IDT INTERNATIONAL LIMITED

萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK$270.4 million (FY2018: HK$433.2 million).
- Gross profit amounted to HK$30.5 million (FY2018: HK$28.9 million).
- Total operating expenses amounted to HK$100.3 million (FY2018: HK$179.1 million).
- Loss for the year amounted to HK$63.4 million (FY2018: HK$215.6 million).
- Bank balances and cash amounted to HK$18.0 million (31 December 2018: HK$22.3 million).

The board of directors (the "**Board**" or the "**Directors**") of IDT International Limited (the "**Company**") hereby present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 together with comparative audited figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**For the year ended 31 December 2019 (Unaudited) *HK$ million***	For the year ended 31 December 2018 (Audited) *HK$ million*
Revenue	4	**270.4**	433.2
Cost of goods sold		**(239.9)**	(404.3)
Gross profit		**30.5**	28.9
Other income		**7.0**	5.7
Other gains and losses, net		**(3.2)**	(11.5)
Reversal (Charge) of loss allowance on trade receivables		**7.7**	(10.3)
Impairment loss on goodwill		**–**	(33.8)
Research expenses		**(6.4)**	(39.2)
Distribution and selling expenses		**(34.6)**	(84.4)
General administrative expenses		**(59.3)**	(55.5)
Finance costs	5	**(5.1)**	(3.2)
Loss before taxation	5	**(63.4)**	(203.3)
Taxation	6	**–**	(12.3)
Loss for the year		**(63.4)**	(215.6)
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1.0**	(5.9)
Total comprehensive loss for the year		**(62.4)**	(221.5)
Loss and total comprehensive loss for the year attributable to:			
– Owners of the Company		**(62.4)**	(221.5)
– Non-controlling interests		**–**	–
		(62.4)	(221.5)
Loss per share			
– Basic and diluted *(HK cents)*	7	**(2.44)**	(8.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2019 (Unaudited) HK$ million	As at 31 December 2018 (Audited) HK$ million
Non-current assets			
Property, plant and equipment		**11.8**	27.6
Right-of-use assets		**4.9**	–
Intangible assets		**–**	2.6
Goodwill		**–**	–
Rental deposits		**3.4**	6.5
Prepaid rental		**–**	0.1
		20.1	36.8
Current assets			
Inventories		**16.8**	74.8
Trade and other receivables	8	**81.3**	81.3
Bank balances and cash		**18.0**	22.3
		116.1	178.4
Current liabilities			
Trade and other payables	9	**93.2**	117.8
Lease liabilities		**5.0**	–
Tax payable		**11.8**	12.3
Borrowing		**39.2**	37.4
Contract liabilities		**23.3**	58.2
Loan from a shareholder		**69.0**	–
		241.5	225.7
Net current liabilities		**(125.4)**	(47.3)
Non-current liabilities			
Lease liabilities		**0.1**	–
Loan from a shareholder		**–**	32.5
		0.1	32.5
Net liabilities		**(105.4)**	(43.0)
Capital and reserves			
Share capital		**260.0**	260.0
Reserves		**(365.5)**	(303.1)
Equity attributable to owners of the Company		**(105.5)**	(43.1)
Non-controlling interests		**0.1**	0.1
Net deficit		**(105.4)**	(43.0)

Note:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company is located at Block C, 9th Floor, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong. The Company acts as an investment holding company while its subsidiaries are engaged in the design, development, manufacture, sales and marketing of various consumer electronic products. The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (collectively referred to as the "**Group**") in light of the fact that the Group's current liabilities exceeded its current assets by HK$125.4 million as at 31 December 2019, the Group's total liabilities exceeded its total assets by HK$105.4 million as of that date, and that the Group incurred a loss of HK$63.4 million for the year then ended.

The Directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements given that (1) China Huaneng Foundation Construction Investment Limited ("**Huaneng**"), the largest shareholder of the Company, has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due and (2) the management of Group will continue to reduce non-essential costs.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Company's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

3. APPLICATION OF NEW/REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

HKAS 23: Borrowing costs eligible for capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HK(IFRIC)-Int 23: Uncertainty over income tax treatments

The HK(IFRIC)-Int 23 supports the requirements in HKAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of the HK(IFRIC)-Int 23 does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 19: Employee benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 January 2019 (i.e. the date of initial application, the "**DIA**") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated losses or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee – leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis:

(a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) adjusted the right-of-use assets at the DIA by the provision for onerous leases recognised immediately before the DIA by applying HKAS 37, as an alternative to performing an impairment review at the DIA;

(c) did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA;

(d) excluded initial direct costs from the measurement of the right-of-use assets at the DIA; and

(e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at either,

(a) their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or

(b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA is 8%.

Reconciliation of operating lease commitments disclosed applying HKAS 17 as at 31 December 2018 and lease liabilities recognised at the DIA is as follows.

	(Unaudited) *HK$ million*
Operating lease commitments as at 31 December 2018	28.9
Discounted using the lessee's incremental borrowing rate at the DIA	25.3
Less: Short-term leases with remaining lease term ended on or before 31 December 2019	(0.2)
Lease liabilities as at 1 January 2019	25.1

At the DIA, except for those that meet the definition of investment properties, all other right-of-use assets were presented within the line item "right-of-use assets" on the consolidated statement of financial position. Besides, lease liabilities were shown separately on the consolidated statement of financial position.

As a result, transfer was made at the DIA to reflect the changes in presentation:

	31 December 2018 (Audited) *HK$ million*	Transfer (Unaudited) *HK$ million*	1 January 2019 (Unaudited) *HK$ million*
Non-current assets			
Right-of-use assets	–	25.1	25.1
Current liabilities			
Lease liabilities	–	(20.0)	(20.0)
Non-current liabilities			
Lease liabilities	–	(5.1)	(5.1)
	–	–	–

Future changes in HKFRSs

The HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKASs 1 and 8	Definition of Material[1]
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 3	Definition of a Business[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 The effective date to be determined

The Directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

4. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside corporate customers, net of sales related taxes. Revenue represents mainly Oregon Scientific branded sales ("**Branded Sales**") and original equipment manufacturer and original design manufacturer sales ("**OEM/ODM Sales**"). The revenue is disaggregated below.

	Smart learning, and immersive technology *HK$ million*	**Connected home and communications** *HK$ million*	**Health and wellness** *HK$ million*	**Others** *HK$ million*	**Total** *HK$ million*
Year ended 31 December 2019 (Unaudited)					
Timing of revenue recognition					
At a point in time	64.7	59.1	88.0	58.6	270.4
Year ended 31 December 2018 (Audited)					
Timing of revenue recognition					
At a point in time	55.4	140.4	166.1	71.3	433.2

Performance obligations for contracts with customers

Sales of goods (revenue recognised at a point in time)

The Group sells various consumer electronic products to corporate customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term for customers is normally 90 days upon delivery.

During the years ended 31 December 2019 and 2018, all performance obligations for sales of goods are for periods of one year or less. As permitted under HKFRS15, the transition price allocated to unsatisfied performance obligations as at the end of each reporting period is not disclosed.

5. LOSS BEFORE TAXATION

	Year ended 31 December 2019 (Unaudited) *HK$ million*	Year ended 31 December 2018 (Audited) *HK$ million*
Loss before taxation is stated after charging:		
Financial costs		
Interest on borrowing	**3.8**	3.2
Interest on lease liabilities	**1.3**	–
	5.1	3.2
Staff costs		
Directors' emolument	**0.4**	1.3
Retirement benefits scheme contributions for other staff	**7.3**	18.3
Salaries and other benefits for other staff	**62.6**	126.0
Total staff costs	**70.3**	145.6
Amortisation of intangible assets	**0.5**	0.7
Auditors' remuneration	**1.2**	2.6
Cost of inventories	**221.8**	369.7
Write-down of inventories	**18.1**	34.6
Depreciation of property, plant and equipment	**12.6**	14.5
Depreciation of right-of-use assets	**20.2**	–

6. TAXATION

	Year ended 31 December 2019 (Unaudited) *HK$ million*	Year ended 31 December 2018 (Audited) *HK$ million*
Current tax		
– Under provision in prior year	**–**	12.3

7. LOSS PER SHARE

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

	Year ended 31 December 2019 (Unaudited) ***HK$ million***	Year ended 31 December 2018 (Audited) *HK$ million*
Loss:		
Loss for the year attributable to owners of the Company and loss for the purposes of basic loss per share	**(63.4)**	(215.6)

	As at 31 December 2019	As at 31 December 2018
Number of ordinary shares:		
Weighted average number of ordinary share for the purpose of basis loss per share	**2,599,993,088**	2,599,993,088

No dilutive earnings per share is presented for the years ended 31 December 2019 and 2018 as there was no potential ordinary share in issue for both years.

8. TRADE AND OTHER RECEIVABLES

	As at 31 December 2019 (Unaudited) ***HK$ million***	As at 31 December 2018 (Audited) *HK$ million*
Trade receivables	**43.0**	60.8
Less: Allowance for credit losses	**(16.5)**	(24.2)
	26.5	36.6
Other receivables	**54.8**	44.7
Total trade and other receivables	**81.3**	81.3

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date which approximate the respective revenue recognition date at the reporting date.

	As at 31 December 2019 (Unaudited) *HK$ million*	As at 31 December 2018 (Audited) *HK$ million*
0 to 30 days	**18.8**	22.9
31 to 90 days	**4.7**	12.5
Over 90 days	**3.0**	1.2
Trade receivables	**26.5**	36.6

The Group normally allows credit period of 30 to 90 days to its customers. Before accepting any new customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

As at 31 December 2019, included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$3.0 million (2018: HK$1.2 million) which are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

Other receivables

	As at 31 December 2019 (Unaudited) *HK$ million*	As at 31 December 2018 (Audited) *HK$ million*
Advances to suppliers	**42.1**	37.1
Other taxes recoverable	**10.7**	5.1
Others	**2.0**	2.5
	54.8	44.7

9. TRADE AND OTHER PAYABLES

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

	As at 31 December 2019 (Unaudited) *HK$ million*	As at 31 December 2018 (Audited) *HK$ million*
0 to 30 days	**15.6**	35.1
31 to 90 days	**16.8**	17.7
Over 90 days	**23.3**	45.7
Trade payables	**55.7**	98.5
Other payables	**37.5**	19.3
Trade and other payables	**93.2**	117.8

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's total revenue for the year ended 31 December 2019 was amounted to HK$270.4 million (FY2018: HK$433.2 million). Under the atmosphere of trade war and the overall unsteady global economy, the Group faced with unprecedented uncertainties which adversely affected the sales of electronic business especially for the connected home communications and the health and wellness products. The turnover of the Group was decreased by approximately 37.6% when compared with the same period in 2018.

Gross profit totalled HK$30.5 million (FY2018: HK$28.9 million). Gross profit was increased by 5.5% for the year ended 31 December 2019 since the Group maintain strict control over the cost of goods sold during the year. Management adopted the Just In Time manufacturing strategy which the Group kept low level of inventory to increase operation efficiency. The gross profit margin was increased from 6.7% for the year ended 31 December 2018 to 11.3% for the year of ended 31 December 2019.

The Group continued to execute stringent cost controls and streamline organisational structure and operational procedures. Total operating expenses of the Group, including research costs, distribution and selling expenses and general administrative expenses, amounted to HK$100.3 million (FY2018: HK$179.1 million). The total operating expense was decreased by approximately 44.0% since the distribution and selling expense has dropped for approximately 59.0% which was attributable to the decrease in turnover. Further, the research expenses was reduced by 83.7% since the Group is re-shaping the product development direction and thus concentrating the researching resources for the products with market competitiveness.

BUSINESS REVIEW

In 2019, the overall purchase momentum particularly in the consumer electronic business still remained sluggish due to the trade war and overall unsteady global economy. The Group continued to place significant effort in re-shaping the product development direction, customer base and commercial terms, and streamlining its organisational structure, operation processes and administration costs. As a result, the Group recorded the decline in the sales revenue amounting to HK$162.8 million but gross profit totaled at HK$30.5 million (while the gross profit margin has increased from 6.7% to 11.3%). With all the re-structuring key initiatives being executed, the net loss has consequentially narrowed down to HK$63.4 million.

The Group has identified two product categories to be focused on – Smart Learning & Immersive Technology (SLIT) and Sports, Fitness and Health (SFH). The company resources such as research & development, business development and manpower were re-shuffled around it. The management carried out several measures to enhance the lean manufacturing, streamlining manpower and implementing business model change in overseas operations. The Group also focused on developing projects with good quality key customers and no low-or-negative margin project policy remained.

Value Manufacturing Services ("VMS")

Despite the lower sales revenue, the Group re-shaped the customer base and re-negotiated for the more favorable commercial terms with most of the VMS customers to improve the gross margin and accelerate the account receivable collection. This assisted to set a healthier base for future business development.

To maintain the leading role in technology and market competitiveness, the VMS research & development team continuously establishes strategic partnership with global innovative technology partner. The co-operation with various strategic partners such as the co-developed solution of E-ink watch, PWTT smart blood pressure monitor, heart rate variability measurement will bring new business opportunity to grow the business.

The Group has started the association with the leading hospital and sleep science institutes in Jiangsu province, China for the sleep improvement and health tracking projects, such will take an important part in the Sport, Fitness and Health category particularly for the China market.

OREGON SCIENTIFIC ("OS")

In SLIT, the market demand was trendily strong and the Group recorded strong increase in its sales revenue in Japan and Russia. The demand in other markets remained stable. The Group was in liaison with the Intellectual Property Publishing House of China for the strategic partnership and started the tailor-made product development to meet the tremendous consumer demand of the smart learning products in China.

In Connected Home and Communication category, the Group faced the challenge in the supply chain to fulfill the customer orders, therefore the sales revenue of this category was affected. Still through streamlining the number of SKU and selling off the on-hand inventory, the overall inventory of OS was considerably reduced. The Group still secured the business relationship with reputable distributors and the strategy of working with the strong distributors to develop the overseas markets remained.

WORKING CAPITAL

The inventory balance as at 31 December 2019 was HK$16.8 million, decreased by 77.5% compared to the HK$74.8 million as at 31 December 2018. The inventory turnover days decreased to 26 days (FY 2018: 91 days).

Trade debtor balances as at 31 December 2019 was HK$26.5 million, decreased by 27.6% compared to the HK$36.6 million shown as at 31 December 2018. Trade debtor's turnover days decreased to 36 days (FY2018: 64 days).

LIQUIDITY AND TREASURY MANAGEMENT

As at 31 December 2019, bank balances and cash of the Group, including short term bank deposits, were HK$18.0 million (31 December 2018: HK$22.3 million).

During the year, the Group generated its funds mainly from operating or financing activities. The net cash position (bank balances and cash) as at 31 December 2019 amounted to HK$18.0 million (31 December 2018: HK$22.3 million).

CHARGES ON GROUP ASSETS

At 31 December 2019, there were no finance charges on the Group's assets.

MATERIAL ACQUISITION OR DISPOSAL

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the year ended 31 December 2019.

DIVIDEND

The Directors of the Company do not recommend any dividend for the year ended 31 December 2019 (FY2018: Nil).

CONTINGENT LIABILITIES

As set out in the 2018's annual report of the Company, an indirect wholly-owned subsidiary of the Company, Oregon Scientific Brasil Ltda, was involved in a tax dispute with the State of Sao Paulo, the Federative Republic of Brazil, which may cause a maximum tax payment including penalty and interest of approximately Brazilian Real 3.6 million (equivalent to approximately HK$7.3 million). Currently, the Company is still assessing whether provision should be made in the consolidated financial statements for the year ended 31 December 2019.

EVENT AFTER THE END OF THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus ("**COVID-19**") has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 527 employees. The Group fully recognizes 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 training.

The Group's remuneration policy is to provide compensation packages at market rates which reward individual's 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 employee's remuneration package consist of base 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.

OUTLOOK

Despite the uncertain global economy and the trade war between the China and United States of America will continue to have a considerable impact on the growth of the Group, nonetheless there are still opportunities and the Group remains confident in its strategy in 2020.

The Group continues to develop China market maximising customer coverage from offline and online channels, with customised product development focus on Sports Fitness Health and Smart Learning products. The Group will form strategic partnerships with the leading institutes in China in the children learning and healthcare areas to develop the customised products and promotion through the joint effort.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code of Conduct for Securities Transactions by Directors (the "**Code of Conduct for Securities Transactions**"). This is on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, and has been updated from time to time.

Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the year ended 31 December 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") under Appendix 14 of the Listing Rules throughout the year ended 31 December 2019, save for the deviation from the Code Provision A.2.1 and A.6.7.

According to the Code Provision A.2.1, the roles of the Chairman and the Chief Executive Officer (the "**CEO**") should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. The Board understands that the roles of the Chairman and the CEO shall be independent hence, the Group will recruit a suitable person who has an extensive understanding of the Group's business as soon as possible to manage the day-to-day business.

Code Provision A.6.7 stipulates, inter alia, independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Directors failed to attend the general meetings as tight business schedule.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors. As mentioned in note 2 in the unaudited results announcement, the Group incurred a net loss of approximately HK$63.4 million during the year ended 31 December 2019 and had net current liabilities and net liabilities of approximately HK$125.4 million and HK$105.4 million respectively as at 31 December 2019. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Since the audit of the Group's consolidated financial statements has not been completed, it is uncertain, as at the date of this announcement, whether our auditors would issue a modified opinion to the consolidated financial statements in this regard. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr, Zhou Meilin, Mr. Xu Jinwen and Mr. Zhou Rui. Mr, Zhou Meilin is the chairman of the Audit Committee.

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 shares during the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited results announcement will be posted on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.idthk.com). The annual report for the financial year will be despatched to the shareholders of the Company and available on the same websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board of Directors of
IDT International Limited
Zhu Yongning
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2020

As at the date of this announcement,

1. The executive Director is Mr. Zhu Yongning (Chief Executive Officer);

2. The non-executive Director is Ms. Wu Qing;

3. The independent non-executive Directors are Mr. Zhou Meilin, Mr. Xu Jinwen and Mr. Zhou Rui.

* *For identification purposes only*