IDT INTERNATIONAL LIMITED

萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2017

Financial Highlights:

— Turnover amounted to HK$185.6 million (1H2016: HK$232.2 million).

— Gross profit amounted to HK$33.5 million (1H2016: HK$52.1 million).

— Total operating expenses amounted to HK$95.2 million (1H2016: HK$114.5 million).

— Loss for the period amounted to HK$55.6 million (1H2016: HK$50.3 million).

— Group cash balances of HK$89.9 million (December 31, 2016: HK$80.7 million).

INTERIM RESULTS

The board of directors (the "Board") of IDT International Limited (the "Company") hereby announces the unaudited condensed results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2017 together with the comparative figures for the corresponding period ended June 30, 2016 ("1H2016").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended June 30, 2017

	Notes	Six months ended June 30, 2017 (Unaudited) HK$'M	2016 (Unaudited) HK$'M
Turnover	3	**185.6**	232.2
Cost of goods sold		**(152.1)**	(180.1)
Gross profit		**33.5**	52.1
Other income		**7.6**	3.1
Other gains and losses		**(1.5)**	9.0
Research and development costs		**(16.9)**	(14.8)
Distribution and selling expenses		**(31.4)**	(38.6)
General administrative expenses		**(46.9)**	(61.1)
Loss before taxation	4	**(55.6)**	(50.3)
Taxation	5	**—**	—
Loss for the period		**(55.6)**	(50.3)
Other comprehensive income/(expenses):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2.8**	(1.2)
Total comprehensive expenses for the period		**(52.8)**	(51.5)
Loss for the period attributable to:			
Owners of the Company		**(55.6)**	(50.3)
Non-controlling interests		**—**	—
		(55.6)	(50.3)
Total comprehensive expenses attributable to:			
Owners of the Company		**(52.8)**	(51.5)
Non-controlling interests		**—**	—
		(52.8)	(51.5)
Loss per share — Basic	6	**(2.14 HK cents)**	(1.93 HK cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

	Notes	As at June 30, 2017 (Unaudited) HK$'M	As at December 31, 2016 (Audited) HK$'M
Non-current assets			
Property, plant and equipment		**28.8**	20.9
Intangible assets		**3.6**	3.7
Goodwill		**33.8**	33.8
Available-for-sale investments		**0.9**	0.9
		67.1	59.3
Current assets			
Inventories		**117.6**	102.2
Trade and other receivables	*7*	**122.2**	171.8
Tax recoverable		**0.1**	0.5
Bank balances and cash		**89.9**	80.7
		329.8	355.2
Current liabilities			
Trade and other payables and accruals	*8*	**180.3**	145.1
Net current assets		**149.5**	210.1
Net assets		**216.6**	269.4
Capital and reserves			
Share capital	*9*	**260.0**	260.0
Reserves		**(43.5)**	9.3
Equity attributable to owners of the Company		**216.5**	269.3
Non-controlling interests		**0.1**	0.1
Total equity		**216.6**	269.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital (Unaudited)	Share premium (Unaudited)	Other reserve (Unaudited)	Translation reserve (Unaudited)	Revenue reserve (Unaudited)	Total (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
As at January 1, 2017	**260.0**	**165.0**	**32.5**	**(92.9)**	**(95.3)**	**269.3**	**0.1**	**269.4**
Exchange differences arising from translation of foreign operations	**—**	**—**	**—**	**2.8**	**—**	**2.8**	**—**	**2.8**
Loss for the period	**—**	**—**	**—**	**—**	**(55.6)**	**(55.6)**	**—**	**(55.6)**
Total comprehensive expenses for the period	**—**	**—**	**—**	**2.8**	**(55.6)**	**(52.8)**	**—**	**(52.8)**
As at June 30, 2017	**260.0**	**165.0**	**32.5**	**(90.1)**	**(150.9)**	**216.5**	**0.1**	**216.6**
As at January 1, 2016	260.0	165.0	32.5	(94.8)	(31.3)	331.4	0.1	331.5
Exchange differences arising from translation of foreign operations	—	—	—	(1.2)	—	(1.2)	—	(1.2)
Loss for the period	—	—	—	—	(50.3)	(50.3)	—	(50.3)
Total comprehensive expenses for the period	—	—	—	(1.2)	(50.3)	(51.5)	—	(51.5)
As at June 30, 2016	260.0	165.0	32.5	(96.0)	(81.6)	279.9	0.1	280.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30, 2017 (Unaudited) HK$'M	2016 (Unaudited) HK$'M
Net cash generated from (used in) operating activities	**23.5**	(55.8)
Net cash (used in) generated from investing activities	**(14.3)**	2.8
Net cash used in financing activities	**—**	—
Net increase (decrease) in cash and cash equivalents	**9.2**	(53.0)
Cash and cash equivalents at beginning of the period	**80.7**	169.4
Cash and cash equivalents at end of the period	**89.9**	116.4
Analysis of the cash and cash equivalents:		
Cash and bank balances	**89.9**	116.4

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2017 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA").

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amount or fair value, as appropriate. The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the financial statements for the year ended December 31, 2016, except as mentioned below.

In the current period, the Group has applied, for the first time, the following amendments to standards and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning January 1, 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

The adoption of the above revised HKFRSs did not result in a significant impact on the result and financial position of the Group.

The Group has not early adopted any new and revised standards, amendments and interpretations that have been issued but are not effective.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing this condensed consolidated interim financial information are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates are, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities include the useful lives of property, plant and equipment, recoverability of intangible assets, impairment of goodwill, allowances for trade receivables and inventories and the determination of income taxes.

3. SEGMENT INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes. Turnover represents mainly Oregon Scientific branded sales ("Branded Sales") and Original Equipment Manufacturer and Original Design Manufacturer sales ("OEM/ODM Sales").

In prior years, the information reported to the Executive Directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of receive allocation and assessment of performance was based on six operating divisions that included namely Sports, fitness and healthcare, Smart learning products, Time and weather, Telecommunication, as well as, Wellness and beauty. In addition, energy and other electronic products which are individually insignificant were aggregated and reported under Others.

In the current year, information reported to the CODM were reorganised based on district products to different customer groups. The reportable and operating segments were namely Connected home and communications, Health and wellness, Smart learning and immersive technology, in addition, energy and other electric products which are individually unsignificant were aggregated and reported under others.

Connected home and communications	—	design, development, manufacture, and sales and marketing of home connected and communication products
Health and wellness	—	design, development, manufacture, and sales and marketing of health and wellness products
Smart learning and immersive Technology	—	design, development, manufacture and sales and marketing of electric learning and inner size products
Others	—	design, development, manufacture, and sales and marketing of energy and other electronic products

The Group disaggregated its turnover based on branded sales and OEM/ODM sales and reported to the CODM. No separate results of branded sales and OEM/ODM sales were reported to the CODM.

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

The following is an analysis of the Group's revenue and results by operating segments:

	Smart Learning and Immersive Technology	Connected Home and Communications	Health and Wellness	Others	Total
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Six months ended June 30, 2017					
Segment revenue					
Branded sales	**23.5**	**43.3**	**5.6**	**2.9**	**75.3**
OEM/ODM sales	**—**	**55.6**	**24.8**	**29.9**	**110.3**
Total segment revenue	**23.5**	**98.9**	**30.4**	**32.8**	**185.6**
Segment loss	**(3.4)**	**(30.3)**	**(10.7)**	**(7.9)**	**(52.3)**
Unallocated income					**0.1**
Unallocated expenses					**(3.4)**
Loss before taxation					**(55.6)**
Six months ended June 30, 2016					
Segment revenue					
Branded sales	10.6	53.0	10.5	3.8	77.9
OEM/ODM sales	—	41.0	70.0	43.3	154.3
Total segment revenue	10.6	94.0	80.5	47.1	232.2
Segment loss	(0.2)	(35.3)	(14.5)	(11.5)	(61.5)
Unallocated income					12.1
Unallocated expenses					(0.9)
Loss before taxation					(50.3)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of interest income and unallocated expenses such as central administrative cost and finance costs. This is the measure reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

4. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting) the following:

	Six months ended June 30,	
	2017	2016
	HK$'M	*HK$'M*
Depreciation of property, plant and equipment	**5.9**	7.8
Amortisation of intangible assets	**0.3**	1.4
Net exchange losses/(gains)	**1.1**	(0.8)
Interest income	**(0.1)**	(0.3)

5. TAXATION

The charge comprises:

	Six months ended June 30,	
	2017	2016
	HK$'M	*HK$'M*
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	**—**	—

Hong Kong profits tax has been provided at the statutory tax rate of 16.5% (1H2016: 16.5%) of the estimated assessable profits for the period less available tax losses. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company for the period is based on the following data:

	Six months ended June 30,	
	2017	2016
	HK$'M	*HK$'M*
Loss for the period attributable to owners of the Company for the purposes of calculating basic loss per share	**(55.6)**	(50.3)

	Six months ended June 30,	
	2017	2016
Number of ordinary shares for the purposes of calculating basic loss per share	**2,599,993,088**	2,599,993,088

No diluted loss per share are presented as there were no potential dilutive ordinary shares in issue during both periods.

7. TRADE AND OTHER RECEIVABLES

The following is an ageing analysis of trade receivables (net of provision for doubtful debts) presented based on the invoice date at the reporting date.

	As at June 30, 2017	As at December 31, 2016
	HK$'M	*HK$'M*
0 to 30 days	**42.6**	58.9
31 to 90 days	**7.0**	32.9
Over 90 days	**23.8**	14.8
Trade receivables	**73.4**	106.6
Other receivables	**48.8**	65.2
Total trade and other receivables	**122.2**	171.8

The Group normally allows credit period of 30 to 60 days to its trade customers. Customers with a long business relationship and strong financial position are allowed to settle their balances beyond the normal credit terms up to 90 days.

8. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at June 30, 2017 *HK$'M*	As at December 31, 2016 *HK$'M*
0 to 30 days	**43.2**	10.0
31 to 90 days	**13.8**	28.2
Over 90 days	**9.2**	18.1
Trade payables	**66.2**	56.3
Other payables and accruals	**114.1**	88.8
Total trade and other payables and accruals	**180.3**	145.1

9. SHARE CAPITAL

	Number of shares	**Amount** *HK$'M*
Authorised:		
At January 1, 2016 and December 31, 2016 — ordinary shares of HK$0.10 each	3,500,000,000	350.0
Increase ordinary shares of HK$0.10 each on April 7, 2017 (Note)	16,500,000,000	1,650.0
At June 30, 2017	20,000,000,000	2,000.0
At January 1, 2016, December 31, 2016 and June 30, 2017 — ordinary shares of US$0.10 each	10,000	—
Issued and fully paid:		
At January 1, 2016, December 31, 2016 and June 30, 2017 — ordinary shares of HK$0.10 each	2,599,993,088	260.0

Note:

Pursuant to the Company's announcement dated March 15, 2017, the board of directors of the Company proposed to increase the authorised share capital of the Company from HK$350,000,000 and US$1,000 divided into 3,500,000,000 ordinary shares of HK$0.10 each and 10,000 ordinary shares of US$0.10 each respectively to HK$2,000,000,000 and US$1,000 divided into 20,000,000,000 ordinary shares of HK$0.10 each and 10,000 ordinary shares of US$0.10 each respectively by creation of 16,500,000,000 additional ordinary shares of HK$0.10 each which will rank *pari passu* in all respects with the existing shares of the Company in issue.

And pursuant to the Company's announcement dated April 7, 2017, the increase in authorised share capital had been approved at the special general meeting of the Company.

FINANCIAL REVIEW

The Group's total turnover for the six months ended June 30, 2017 amounted to HK$185.6 million (1H2016: HK$232.2 million), which was primarily due to the difficult retail market conditions in America and Europe.

Gross profit totaled HK$33.5 million (1H2016: HK$52.1 million). Gross profit margin decreased to 18.0% from 22.4% in 1H2016 mainly due to the change in product mix and sales channel.

The Group continued to put significant effort in executing stringent cost controls and streamlining its organizational structure and operational procedures. Total operating expenses of the Group, including research and development costs, distribution and selling expenses, and general administrative expenses, amounted to HK$95.2 million (1H2016: HK$114.5 million).

Other gains and losses during the period were recorded as losses of HK1.5 million, mainly from the exchange losses, while gains of 1H2016 amounted to HK$9.0 million mainly from disposal of parking spaces.

No taxation was provided for the period (1H2016: Nil).

Loss for the six months ended June 30, 2017 was HK$55.6 million (1H2016: loss of HK$50.3 million).

BUSINESS REVIEW

The global economy especially the consumer electronic products market in the first half of 2017 was decreasing compared with 2016, due to the uncertain prospects of global trading. The Group's business faced a shrinking market in both Europe and the Americas as well as the challenge to launch new products on schedule to meet the demand of the peak season. Against this backdrop, the Group has recorded a decrease in total revenue and a net loss for the first half of 2017.

Meanwhile, we have executed the following strategies to enable growth: 1) Set up the Augmented Reality ("AR") team, a software development team to enhance our ability to grasp the explosive growth opportunity of the AR market and strengthen our cooperation with customers. 2) Set up the business team in China to develop the world's biggest market offering growth and strong demand, while customising and launching products suitable for this market. In early June, we began to cooperate with the channels of Sanpower Group to distribute our products to different cities through offline shops and online channels. 3) Began to enhance the E-commerce team to increase online sales to follow the development trends.

In the current year, the business was reorganised according to distinct products targeted at different customer groups. The new reporting and operating segments were namely Connected Home and Communications ("COH"), Smart Learning and Immersive Technology ("SLIT"), Health and Wellness ("H&W"), and Other electronic products. Our business still remains divided into two overarching categories: 1) Value-added Manufacturing Services, which focuses on providing design, development, and manufacturing services to business clients. 2) Oregon Scientific with its own brand, design, development, manufacturing and selling of smart living products worldwide.

Oregon Scientific ("OS")

Sales revenue from OS business for the six months ended June 30, 2017 amounted to HK$75.3 million (1H2016: HK$77.9 million), which accounted for 40.5% of the Group's total revenue. COH and SLIT were the main product categories, taking up 88.8% of OS sales. Other categories, the H&W and others comprised the remaining 11.2% of total sales.

As stated above, the Group's strategy of investing in developing products in the SLIT category with AR function, especially in the iconic smart globe line has enhanced the play and learn value and ultimately the competitive edge of the products. We can see this effect in the revenue growth rate for SLIT reaching 122% compared with the corresponding period of last year.

As for geography, Europe was the largest market accounting for 50.1% of total OS revenues whilst the Americas decreased to 10.2% and Asia Pacific increased to 39.7% as we allocated more resources and formed several strategic partnership with the key channel partners in the Asia market, which were reflected in the revenue growth in China, Japan, and Russia.

The experienced e-commerce business team that OS set up in the US contributed to the growth in the online business compared to that of the corresponding period of last year, and the strategy for the switch of distribution channel will continue. In the foreseeable future, apart from operating in line with the corporate strategy in terms of streamlining the organization to reduce fixed cost, the OS division will continue to emphasize e-commerce growth, and groom higher margin channel partners.

Value Manufacturing Services ("VMS")

During the period under review, the Group has strengthened the customer care services for its VMS customers and has made progress on the retention of customers. Meanwhile, the Group has attracted many overseas original equipment makers to co-develop new products with advanced technology and greater creativity to enhance its competitive advantage.

Due to the cancellation of orders and the weak performance of wearable products, the sales revenue of the VMS business for the six months ended June 30, 2017 amounted to HK$110.3 million (1H2016: HK$154.3 million), which accounted for 59.5% of the Group's total revenue. With respect to the product categories, the COH was the major product category with 35.7% revenue growth versus 1H2016 accounting for 50.4% of VMS sales and contributing HK$55.6 million in sales revenue, while the revenue from H&W products decreased sharply due to the weak market.

Europe was the largest market accounting for 41.2% of total VMS revenues whilst the Americas decreased to 34.3% and Asia Pacific decreased to 24.5%.

OUTLOOK

Although the market has considerably affected the Group as the global economy continues to be uncertain, nonetheless there are still opportunities and the Group remains confident in its strategy during the second half of 2017. We have already expanded our worldwide geographic coverage, supported by dedicated regional general managers, and experienced E-commerce teams are in place to help capture our share of online business. The Group continues to work with Sanpower subsidiaries to unearth more sales synergies and maximize customer coverage from offline to online channels to tap the market opportunities in Asia.

Oregon Scientific ("OS")

SLIT category will continue to be the main product category of OS. Wider range of smart globe offerings will come with richer and upgradable AR content, features and functions. More AR-related educational and learning products will be launched in the second half of 2017.

For the H&W category, we have planned to launch the product series of sleep science, namely Dream-Science series, which cover sleep monitor, light therapy, sound therapy and aroma therapy. We set up a series of strategic collaborations with circadian science experts from various aspects of sleep science, in particular, melatonin regulating light, brainwave entrainment, heart rate variability based sleep phase analysis etc.

The Electro-mobility team launched a series of high performance motorized skateboards with leading edge design and incorporating advanced Internet of Things ("IoT") technologies. Ten utility and design patents are filed for this product series and a crowd funding campaign is to be launched in the second half of the year.

The Group will review and restructure its business relationship with channel partners to better align with their Go-To-Market strategy so as to maximize profitability. The omni-channel partnership is also a key initiative for the Group and its selected retailers to drive sales of OS brand both through offline retail presence as well as via their online websites and portals. To make the best of e-commerce platforms for sales, a centralized team will be formed to liaise directly with major e-commerce partners like Amazon. It will incorporate next-generation sensors, functions, and interfaces that will work seamlessly in the IoT era providing a comprehensive range of weather and environment information instruments.

The Group is also boosting sell-through capacity by expanding its geographical presence in Singapore, Indonesia and South Africa with the help of retail partners and enlisting the support of specialty resellers for higher price performance products.

Continuous development of innovative products remains as the key to the Company's success in the future.

Value Manufacturing Services ("VMS")

For VMS, the core product development team has hired new talent to enable the Group to move into new domains. The IoT and H&W technologies are fast changing and the new professionals are going to bring new and innovative ideas that can turn into new products for our customers. Collaboration with manufacturers will also provide opportunities in new categories.

The business will continue to focus on COH products such as GPS watches, smart-bands, activity monitors, blood glucose meters and fitness consoles, the majority of which are IoT-enabled, meaning they can be connected to smart devices with Apps. The H&W teams are also working on next-generation product platforms for multiple biometric signal detection and heart rate variability analytic algorithms which will elevate the product value from mere detection devices to a connected healthcare product platform to enable the business of elderly-care and wellness data management.

Viewing from the product & market segment that walkie-talkie is brought back due to the increase in demand from the security market with serial and on-going threat of terrorist attack, walkie-talkie will be another key area to strengthen our research & development capabilities to meet the needs of current customers, focusing on their needs and exploring additional opportunities to co-operate with them.

Customer retention and acquisition are still the key focus of VMS. The Group continues to strengthen and innovate together with VMS customers, pushing to do more with less costs so that customers have more resources for making new investments. Furthermore, new technologies are to be made available to existing and new customers who wish to jointly develop and test next-generation products together with the Group. In the digital wearable segment, as the demand for simple pedometer and heart rate measuring devices has peaked, investments are to be made in next-generation technologies in digital health and wellness.

WORKING CAPITAL

Inventory amount as at June 30, 2017 was HK$117.6 million, increasing by 15.1% compared to HK$102.2 million at December 31, 2016. The inventory turnover days increased to 132 days (December 31, 2016: 80 days).

Trade debtor amount as at June 30, 2017 was HK$73.4 million, decreasing by 31.1% compared to HK$106.6 million at December 31, 2016. Trade debtor's turnover days increased to 89 days (December 31, 2016: 69 days).

LIQUIDITY AND TREASURY MANAGEMENT

At June 30, 2017, the cash and bank balances of the Group were HK$89.9 million (December 31, 2016: HK$80.7 million).

During the six months ended June 30, 2017, the Group generated its funds mainly from operating activities. The Group maintained sufficient financial resources to meet all working capital requirements and its commitments.

The Group's exposure to foreign currency stems mainly from the net cash flow and net working capital translation achieved in its overseas subsidiaries. Hedging of foreign currency exposures is done through a combination of natural hedges and forward forex contracts. At June 30, 2017, there were no forward contracts in place to hedge against possible exchange movements of future net cash flows. Speculative currency transactions are strictly prohibited. Management of currency risk is the responsibility of the Group's headquarters in Hong Kong.

CHARGES ON GROUP ASSETS

At June 30, 2017, there were no financial charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the six months ended June 30, 2017 amounted to HK$14.2 million (1H2016: HK$5.6 million) which was primarily used for the business operation and development. Sources of funds were mainly financed by internal resources.

There were no material acquisitions or disposals of associated companies in the course of the six months ended June 30, 2017.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended June 30, 2017 (1H2016: Nil).

CONTINGENT LIABILITIES

As at June 30, 2017, the Group had no material contingent liabilities (June 30, 2016: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at June 30, 2017, the Group had approximately 1,099 employees (June 30, 2016: approximately 1,357 employees). The Group fully recognises the importance of its employees who contribute significantly to its success and continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular professional training.

The Group's remuneration policy is to provide compensation packages at market rates which reward individual performance and attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other organisations of similar size and business nature and are reviewed annually. The components of the employee remuneration package are basic salary, double pay, fringe benefits including pension scheme, medical insurance, life and personal accident insurance, employee compensation and business travel insurance as well as incentives like discretionary cash bonus.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the review period.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance. Throughout the period ended June 30, 2017, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with the exception of Code Provision A.2.1 in respect of the separation of roles of the chairman and chief executive officer. Mr. Foo Piau Phang, the executive Director and chairman of the Company takes up the role of chief executive officer, the Board believes that Mr. Foo has extensive experience and it is in the best interest of the Group to have Mr. Foo taking up both roles for the continuous effective management and business development of the Group.

ENLARGE AUTHORIZED SHARE CAPITAL

On April 7, 2017, the authorised share capital of the Company increased from HK$350,000,000 and US$1,000 divided into 3,500,000,000 ordinary shares of HK$0.10 each and 10,000 ordinary shares of US$0.10 each respectively to HK$2,000,000,000 and US$1,000 divided into 20,000,000,000 ordinary shares of HK$0.10 each and 10,000 ordinary shares of US$0.10 each respectively by creation of 16,500,000,000 additional ordinary shares of HK$0.1 each upon shareholder's approval. References were made the announcement dated March 15, 2017, circular dated March 21, 2017 and poll results of Special General meeting dated April 7, 2017.

AUDIT COMMITTEE

The Audit Committee, comprising three Independent Non-Executive Directors, Mr. Yang Xiongsheng (Chairman), Ms. Zhao Yuhong and Dr. Li Quan, has reviewed and discussed with the management of the Company the accounting principles and practices adopted by the Group, internal control and financial reporting matters including the review of the unaudited financial statements and the results of the Group for the six months ended June 30, 2017.

APPRECIATION

On behalf of the Board, I wish to express gratitude to the management team and staff members for their hard work, dedication and support to the Group throughout the review period.

On behalf of the Board
IDT International Limited
Foo Piau Phang
Chairman and Chief Executive Officer

Hong Kong, August 21, 2017

As at the date of this announcement,

1. The executive Director is Mr. Foo Pian Phang (Chairman and Chief Executive Officer);

2. The non-executive Directors are Mr. Xin Kexia, Mr. Song Rongrong, Mr. Jing Tian, Mr. Qi Miao and Mr. Shi Changyun; and

3. The independent non-executive Directors are Mr. Yang Xiongsheng, Ms. Zhao Yuhong, Dr. Li Quan and Mr. Duh Jia-Bin.

Website: http://www.idthk.com

* *For identification purpose only*