(9,452)	(15,999)
Profit before tax	1,432	1,378

Information about major customer

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A ¹	–	93,151
Customer B ²	9,544	40,681
Customer C ³	14,314	–
	<u>23,858</u>	<u>133,832</u>

^{1,2,3} Revenue from construction projects segment

5. 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 services during the Period.

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Trading of aluminium products	–	–
Construction projects	23,858	150,403
Loans interest income	4,171	5,888
	<u>28,029</u>	<u>156,291</u>
Other income and gains		
Interest income	216	26
Reversal of impairment of other receivables	159	–
Dividend income	1,247	1,770
Gain on disposal of property, plant and equipment	4,181	–
Others	457	1,000
	<u>6,260</u>	<u>2,796</u>
Total revenue, other income and gains	<u>34,289</u>	<u>159,087</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of construction	18,252	131,131
Depreciation of property, plant and equipment	731	2,606
Depreciation of right-of-use assets	239	–
Amortization of intangible asset	60	–
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	3,062	3,616
Pension scheme contributions	84	82
	3,146	3,698
Net unrealised loss arising on revaluation of financial assets at fair value through profit or loss	4,525	10,879
Dividend income	(1,247)	(1,770)
Gain on disposal of property, plant and equipment	(4,181)	–
Interest income	(216)	(26)

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

The People's Republic of China ("PRC") enterprise income tax is calculated at 25% (six months ended 30 September 2019: 25%) on the estimated assessable profits arising in the PRC during the Period.

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

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax — Hong Kong Charge for the Period	304	–
Current tax — PRC Charge for the Period	–	–
Current tax — Macau Charge for the Period	918	194
Total tax charge for the Period	1,222	194

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 unaudited profit/(loss) of approximately HK\$1,468,000 for the Period (six months ended 30 September 2019: loss of approximately HK\$4,003,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,980,000,000 ordinary shares in issue during the Period (six months ended 30 September 2019: 1,980,000,000).

The calculation of diluted profit/(loss) per share amounts is based on the unaudited profit/(loss) of approximately HK\$1,468,000 for the Period (six months ended 30 September 2019: loss of approximately HK\$4,003,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,980,000,000 ordinary shares (six months ended 30 September 2019: 1,980,000,000) 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.

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 Period) 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 dilutive effect only when the average market price of ordinary shares exceeds the exercise price of the share options. During the Period, there is no dilutive event as the average market price of ordinary shares did not exceed its exercise price of the share options.

9. DIVIDENDS

The Board did not recommend the payment of any dividend for the Period (six months ended 30 September 2019: Nil).

10. TRADE RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Trade receivables	15,942	47,944
Less: Impairment	(344)	(4,550)
Net carrying amounts	<u>15,598</u>	<u>43,394</u>

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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:

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Within 1 month	7,148	1,842
1 to 2 months	2,441	3,015
2 to 3 months	1,396	2,698
3 to 6 months	2,577	16,130
6 to 12 months	2,036	19,709
	<u>15,598</u>	<u>43,394</u>
Trade receivables	<u>15,598</u>	<u>43,394</u>

11. LOAN AND INTEREST RECEIVABLES

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

Loan receivables bear interest at fixed rates for the range from 6% to 15% 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.

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Loan receivables	111,650	108,000
Interest receivables	10,061	8,782
Less: Impairment	<u>(25,455)</u>	<u>(25,455)</u>
Net carrying amounts	96,256	91,327
Less: Current portion of loan and interest receivables	<u>(96,256)</u>	<u>(91,327)</u>
Non-current portion of loan and interest receivables	<u>–</u>	<u>–</u>

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

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Receivables:		
Within 3 months	14,507	–
3 months to 1 year	43,344	70,132
Past due	38,405	21,195
	<u>96,256</u>	<u>91,327</u>
Less: Current portion of loan and interest receivables	(96,256)	(91,327)
Non-current portion of loan and interest receivables	<u>–</u>	<u>–</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Prepayments	20,304	21,796
Trade deposits	80,029	1,556
Utility and other deposits	6,102	6,016
Other receivables	33,571	59,302
Due from a director of subsidiary	1,094	1,094
Promissory note receivables	–	15,000
	<u>141,100</u>	<u>104,764</u>
Less: Impairment		
Trade deposits	(1,556)	(1,556)
Other receivables	(17,691)	(17,850)
Current portion of prepayments, deposits and other receivables	<u>121,853</u>	<u>85,358</u>

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Listed equity investments, at market value	<u>14,157</u>	<u>18,682</u>

The fair values of listed securities are based on their quoted closing prices in an active market. One of its equity investment was still suspended for trading at the end of the reporting period.

14. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Unlisted equity investment, at market value	<u>19,663</u>	<u>19,663</u>

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Cash and bank balances	125,384	135,985
Time deposits	<u>27,081</u>	<u>29,028</u>
	152,465	165,013
Less pledged deposits	<u>(27,081)</u>	<u>(29,028)</u>
	<u>125,384</u>	<u>135,985</u>

BUSINESS REVIEW

During the six months ended 30 September 2020, the Group's business was adversely affected by the COVID-19 outbreak and the curbing and quarantine policies adopted and/or implemented by the Macau government. The operations of the Group's construction project business in Macau, which has been the main driver of the growth of revenue, was delayed until September 2020. As a result, the total revenue of the Group for the Period was decreased from approximately HK\$156.3 million to approximately HK\$28.0 million. The revenue from the construction project business for the Period was approximately HK\$23.9 million (2019: HK\$150.4 million) and that from the money lending business was approximately HK\$4.2 million (2019: HK\$5.9 million).

The effect of the severe decrease in revenue resulted in a short-term, but significant, drop in segment profit. The segment profit of the construction project business was approximately HK\$6.8 million, representing a 39.5% decrease from the same period of 2019. The money lending generated a segment profit of approximately 2.5 million, decreased by 23.4% in comparison to that in the same period in 2019.

While the expansion of the Group's construction project business was delayed by the COVID-19, the Group has been continuously executing the strategy of focusing on the construction market in Macau and Hong Kong following the resumption of operations in Macau.

PROSPECTS

While the effect of COVID-19 and the uncertainties from the US presidential election and trade conflict between the US and China is believed to continuously elevate the potential risk of conducting business in the Greater China region, the management considers the effect to the Group's construction project business be short-term. In particular, the recent development of vaccine of COVID-19 shall provide a basis for more stable economic environment in the region. The management firmly believes the Group shall be able to successfully implement its strategies in the construction project business and money lending business in the Macau and Hong Kong markets.

THE STOCK EXCHANGE'S DECISION ON THE COMPANY'S NON-COMPLIANCE WITH LISTING RULE 13.24

As a result of the Stock Exchange's decision on the Company's non-compliance with Listing Rule 13.24, the shares of the Company was suspended from trading on 11 July 2019.

The Company is required to demonstrate its compliance with Rule 13.24 of the Listing Rules in the Second Review and, if Listing (Review) Committee of the Stock Exchange uphold the Decision, the Company will have a remedial period of 18 months to re-comply with the Rule. If the Company fails to do so by the expiry of the 18-month period, the Stock Exchange will proceed with cancellation of the Company's listing.

The management of the Group believes the current strategy and potential growth will equip the Company to satisfy the requirement of the Listing Rules, but the shareholders of the Company and potential investors are reminded that the outcome of the Second Review is uncertain. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, the Group had cash and bank balances of approximately HK\$125.4 million (31 March 2020: HK\$136.0 million) while net assets was approximately HK\$344.3 million (31 March 2020: HK\$343.1 million). The Group's gearing ratio as at 30 September 2020 was approximately 0.06 (31 March 2020: 0.07), being a ratio of total bank and other borrowings of approximately HK\$22.2 million (31 March 2020: HK\$24.3 million) to shareholders' funds of approximately HK\$344.5 million (31 March 2020: HK\$343.2 million).

FOREIGN EXCHANGE EXPOSURE

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated either in HK\$ or RMB during the Period (six months ended 30 September 2019: No significant foreign currency risk as almost all of the transactions of the Group and recognised financial assets and liabilities are denominated in HK\$). The Group currently does not have a foreign currency hedging policy. However, the management will monitor the foreign exchange exposure should the need arises.

DIVIDEND

The Board did not recommend the payment of any dividend for the Period (six months ended 30 September 2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had 79 (31 March 2020: 73) 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. Discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The emoluments of the directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics

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

SHARE OPTION SCHEME

The Company's share option scheme (the “**Share Option Scheme**”) was 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 contribute to the Group and/or 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.

Details of specific categories and the outstanding Share Options during the Period are as follows:

	Date of grant	Exercise period	Outstanding as at 1 April 2020	Granted during the Period	Exercised during the Period	Lapsed/ Cancelled during the Period	Outstanding as at 30 September 2020	Exercise price HK\$
Directors								
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	–	4,166,666	1.20
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	4,166,666	–	–	–	4,166,666	1.20
Employees	2 March 2016	2 March 2016 to 1 March 2021	19,800,000	–	–	–	19,800,000	1.20
			<u>28,133,332</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>28,133,332</u>	

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code as the code of conduct regarding securities transactions 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 Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company was in compliance with all the Corporate Governance Code as stipulated in Appendix 14 of the Listing Rules throughout the Period except for the following deviations as explained:

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. Fung Kwok Kit 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.

AUDIT COMMITTEE REVIEW

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

The audit committee had reviewed the unaudited condensed consolidated financial statements of the Group for the Period, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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

Hong Kong, 26 November 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Fung Kwok Kit (Chairman) Mr. Zhong Can and Mr. Kwong Kin Fai, Eric, and three independent non-executive Directors, namely Mr. Wong Wing Cheung, Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson.