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## **IDT INTERNATIONAL LIMITED**

**萬威國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 167)**

### **CONNECTED TRANSACTIONS**

#### **SALE AND PURCHASE AGREEMENT**

On 8 May 2015, Oregon Scientific, an indirect wholly-owned subsidiary of the Company, and Brookstone Purchasing, an indirect wholly-owned subsidiary of Sanpower, entered into the Sale and Purchase Agreement pursuant to which Oregon Scientific agreed to sell the Products to Brookstone Purchasing. During the period from May 2015 to March 2016, the accumulated amount of sales amounted to approximately US\$749,864 (equivalent to approximately HK\$5,848,941).

#### **LISTING RULES IMPLICATIONS**

As Jiangsu Hongtu (being a substantial shareholder of the Company) is accounted for and consolidated in the audited consolidated accounts of Sanpower, Jiangsu Hongtu is a subsidiary of Sanpower. Sanpower and Brookstone Purchasing are associates of Jiangsu Hongtu and therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the sales of Products to Brookstone Purchasing constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the sales of Products in aggregate was more than 0.1% and less than 5%, the sales to Brookstone Purchasing were subject to the reporting and announcement but were exempt from the circular (including independent financial advice) and shareholders' approval requirements under the Listing Rules.

There has been a delay in disclosure of the sales to Brookstone Purchasing, further details are set out below.

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Pursuant to the Sale and Purchase Agreement, prices of the Products are determined by reference to the market prices offered to any independent third party customers by Oregon Scientific. Brookstone Purchasing shall pay for the Products by bank transfer within 45 days after delivery.

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## **DELAY IN DISCLOSURE**

In the course of compiling the audited consolidated financial statements for the 9-month period ended 31 December 2015, the Company noted that it should have announced the sales of Products to Brookstone Purchasing in accordance with Chapter 14A of the Listing Rules when the accumulated amount of sales first exceeded HK\$3,000,000, which occurred in September 2015. The Company regrets that this was not announced at the relevant time and has inadvertently breached Rule 14A.76.

In order to avoid re-occurrence of this incident, the Group has strengthened its internal controls in monitoring all connected transactions within the Group and will provide specific training to all current and new staff who are responsible for sales and those who monitor connected transactions for the Group. Prior to this incident, there was no automatic periodic reporting of the sales of the Products and the Company had relied on a more manual process. Following this announcement, the Company has now modified its enterprise management software programmes to require periodic reporting of such sales such that the amounts can be monitored on a more timely and accurate basis. The highest applicable percentage ratio (as defined in the Listing Rules) in respect of the sales of Products in aggregate was approximately 1.1%. Under the Listing Rules, any connected transactions where the relevant percentage ratios (as defined in the Listing Rules) are more than 0.1% and less than 5% is subject to the reporting and announcement but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under the Listing Rules. The Group has not

made any further sales to Brookstone Purchasing since April 2016. However, now that it has strengthened its internal controls, it proposes to continue its sales of the Products to Brookstone Purchasing provided that the relevant percentage ratios attributable to the sales of the Products, when aggregated for any 12-month period, are less than 5%. If the sales of the Products are expected to do better and sales are anticipated to reach 5% or more under the relevant percentage ratios, then the Company will only proceed with such additional sales after it complies with the applicable Listing Rules at the time.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT**

By entering into the Sale and Purchase Agreement, the Group had the opportunity to increase the sales of the Products. Given that the prices of the Products are determined by reference to the market prices offered to any independent third party customers by Oregon Scientific, the Directors (including the independent non-executive Directors) are of the opinion that sales of Products pursuant to the Sale and Purchase Agreement were conducted on normal commercial terms which are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

None of the Directors are considered to have a material interest in the Sale and Purchase Agreement. No Directors had abstained from voting on the relevant resolution approving, confirming and ratifying the Sale and Purchase Agreement and the transactions contemplated thereunder at the Board meeting.

## **INFORMATION ON THE COMPANY AND BROOKSTONE PURCHASING**

The Company is an investment holding company with subsidiaries engaged in investment holdings, design, development, manufacturing and distribution of lifestyle electronic products. The principal activities of Oregon Scientific are marketing and distribution of consumer electronic products.

The principal activities of Brookstone Purchasing are design, manufacture and purchase of consumer electronic products that are sold to its retail, e-commerce and wholesale customers.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Brookstone Purchasing”	Brookstone Purchasing, Inc., a corporation established in the United States of America and an indirect wholly-owned subsidiary of Sanpower
“Company”	IDT International Limited (萬威國際有限公司*), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code 167)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangsu Hongtu”	江蘇宏圖高科技股份有限公司 (Jiangsu Hongtu High Technology Co., Ltd*), a joint stock company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600122)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oregon Scientific”	Oregon Scientific, Inc., a corporation established in the United States of America and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Products”	consumer electronic products

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 May 2015 entered into between Oregon Scientific as vendor and Brookstone Purchasing as purchaser in respect of the Products
“Sanpower”	三胞集團有限公司 (Sanpower Group Co., Ltd.*), a conglomerate incorporated in the PRC and an associate of Jiangsu Hongtu
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“US\$”	United States dollars, the lawful currency of United States of America

*Note:* In this announcement, conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.8. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in US\$ or HK\$ were or may have been exchanged at this or any other rates or at all.

On behalf of the Board of Directors of  
**IDT International Limited**  
**Foo Piau Phang**  
*Chairman*

Hong Kong, 6 April 2016

*As at the date of this announcement, the executive Director is Mr. Foo Piau Phang (Chairman); the non-executive Directors are Mr. Xin Kexia, Mr. Song Rongrong, Ms. Wang Yang, Mr. Qi Miao and Mr. Shi Changyun; and 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*