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**IDT INTERNATIONAL LIMITED**

**萬威國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 167)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015**

IDT INTERNATIONAL LIMITED is an investment holding company with subsidiaries engaged in investment holdings, as well as the design, development, manufacture, marketing and distribution of lifestyle electronic products.

**Financial Highlights**, compared to the same period last year are as follows:

- Turnover decreased 46.6% to HK\$321.9million.
- Gross profit decreased 59.8% to HK\$63.3million.
- Total operating expenses decreased 24.7% to HK\$125.9 million.
- Loss was HK\$61.1 million (September 30, 2014: HK\$6.8 million).
- Group net cash balances of HK\$190.0 million (March 31, 2015: HK\$216.8 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 September 30, 2015 prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>Six months ended</b>	
		<b>September 30,</b>	
		<b>2015</b>	2014
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'M</b>	<b>HK\$'M</b>
Turnover	3	<b>321.9</b>	603.1
Cost of goods sold		<b>(258.6)</b>	(445.7)
Gross profit		<b>63.3</b>	157.4
Other income		<b>4.8</b>	6.9
Other gains and losses		<b>(3.1)</b>	(1.8)
Research and development costs		<b>(15.1)</b>	(26.5)
Distribution and selling expenses		<b>(56.1)</b>	(92.3)
General administrative expenses		<b>(54.7)</b>	(48.3)
Interest on bank and other borrowings wholly repayable within five years		<b>(0.1)</b>	(1.1)
Loss before taxation	4	<b>(61.0)</b>	(5.7)
Taxation	5	<b>(0.1)</b>	(1.1)
Loss for the period		<b>(61.1)</b>	(6.8)
Other comprehensive income/(expenses):			
Exchange differences arising on translation of foreign operations		<b>0.5</b>	(6.0)
Total comprehensive expenses for the period		<b>(60.6)</b>	(12.8)
Loss for the period attributable to:			
Owners of the Company		<b>(61.1)</b>	(6.8)
Non-controlling interests		—	—
		<b>(61.1)</b>	(6.8)
Total comprehensive expenses attributable to:			
Owners of the Company		<b>(60.6)</b>	(12.8)
Non-controlling interests		—	—
		<b>(60.6)</b>	(12.8)
Loss per share			
– Basic and diluted	6	<b>(2.35 HK cents)</b>	(0.27 HK cents)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At September 30, 2015 (Unaudited) <i>HK\$'M</i>	At March 31, 2015 (Audited) <i>HK\$'M</i>
<b>Non-current assets</b>			
Property, plant and equipment		25.4	34.3
Intangible assets		5.9	7.3
Goodwill		33.8	33.8
Available-for-sale investments		0.9	0.9
Deferred tax assets		2.0	2.0
		<b>68.0</b>	78.3
<b>Current assets</b>			
Inventories		185.9	166.7
Trade and other receivables	7	176.2	174.0
Forward contract assets		–	1.0
Short-term bank deposits		51.9	50.7
Bank balances and cash		146.1	185.0
		<b>560.1</b>	577.4
<b>Current liabilities</b>			
Trade and other payables and accruals	8	268.0	225.4
Forward contract liabilities		0.3	–
Taxation payable		0.6	1.4
Bank loans		8.0	18.9
		<b>276.9</b>	245.7
<b>Net current assets</b>		<b>283.2</b>	331.7
<b>Net assets</b>		<b>351.2</b>	410.0
<b>Capital and reserves</b>			
Share capital	9	260.0	258.9
Reserves		91.1	151.0
		<b>351.1</b>	409.9
Equity attributable to owners of the Company		351.1	409.9
Non-controlling interests		0.1	0.1
		<b>351.2</b>	410.0
<b>Total equity</b>		<b>351.2</b>	410.0

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Other reserve	Properties revaluation reserve	Share options reserve	Translation reserve	Revenue reserve	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
At April 1, 2015	258.9	164.0	32.5	-	1.2	(100.8)	54.1	409.9	0.1	410.0
Exchange differences arising from translation of foreign operations	-	-	-	-	-	0.5	-	0.5	-	0.5
Loss for the period	-	-	-	-	-	-	(61.1)	(61.1)	-	(61.1)
Total comprehensive expenses for the period	-	-	-	-	-	0.5	(61.1)	(60.6)	-	(60.6)
Share issued upon exercise of share options	1.1	1.9	-	-	(1.2)	-	-	1.8	-	1.8
At September 30, 2015	<u>260.0</u>	<u>165.9</u>	<u>32.5</u>	<u>-</u>	<u>-</u>	<u>(100.3)</u>	<u>(7.0)</u>	<u>351.1</u>	<u>0.1</u>	<u>351.2</u>
At April 1, 2014	250.5	151.7	32.5	6.2	7.0	(81.3)	113.1	479.7	0.1	479.8
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(6.0)	-	(6.0)	-	(6.0)
Loss for the period	-	-	-	-	-	-	(6.8)	(6.8)	-	(6.8)
Total comprehensive expenses for the period	-	-	-	-	-	(6.0)	(6.8)	(12.8)	-	(12.8)
Share issued upon exercise of share options	0.3	0.3	-	-	(0.2)	-	-	0.4	-	0.4
Recognition of equity-settled share based payments	-	-	-	-	0.4	-	-	0.4	-	0.4
Lapse of share options	-	-	-	-	(0.3)	-	0.3	-	-	-
At September 30, 2014	<u>250.8</u>	<u>152.0</u>	<u>32.5</u>	<u>6.2</u>	<u>6.9</u>	<u>(87.3)</u>	<u>106.6</u>	<u>467.7</u>	<u>0.1</u>	<u>467.8</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	September 30,	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'M</i>	<i>HK\$'M</i>
Net cash used in operating activities	(28.1)	(3.2)
Net cash used in investing activities	(1.9)	(4.1)
Net cash used in financing activities	(9.3)	(18.3)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(39.3)	(25.6)
Cash and cash equivalents at April 1	185.0	236.7
Effect of foreign exchange rate changes	0.4	(0.9)
	<hr/>	<hr/>
Cash and cash equivalents at September 30	<u>146.1</u>	<u>210.2</u>
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Analysis of the cash and cash equivalents:		
Cash and bank balances	<u>146.1</u>	<u>210.2</u>
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## NOTES:

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended September 30, 2015 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 annual financial statements for the year ended March 31, 2015, 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 April 1, 2015.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle

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 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:

	Sports Fitness & Health <i>HK\$'M</i>	Smart Learning Products <i>HK\$'M</i>	Time & Weather Weather <i>HK\$'M</i>	Telecom- Communication <i>HK\$'M</i>	Wellness & Beauty <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>Six months ended September 30, 2015</b>							
<b>Segment revenue</b>							
Branded sales	11.9	26.5	60.1	-	12.1	1.2	111.8
OEM/ODM sales	151.8	-	20.9	27.4	-	10.0	210.1
Total segment revenue	<u>163.7</u>	<u>26.5</u>	<u>81.0</u>	<u>27.4</u>	<u>12.1</u>	<u>11.2</u>	<u>321.9</u>
Segment loss	<u>(27.8)</u>	<u>(9.3)</u>	<u>(23.7)</u>	<u>(2.4)</u>	<u>(0.8)</u>	<u>(1.1)</u>	(65.1)
Unallocated income							4.8
Unallocated expenses							(0.6)
Finance costs							(0.1)
Loss before taxation							<u>(61.0)</u>
<b>Six months ended September 30, 2014</b>							
<b>Segment revenue</b>							
Branded sales	21.5	42.0	88.7	-	19.1	4.5	175.8
OEM/ODM sales	318.0	-	20.5	66.6	-	22.2	427.3
Total segment revenue	<u>339.5</u>	<u>42.0</u>	<u>109.2</u>	<u>66.6</u>	<u>19.1</u>	<u>26.7</u>	<u>603.1</u>
Segment profit/(loss)	<u>9.2</u>	<u>(21.8)</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>	<u>-</u>	(10.6)
Unallocated income							6.9
Unallocated expenses							(0.9)
Finance costs							(1.1)
Loss before taxation							<u>(5.7)</u>

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 September 30,	
	2015	2014
	HK\$'M	HK\$'M
Depreciation of property, plant and equipment	9.4	11.1
Amortisation of intangible assets	2.2	5.8
Net exchange losses	3.2	1.1
Interest income	(0.6)	(0.3)
	<u>(0.6)</u>	<u>(0.3)</u>

#### 5. TAXATION

The charge comprises:

	Six months ended September 30,	
	2015	2014
	HK\$'M	HK\$'M
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	(0.1)	(1.0)
Taxation in other jurisdictions	—	(0.1)
	<u>(0.1)</u>	<u>(1.1)</u>

Hong Kong profits tax has been provided at the statutory tax rate of 16.5% (2014: 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 and diluted loss per share attributable to the owners of the Company for the period is based on the following data:

	Six months ended September 30,	
	2015	2014
	HK\$'M	HK\$'M
Loss for the period attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	<u>(61.1)</u>	<u>(6.8)</u>
	2015	2014
Number of ordinary shares for the purposes of calculating basic and diluted loss per share	<u>2,599,993,088</u>	<u>2,507,521,088</u>

The computation of diluted loss per share for the six months ended September 30, 2014 does not assume the exercise of the Company's outstanding share options, as the exercise price of those options is higher than the average market price for shares for the six months ended September 30, 2014. At September 30, 2015, there is no outstanding share options.



## 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.

	At September 30 2015 <i>HK\$'M</i>	At March 31 2015 <i>HK\$'M</i>
0 to 30 days	73.8	60.7
31 to 90 days	21.9	19.0
Over 90 days	10.4	7.9
Trade receivables	106.1	87.6
Other receivables	70.1	86.4
Total trade and other receivables	<u>176.2</u>	<u>174.0</u>

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:

	At September 30 2015 <i>HK\$'M</i>	At March 31 2015 <i>HK\$'M</i>
0 to 30 days	70.5	33.7
31 to 90 days	20.6	25.4
Over 90 days	9.7	5.6
Trade payables	100.8	64.7
Other payables and accruals	167.2	160.7
Total trade and other payables and accruals	<u>268.0</u>	<u>225.4</u>

## 9. SHARE CAPITAL

	Number of shares	Amount HK\$'M
Authorised:		
At April 1, 2014, March 31, 2015 and September 30, 2015		
– ordinary shares of HK\$0.10 each	3,500,000,000	350.0
– ordinary shares of US\$0.10 each	10,000	–
Issued and fully paid:		
– ordinary shares of HK\$0.10 each		
At April 1, 2014	2,504,521,088	250.5
Issue upon exercise of share options	84,452,000	8.4
At March 31, 2015	2,588,973,088	258.9
Issue upon exercise of share options	11,020,000	1.1
At September 30, 2015	<u>2,599,993,088</u>	<u>260.0</u>

## FINANCIAL REVIEW

For the six months ended September 30, 2015, the Group's total turnover was HK\$321.9 million, a decrease of 46.6% as compared to HK\$603.1 million for the same period last year. The revenues from the Value Manufacturing Services Division ("VMS") – a combination of the ODM/OEM business decreased by 50.8% to HK\$210.1 million. The revenues from Oregon Scientific ("OS") – branded products decreased by 36.4% to HK\$111.8 million.

Gross profit was HK\$63.3 million, a drop of 59.8% as compared to HK\$157.4 million for the same period last year. Gross profit margin decreased to 19.7% from 26.1% of last year mainly due to changes in the product and channel mix, clearance sales of slow-moving inventories as well as rising labor and material costs.

With the implementation of stringent cost control and streamlining measures, the total operating expenses of the Group declined by HK\$41.2 million from HK\$167.1 million to HK\$125.9 million, a reduction of 24.7% against the same period last year. These expenses included research and development costs, distribution and selling expenses, and the general administrative expenses. Total operating expenses against turnover was 39.1%, while it was 27.7% for the same period last year.

Others gains and losses during the review period were recorded at a loss of HK\$3.1 million compared to a loss of HK\$1.8 million for the same period last year. The losses in both periods comprised mainly losses from currency exchanges.

Tax expense was HK\$0.1 million, a decrease of 90.9% compared to HK\$1.1 million for the same period last year.

Loss for the six months ended September 30, 2015 was HK\$61.1 million, compared to a loss of HK\$6.8 million for the same period last year.

## **BUSINESS REVIEW**

### **Oregon Scientific (“OS”)**

As the previously formulated corporate strategy continued to take shape, positive and negative influences were duly reflected on the financial performance of OS Group in the past six months. The Brand concluded the period with sales revenue of HK\$111.8 million, a 36.4% reduction against the same period last year (HK\$175.8 million), essentially as a result of phasing out low margin customers, while the unfavorable Euro to Hong Kong dollars exchange rate also caused a significant negative impact on revenue.

Time and Weather (“T&W”) and Smart Learning Products (“SLP”) categories combined for 77.5% of OS sales. Sales to European countries substantially relied upon “T&W” products, making up 70.9% of the total, while sales to Americas were more evenly split between “T&W” and “SLP” accounting for 42.6% and 43.9% of the total respectively. Other categories, such as Wellness and Beauty (“W&B”) and Sport, Fitness and Health (“SFH”), were more geared towards Asia Pacific sales, comprising 64.9% of the region’s total.

Going forward, OS Group expects to further align the operation with its corporate strategy, grooming higher margin partners and reducing fixed costs. Continuous development of innovative products remains as the key to the Company’s success. A number of new products are currently in the final testing phase and are planned to be launched early next year.

### **Value Manufacturing Services (“VMS”)**

Sales revenue contributed by VMS recorded a 50.8% decline to HK\$210.1 million compared to HK\$427.3 million for the same period last year. It accounted for 65.3% of the Group’s total revenue. Due to the weak global economy, the decrease included OEM and ODM customers for all product categories. The profit margin dropped because the low sales revenue could not cover the operational costs.

With respect to the product categories, SFH remained the major product category and accounted for 72.3% of revenues, contributing HK\$151.8 million in sales revenue. T&W and Telecommunication products accounted for 23.0%, while the other product categories accounted for 4.7% of total sales. Since the global economy has not yet fully recovered, we expect sales may not pick up in the second half of the current financial year.

In the VMS business, we continue to follow the Group’s strategy, i.e., focusing on SFH products such as smart-bands, activity monitors, blood glucose meters and fitness consoles with the majority of these products being apps-enabled and connectable to smart devices.

Europe was the largest market accounting for 43.3% of total VMS revenues whilst the Americas decreased to 31.1% and Asia Pacific decreased to 25.6%.

## **OUTLOOK**

The Group will continue to implement various initiatives and measures to improve its overall business performance and productivity. However, it is anticipated that the costs of components and materials as well as labor will continue to increase. It will focus on streamlining its factory operations and strengthening its outsourcing activities to improve its operational efficiency and cost effectiveness. The Group will also continue to employ stringent controls over inventory and operating costs, while maintaining development of innovative products and exploring new markets.

### **Oregon Scientific (“OS”)**

OS continues to reinforce its brand positioning and image as a leading and preferred brand with a successful mix of technology, design and lifestyle elements. The Group has continued efforts to better understand the market needs and create segmentation for new product launches and channels as well as develop markets to improve performance.

To aid us in this direction, we have been analyzing our own data collected through POS, e-commerce and loyalty programs to gain insights about demand patterns, improve inventory assortment and determine how pricing elasticity will impact purchase behavior. By proactively riding on trend and the rapid growth in digital and social media platforms, we continue to build direct communication with the target audience through blogs, other social media channels and our strategic partners.

From a product prospective, we have further expanded our development in Bluetooth low-energy technology, “Weather+” stay connected with BLE technology and app notification alerts on smart devices in order to offer convenience to users to monitor the temperature and humidity of the designated room, as well as the weather forecast for the next 12 hours.

In the T&W category, the three-color eye-catching PRYSMA was introduced in 2014 with overwhelming market success. The series to be launched in 2015 has inherited and enhanced the chic and stylish DNA of this product concept adding new features most prominently the temperature-sensitive change in color displays.

In the W&B category, we continue to expand in the aroma diffuser family. AuraBreeze, offering multi-sensory stimulation to create a relaxing and therapeutic ambiance with color, music and scent. The BlisScent Aroma Diffuser offers two levels of fine mists intensity and a range of hues of soft, soothing light leaving an aura of contemporary charm wherever it resides.

In the SLP category, the SmartGlobe collection continues to penetrate China market. The recent launch of Smart Anatomy featured another new innovative smart technology. The detachable body parts, the Smart Pen, games, poster, and the booklet – combine to create the ideal first anatomy and nutrition teacher for every kid. It certainly makes education more fun.

To further strengthen the brand presence in global markets, in September, OS has exhibited its products at IFA in Berlin, one of the world’s leading trade shows for consumer electronics and home appliances.

## **Value Manufacturing Services (“VMS”)**

The overall market remains the same as for the rest of the financial year. SFH will continue to be the largest revenue contributor. Against the backdrop of the relatively sluggish economy, the full year revenue will likely be significantly lower than that of last year.

In the VMS business, the Group will continue to invest resources in developing SFH products. In addition to focusing on higher priced and higher margin products, the Group continues to exercise stringent cost controls in the VMS manufacturing operations in order to improve profitability.

## **WORKING CAPITAL**

Inventory at September 30, 2015 was HK\$185.9 million, increasing by 11.5% compared to HK\$166.7 million at March 31, 2015. The increase in stock level is largely due to seasonal factors. Inventory at September 30, 2015 decreased by 37.3% compared with HK\$296.6 million at September 30, 2014. The Group has strived for different alternatives to improve and lower the inventory level for the second half of the financial year. Inventory turnover days for this period deteriorated to 131 days from 121 days recorded in the same period last year.

Trade debtor at September 30, 2015 was HK\$106.1 million, increasing by 21.1% compared to HK\$87.6 million at March 31, 2015. When compared with September 30, 2014, trade debtor decreased by 45.7% from HK\$195.5 million. Trade debtor turnover days for this period remained similar at 60 days from 59 days recorded in the same period last year.

## **LIQUIDITY AND TREASURY MANAGEMENT**

At September 30, 2015, the cash and bank balances of the Group were HK\$198.0 million (March 31, 2015: HK\$235.7 million).

The net cash position (cash and bank balances less total borrowings) at September 30, 2015 amounted to HK\$190.0 million (March 31, 2015: HK\$216.8 million). 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 September 30, 2015, there were 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.

## **DEBTS AND GEARING RATIO**

Total bank borrowings of the Group at September 30, 2015 amounted to HK\$8.0 million (March 31, 2015: HK\$18.9 million) which consisted of short term bank loans only. The bank borrowings are mainly denominated in Hong Kong dollars and on floating rates bases.

The debts incurred by the Group are mainly used for general corporate purposes, including capital or long term expenditures and working capital requirements.

Gearing ratio (total bank borrowings over total equity) at September 30, 2015 and March 31, 2015 were approximately 2.3% and 4.6% respectively.

## **CHARGES ON GROUP ASSETS**

At September 30, 2015, there were no financial charges on the Group's assets.

## **CAPITAL EXPENDITURE**

Capital expenditure on property, plant and equipment for the six months ended September 30, 2015 amounted to HK\$0.8 million (2014: HK\$4.2 million) which was primarily used for the business operation and development. Sources of funds were mainly financed by internal resources and borrowings.

There were no material acquisitions or disposals of associated companies in the course of the six months ended September 30, 2015.

## **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended September 30, 2015 (September 30, 2014: Nil).

## **CONTINGENT LIABILITIES**

At September 30, 2015, the Group had no contingent liabilities (March 31, 2015: Nil).

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at September 30, 2015, the Group had approximately 2,009 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 consists 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.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended September 30, 2015.

## **CORPORATE GOVERNANCE**

The Group is committed to achieving high standards of corporate governance. Throughout the period ended September 30, 2015, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code ("CG 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 office of acting group chief executive officer in the interim, until a suitable candidate is identified to fill the vacancy of group chief executive officer.

## **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 September 30, 2015.

## **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*

Hong Kong, November 25, 2015

*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 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*