IDT INTERNATIONAL LIMITED
萬威國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$565.0 million (FY2015: HK$536.6 million).
- Gross profit amounted to HK$99.0 million (FY2015: HK$107.8 million).
- Total operating expenses amounted to HK$179.0 million (FY2015: HK$203.5 million).
- Loss for the year amounted to HK$64.0 million (FY2015: HK$86.2 million).
- Group net cash balances amounted to HK$80.7 million (December 31, 2015: HK$169.4 million).

The board of directors (the "Board" or the "Directors") of IDT International Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended December 31, 2016 together with comparative audited figures for the nine months ended December 31, 2015 ("FY 2015").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Year ended December 31, 2016** *HK$'M*	Nine-month period ended December 31, 2015 *HK$'M*
Turnover	*3*	**565.0**	536.6
Cost of goods sold		**(466.0)**	(428.8)
Gross profit		**99.0**	107.8
Other income		**12.0**	15.7
Other gains and losses		**6.0**	(6.0)
Research and development costs		**(30.5)**	(21.8)
Distribution and selling expenses		**(77.4)**	(91.2)
General administrative expenses		**(71.1)**	(90.5)
Interest on bank and other borrowings		–	(0.1)
Loss before taxation	*4*	**(62.0)**	(86.1)
Taxation	*5*	**(2.0)**	(0.1)
Loss for the year/period attributable to owners of the Company		**(64.0)**	(86.2)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1.9**	0.8
Total comprehensive expenses for the year/period		**(62.1)**	(85.4)
Loss per share			
– Basic and diluted	*6*	**(2.46) HK cents**	(3.32) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at December 31, 2016 HK$'M	As at December 31, 2015 HK$'M
Non-current assets			
Property, plant and equipment		**20.9**	29.0
Intangible assets		**3.7**	5.3
Goodwill		**33.8**	33.8
Available-for-sale investments		**0.9**	0.9
Deferred tax assets		**–**	2.0
		59.3	71.0
Current assets			
Inventories		**102.2**	140.4
Trade and other receivables	*7*	**171.8**	138.6
Forward contract assets		**–**	0.1
Tax recoverable		**0.5**	–
Bank balances and cash		**80.7**	169.4
		355.2	448.5
Current liabilities			
Trade and other payables and accruals	*8*	**145.1**	187.2
Taxation payable		**–**	0.8
		145.1	188.0
Net current assets		**210.1**	260.5
Net assets		**269.4**	331.5
Capital and reserves			
Share capital		**260.0**	260.0
Reserves		**9.3**	71.4
Equity attributable to owners of the Company		**269.3**	331.4
Non-controlling interests		**0.1**	0.1
Total equity		**269.4**	331.5

Note:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior period/years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]

[1] Effective for annual periods beginning on or after January 1 2017.

[2] Effective for annual periods beginning on or after January 1 2018.

[3] Effective for annual periods beginning on or after January 1 2019.

[4] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at December 31, 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investment, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as operating and financing cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at December 31, 2016, the Group has non-cancellable operating lease commitments of HK$69.2 million.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

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").

The reportable and operating segments were 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.

Sports, fitness and healthcare	–	design, development, manufacture, and sales and marketing of sports, fitness and healthcare electronic products
Smart learning products	–	design, development, manufacture, and sales and marketing of smart learning products
Time and weather	–	design, development, manufacture, and sales and marketing of time and weather electronic products
Telecommunication	–	design, development, manufacture, and sales and marketing of telecommunication products
Wellness and beauty	–	design, development, manufacture, and sales and marketing of wellness and beauty 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 Chief operating decision maker ("CODM"). No separate results of branded sales and OEM/ODM sales were reported to the CODM.

Segment revenue and results

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

	Sports, fitness and healthcare *HK$'M*	Smart learning products *HK$'M*	Time and weather *HK$'M*	Telecom-munication *HK$'M*	Wellness and beauty *HK$'M*	Reportable segments total *HK$'M*	Others *HK$'M*	Total *HK$'M*
Year ended December 31, 2016								
Segment revenue								
Branded sales	**14.9**	**40.2**	**132.3**	**–**	**15.2**	**202.6**	**7.0**	**209.6**
OEM/ODM sales	**243.7**	**–**	**31.3**	**55.6**	**–**	**330.6**	**24.8**	**355.4**
Total segment revenue	**258.6**	**40.2**	**163.6**	**55.6**	**15.2**	**533.2**	**31.8**	**565.0**
Segment (loss) profit	**(19.7)**	**1.8**	**(14.8)**	**(0.7)**	**(3.7)**	**(37.1)**	**(7.0)**	**(44.1)**
Unallocated income								**8.3**
Unallocated expense								**(26.2)**
Loss before taxation								**(62.0)**
Nine-month period ended December 31, 2015								
Segment revenue								
Branded sales	14.2	35.6	122.2	–	17.9	189.9	1.8	191.7
OEM/ODM sales	247.8	–	29.1	51.5	–	328.4	16.5	344.9
Total segment revenue	262.0	35.6	151.3	51.5	17.9	518.3	18.3	536.6
Segment (loss) profit	(3.8)	(8.5)	(23.7)	2.0	(6.1)	(40.1)	(0.1)	(40.2)
Loss on deregistration of a subsidiary								(5.4)
Unallocated income								0.9
Unallocated expense								(41.3)
Finance costs								(0.1)
Loss before taxation								(86.1)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year/period.

Segment (loss) profit represents the (loss) profit earned by each segment without allocation of interest income, loss on deregistration of a subsidiary, gain on disposal of leasehold land and building, unallocated expense such as central administrative cost and finance costs. This is the measure reported to the Group's CODM, for the purposes of resource allocation and performance assessment.

4. LOSS BEFORE TAXATION

	Year ended December 31, 2016	Nine-month period ended December 31, 2015
	HK$'M	*HK$'M*
Loss before taxation has been arrived at after charging:		
Directors' emolument	**4.1**	2.2
Retirement benefits scheme contributions for other staff	**16.1**	15.8
Salaries for other staff	**180.9**	170.5
Other benefits for staff other than directors	**2.3**	1.5
Other staff costs	**199.3**	187.8
Total staff costs	**203.4**	190.0
Less: Staff costs included in research and development costs	**(6.5)**	(5.7)
	196.9	184.3
Amortisation of product development costs (included in research and development costs)	**0.9**	1.6
Amortisation of patents and trademarks	**1.0**	1.5
Auditors' remuneration	**2.7**	4.2
Cost of inventories recognised as expense (including write-down of inventories amounting to HK$25.1 million (nine-month period ended December 31, 2015: reversals of write-down inventories of HK$5.1 million))	**466.0**	428.8
Depreciation of property, plant and equipment	**15.3**	13.5
Operating lease rentals in respect of		
– office equipment and motor vehicles	**0.1**	0.4
– rented premises	**26.7**	26.0
and after crediting to other income:		
Interest income	**0.3**	0.9
Sales of moulds and scraps	**0.6**	5.7

5. TAXATION

	Year ended December 31, 2016 *HK$'M*	Nine-month period ended December 31, 2015 *HK$'M*
The charge comprises:		
Hong Kong Profits Tax		
– current year/period	**–**	0.5
– overprovision in prior years/period	**–**	(0.4)
	–	0.1
Deferred taxation	**2.0**	–
	2.0	0.1

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profits for the year/period. 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 year/period is based on the following data:

	Year ended December 31, 2016 *HK$'M*	Nine-month period ended December 31, 2015 *HK$'M*
Loss:		
Loss for the year/period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(64.0)**	(86.2)

Number of ordinary shares:

	As at December 31, 2016	As at December 31, 2015
Number of ordinary shares for the purposes of basic and diluted loss per share	**2,599,993,088**	2,599,919,854

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the inclusion of those options would result in decrease in loss per share for the year/period.

7. TRADE AND OTHER RECEIVABLES

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

	As at December 31, 2016 *HK$'M*	As at December 31, 2015 *HK$'M*
0 to 30 days	**58.9**	52.6
31 to 90 days	**32.9**	42.7
Over 90 days	**14.8**	4.6
Trade receivables	**106.6**	99.9
Other receivables	**65.2**	38.7
Total trade and other receivables	**171.8**	138.6

The Group normally allows credit period of 30 to 90 days to its trade customers.

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality based on the good payment history of the related debtors from historical experience. Based on the settlement records of the customers of the Group, trade receivables which are past due but not impaired are generally collectible. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$16.6 million (As at December 31, 2015: HK$10.6 million) which are past due at the reporting date for which the Group has not provided allowance for doubtful debts as the directors assessed that the balances will be recovered based on their past settlement records. The Group does not hold any collateral over these balances. The average age of these receivables is 68.9 days (December 31, 2015: 51.0 days).

The amount of other receivables as at December 31, 2016 mainly represented rental deposit of HK$7.8 million (As at December 31, 2015: HK$12.4 million), deposit paid to suppliers of HK$37.5 million (As at December 31, 2015: HK$3.7 million), value-added tax recoverable HK$5.7 million (As at December 31, 2015: HK$3.3 million) and project cost receivable from customers of HK$7.1 million (As at December 31, 2015: HK$5.5 million).

Ageing of trade receivables which are past due but not impaired:

	As at December 31, 2016 *HK$'M*	As at December 31, 2015 *HK$'M*
Overdue less than 30 days	**15.5**	8.3
Overdue 31 to 90 days	**1.1**	1.6
Overdue more than 90 days	**–**	0.7
	16.6	10.6

8. **TRADE AND OTHER PAYABLES AND ACCRUALS**

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

	As at December 31, 2016	As at December 31, 2015
	HK$'M	*HK$'M*
0 to 30 days	**10.0**	37.7
31 to 90 days	**28.2**	20.4
Over 90 days	**18.1**	5.0
Trade payables	**56.3**	63.1
Other payables and accruals	**88.8**	124.1
Trade and other payables and accruals	**145.1**	187.2

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's total turnover for the year ended December 31, 2016 amounted to HK$565.0 million (FY2015: HK$536.6 million), which was primarily due to the difficult retail market conditions in America and Europe.

Gross profit totalled HK$99.0 million (FY2015: HK$107.8 million). Gross profit margin decreased to 17.5% from 20.1% in the nine months ended December 31, 2015, mainly due to change in product portfolio and sales channel.

The Group continued to execute stringent cost controls and streamline organisational 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$179.0 million (FY2015: HK$203.5 million).

Other gains and losses during the year were recorded as gains of HK$6.0 million, mainly from the disposal of property, plant and equipment, while losses for the nine months ended December 31, 2015 amounted to HK$6.0 million.

Tax expenses of HK$2.0 million was recorded due to the reversal of deferred tax assets for the year (FY2015: HK$0.1 million).

Loss for the year ended December 31, 2016 was HK$64.0 million (FY2015: loss of HK$86.2 million).

Business Review

Oregon Scientific ("OS")

For the business, the corporate strategy of continuing to phase out low margin customers and products, and re-shape underperforming business units and streamline operating expense applied. As a result, sales revenue of the business for the period increased by 9.3% to HK$209.6 million against the nine months ended December 31, 2015, and accounted for 37.1% of the Group's total sales revenues.

The Time & Weather ("T&W") category continued to be the key contributor of sales revenue and margin to OS, making up 63.1% of OS sales. "Proji" Projection clock, the "Pro" weather station, the premier and standard weather station were still the major products during the year.

Smart Learning Products ("SLP") continued to be a main category, accounting for 19.2% of OS sales. The "SmartGlobes" collections were still the key revenue and margin contributors for this product category.

Other categories, such as Wellness and Beauty ("W&B") and Sport, Fitness and Health ("SFH"), were more geared towards Asia Pacific sales and contributed 14.4% of the total sales to the region.

The distribution strategy pinpointing OS yielded positive results, which were reflected in the revenue growth recorded in Spain, the UK, and Japan.

In the foreseeable future, apart from operating in line with corporate strategy, the OS division will groom higher margin channel partners, develop e-commerce, and strive to reduce fixed costs. Continuous development of innovative products is and will remain the key to the Company's success in the future.

Value Manufacturing Services ("VMS")

Sales revenue from VMS for the year ended December 31, 2016 totalled HK$355.4 million, accounting for 62.9% of the Group's total revenue (FY2015: HK$344.9 million). Due to the weak global economy, the number of OEM and ODM customers dropped across all product categories. Lower sales revenue in Q4 with customers delaying shipment and operational costs not recovered, the profit margin of the business was eroded.

By product category, SFH remained the major revenue contributor, accounting for 68.6% of the segmental revenue, bringing in HK$243.7 million in sales revenue. T&W and Telecommunication products accounted for 24.5% of the segmental total, and other products 6.9% of the total.

The business will continue to focus on SFH 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 Americas was the largest market accounting for 50.9% of the total revenue of VMS, and that of Europe was down to 26.6% and Asia Pacific rose to 22.5%.

WORKING CAPITAL

The inventory balance at December 31, 2016 was HK$102.2 million, decreased by 27.2 % compared to the HK$140.4 million at December 31, 2015. The inventory turnover days decreased to 80 days (For the nine months ended December 31, 2015: 90 days).

Trade debtor balances at December 31, 2016 was HK$106.6 million, increased by 6.7 % compared to the HK$99.9 million shown at December 31, 2015. Trade debtor's turnover days increased to 69 days (For the nine months ended December 31, 2015: 51 days).

LIQUIDITY AND TREASURY MANAGEMENT

At December 31, 2016, bank balances and cash of the Group, including short term bank deposits, were HK$80.7 million (December 31, 2015: HK$169.4 million).

During the year, the Group generated its funds mainly from operating activities. The net cash position (bank balances and cash) at December 31, 2016 amounted to HK$80.7 million (December 31, 2015: HK$169.4 million). The Group maintained sufficient financial resources to meet all working capital requirements and finances of 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 arranged through a combination of natural hedges and forward forex contracts. At December 31, 2016, 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 December 31, 2016, there were no finance charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the year ended December 31, 2016 amounted to HK$7.5 million (For the nine months ended December 31, 2015: HK$8.9 million) which was all used for business operations and product development. Source of funds were financed by internal resources and borrowings.

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the year ended December 31, 2016.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2016.

CONTINGENT LIABILITIES

At December 31, 2016, the Group had no material contingent liabilities (December 31, 2015: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at December 31, 2016, the Group had 1,003 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 organizations 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

Although the global economy, especially Europe and the Americas, continues to be uncertain, the Group remains confident of its 2017 plans. Having worked on customer retention and improved organisation readiness and operational efficiency in 2016, 2017 will be a year for launch of new products across all categories. We have invested in expanding geographic coverage in Europe, the Americas, China and Rest of the World, supported by dedicated Regional General Managers, and experienced E-commerce teams are in place to help drive online share. In 2016, we also set up a team to engage and support the large makers' community. The Group will continue to work with Sanpower subsidiaries to unearth more sales synergies and maximise customer coverage.

For VMS, the core product development team hired new talent to enable the Group to move into new domains. Internet of Things ("IoT") and Health & Wellness technologies are fast changing and the new minds are going to bring new and innovative ideas that can turn into new products for our customers. Collaboration with makers will also provide opportunities in new categories.

The Group has also invested in software development and enlarging its in-house software team. It also partners with Neural Network companies to develop training models Intellectual Properties ("IP"), which can be integrated to make its future products more intelligent.

Oregon Scientific ("OS")

Investment will be made to revitalise current OS products that can allow it to tap into new user segments. Products have been regrouped into Connected Home, Smart Learning, Digital Health and Wellness and Electro-Mobility. The Group will also boost sell-thru capacity by expanding geographical presence with the help of its retail partners and enlist the support of specialty resellers for higher price performance products. Experienced Product Marketing, Digital and Social Marketing teams have also been set up to brace new product launches, provide better e-commerce experience and enhance customer engagement.

The Group will also review and restructure its business relationship with channel partners to better align with their Go-To-Market strategy so as to maximise profitability. Omni-channel partnership is also a key initiative for the Group and its selected retailers to drive sales of OS brands both through offline retail presence as well as via their portals and websites. To make the best of e-commerce platforms for sales, centralised team will be formed to liaison directly with major e-commerce partners like Amazon.

Time and Weather, the Group's Flagship product series will be aligned with Connected Home. It will incorporates next generation sensors, functions, and interface that will work seamlessly in the IoT era providing a comprehensive range of weather and environment information.

As for the Digital Health and Wellness category, we plan to collaborate with Circadian Science experts to develop a sub-category of health and wellness products in Sleep Science, which will be added to our DreamScience series. Fast growth is anticipated for the new products. The Digital Health and Wellness teams are also working on next generation product platforms for multiple biometric signal detection and heart rate viability analysis, which will together be grouped into a healthcare product series for elderly care and wellness management.

The Electro-mobility team is ready to launch a series of high performance motorised skateboards of leading edge design and employs advanced IoT technologies. A series of crowd funding campaign will be launched to promote it in the first half year.

2017 will also see the Smart Learning category refreshing its product offerings. Rich Augmented Reality (AR) contents, features and functions will be incorporated into these products.

Value Manufacturing Services

Customer Acquisition will be the key focus in VMS. At the end of 2016, Senior Regional OS resources were merged to form one IDT sales team to focus on maximising business opportunities. The Group will continue to strengthen and innovate together with VMS customers, pushing to do more with less, that customers may have more resources for making new investments. Furthermore, new technologies are availed 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 made in next generation technologies in the digital health and wellness field that can recognize the next wave of growth for wearable.

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.

It was noted that Mr. Hou Kaai Wern (alias Hou Kevin) ("Mr. Hou"), a former Director, without having first notifying in writing the chairman of his intention to trade in the Shares, had on three occasions traded in the Shares (being a purchase of 66,000 Shares on September 30, 2016, a purchase of 500,000 Shares on October 26, 2016 and a disposal of 52,000 Shares on November 2, 2016), in each case, on the open market. It is noted that such incidents constituted a breach of the Code of Conduct for Securities Transactions.

Having made specific enquiries to all Directors, save as disclosed above, 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 December 31, 2016.

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 December 31, 2016, except for the deviations as disclosed below:

Code provision A.2.1 stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Foo Piau Phang acted the chairman and chief executive officer from January 1, 2016 to May 12, 2016 temporarily until the chief executive officer was appointed.

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. While some director failed to attend the general meetings as tight business schedule and the distance. The detail was contained in the Company's Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises the three Independent Non-executive Directors of the Company, namely Mr. Yang Xiongsheng, Mr. Li Quan and Ms. Zhao Yuhong. The audited annual results of the Group for the year ended December 31,. 2016 have been reviewed by the Audit Committee.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 December 31, 2016.

APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to our shareholders and business associates for the continued support. I also extend our appreciation to our management team and staff members for their hard work and dedication in the past financial period.

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

Hong Kong, March 15, 2017

As at the date of this announcement,

1. *The executive Director is Mr. Foo Piau 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.*