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, 2017

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK$516.6 million (FY2016: HK$565.0 million).
- Gross profit amounted to HK$107.1 million (FY2016: HK$99.0 million).
- Total operating expenses amounted to HK$184.8 million (FY2016 (restated): HK$176.3 million).
- Loss for the year amounted to HK$85.7 million (FY2016: HK$64.0 million).
- Group net cash balances amounted to HK$37.2 million (December 31, 2016: HK$80.7 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, 2017 together with comparative audited figures for the year ended December 31, 2016 ("**FY 2016**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2017 HK$'M	Year ended December 31, 2016 HK$'M (restated)
Revenue	3	**516.6**	565.0
Cost of goods sold		**(409.5)**	(466.0)
Gross profit		**107.1**	99.0
Other income		**5.1**	9.3
Other gains and losses		**(13.1)**	6.0
Research and development costs		**(41.6)**	(30.5)
Distribution and selling expenses		**(75.5)**	(77.4)
General administrative expenses		**(67.5)**	(68.4)
Finance costs		**(0.2)**	—
Loss before taxation	4	**(85.7)**	(62.0)
Taxation	5	**—**	(2.0)
Loss for the year		**(85.7)**	(64.0)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4.0)**	1.9
Total comprehensive expenses for the year		**(89.7)**	(62.1)
Loss per share			
- Basic	6	**(3.30) HK cents**	(2.46) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**As at December 31, 2017** *HK$'M*	As at December 31, 2016 *HK$'M* (restated)
Non-current assets			
Property, plant and equipment		**32.5**	20.9
Intangible assets		**3.3**	3.7
Goodwill		**33.8**	33.8
Rental deposits		**6.7**	5.6
Prepaid rental		**1.6**	2.7
Available-for-sale investments		**—**	0.9
		77.9	67.6
Current assets			
Inventories		**130.4**	102.2
Trade and other receivables	*7*	**162.5**	163.5
Tax recoverable		**0.1**	0.5
Bank balances and cash		**37.2**	80.7
		330.2	346.9
Current liabilities			
Trade and other payables	*8*	**192.9**	145.1
Borrowing		**35.5**	—
		228.4	145.1
Net current assets		**101.8**	201.8
Net assets		**179.7**	269.4
Capital and reserves			
Share capital		**260.0**	260.0
Reserves		**(80.4)**	9.3
Equity attributable to owners of the Company		**179.6**	269.3
Non-controlling interests		**0.1**	0.1
Total equity		**179.7**	269.4

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 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 Hong Kong Accounting Standard ("HKAS") 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*

Except described as below, 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 years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[4]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*[2]
Amendments to HKFRSs	*Annual Improvements to IFRS Standards 2015-2017 Cycle*[2]

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for annual periods beginning on or after January 1, 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after January 1, 2021

3. SEGMENT INFORMATION

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

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors and chief executive officer, being the chief operating decision maker (the "CODM"), in order to allocate resources to the segments and to assess their performance. In previous years, the Group operates in six operating and reportable segments, namely sports, fitness and healthcare, smart learning products, time and weather, telecommunication, wellness and beauty as well as energy and other electronic products. During the year, the CODM has determined to change the structure of the internal organisation to enhance efficiency and effectiveness on the performance review and resources allocation and in a manner that revises the composition of its operating segments to:

Smart learning and immersive technology	—	design, development, manufacture, and sales and marketing of smart learning and immersive;
Connected home and communications	—	design, development, manufacture, and sales and marketing of home connected and communications products
Health and wellness	—	design, development, manufacture, and sales and marketing of health and wellness products
Others	—	design, development, manufacture, and sales and marketing of energy and other electronic products

The corresponding information for the prior year has been restated. The Group disaggregated its revenue based on Branded Sales and OEM/ODM Sales and reported to the CODM. No separate results of Branded Sales and OEM/ODM Sales were reported to the CODM.

Segment revenue and results

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

Year ended December 31, 2017	Smart learning, and immersive technology HK$'M	Connected home and communications HK$'M	Health and wellness HK$'M	Others HK$'M	Total HK$'M
Segment revenue					
Branded sales	82.0	106.3	14.4	9.1	211.8
OEM/ODM sales	—	120.8	63.7	120.3	304.8
Total segment revenue	82.0	227.1	78.1	129.4	516.6
Segment loss	(1.5)	(23.6)	(7.6)	(15.9)	(48.6)
Unallocated income					1.9
Unallocated expense					(38.8)
Finance costs					(0.2)
Loss before taxation					(85.7)
Year ended December 31, 2016					
Segment revenue					
Branded sales (restated)	40.2	132.9	21.5	15.0	209.6
OEM/ODM sales (restated)	—	86.8	160.9	107.7	355.4
Total segment revenue (restated)	40.2	219.7	182.4	122.7	565.0
Segment (loss) profit (restated)	1.9	(15.6)	(16.5)	(13.9)	(44.1)
Unallocated income (restated)					5.6
Unallocated expense (restated)					(23.5)
Loss before taxation					(62.0)

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

Segment (loss) profit represents the (loss) profit earned by each segment without allocation of interest income, government grant, insurance compensation, 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.

No segment assets and segment liabilities are presented as such amounts are not reviewed by the Group's CODM for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's CODM.

4. LOSS BEFORE TAXATION

	Year ended December 31, 2017 *HK$'M*	Year ended December 31, 2016 *HK$'M* (restated)
Loss before taxation has been arrived at after charging (crediting):		
Directors' emolument	**1.2**	4.1
Retirement benefits scheme contributions for other staff	**12.0**	16.1
Salaries and allowances for other staff	**172.6**	183.2
Other staff costs	**184.6**	199.3
Total staff costs	**185.8**	203.4
Less: Amount capitalised to inventories	**(2.6)**	(1.9)
	183.2	201.5
Amortisation of intangible assets	**0.7**	1.9
Auditors' remuneration	**2.3**	2.7
Cost of inventories recognised as expense	**409.5**	466.0
Reversal of write-down of inventories	**(3.3)**	(25.1)
Depreciation of property, plant and equipment	**12.7**	15.3
Less: Amount capitalised to inventories	**(0.8)**	(0.5)
	11.9	14.8
Allowance for doubtful debts	**9.2**	—
Operating lease rentals in respect of		
- office equipment and motor vehicles	**0.1**	0.1
- rented premises	**22.8**	24.0

5. TAXATION

	Year ended December 31, 2017	Year ended December 31, 2016
	HK$'M	*HK$'M*
Deferred taxation	**—**	2.0

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25%.

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 is based on the following data:

	Year ended December 31, 2017	Year ended December 31, 2016
	HK$'M	*HK$'M*
Loss:		
Loss for the year attributable to owners of the Company and loss for the purposes of basic loss per share	**(85.7)**	(64.0)

	As at December 31, 2017	As at December 31, 2016
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 year ended December 31, 2017 and 2016 as there was no potential ordinary share in issue for both years.

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, 2017	As at December 31, 2016
	HK$'M	*HK$'M*
		(restated)
0 to 30 days	**48.8**	58.9
31 to 90 days	**64.2**	32.9
Over 90 days	**4.1**	14.8
Trade receivables	**117.1**	106.6
Other receivables	**45.4**	56.9
Total trade and other receivables	**162.5**	163.5

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.

The trade receivable balances of HK$113.0 million (2016: HK$91.8million) are neither past due nor impaired at the end of the reporting period for which the Group has not provided for impairment loss since they are mainly the customers with good quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$4.1 million (2016: HK$14.8 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable as there are continuing subsequent settlement.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$23.1 million (2016: HK$13.6 million) which have either been placed under liquidation or in financial difficulties. The Group does not hold any collateral over these balances.

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

	As at December 31, 2017	As at December 31, 2016
	HK$'M	*HK$'M*
Overdue less than 90 days	**2.2**	13.7
Overdue 91 to 360 days	**1.9**	1.1
	4.1	14.8

Movement in the allowance for doubtful debts on trade receivables:

	As at December 31, 2017	As at December 31, 2016
	HK$'M	*HK$'M*
Balance at beginning of the year	**13.6**	13.2
Currency realignment	**0.3**	0.4
Impairment loss for the year	**9.2**	—
Balance at end of the year	**23.1**	13.6

Other receivables

	As at December 31, 2017	As at December 31, 2016
	HK$'M	*HK$'M* *(restated)*
Advances to suppliers	**32.8**	44.6
Other taxes recoverable	**7.2**	5.7
Others	**5.4**	6.6
	45.4	56.9

8. 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 December 31, 2017 *HK$'M*	As at December 31, 2016 *HK$'M*
0 to 30 days	**25.2**	10.0
31 to 90 days	**47.7**	28.2
Over 90 days	**37.6**	18.1
Trade payables	**110.5**	56.3
Other payables	**82.4**	88.8
Trade and other payables	**192.9**	145.1

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's total revenue for the year ended December 31, 2017 was amounted to HK$516.6 million (FY2016: HK$565.0 million), which was primarily due to the difficult retail market conditions in America and Europe.

Gross profit totalled HK$107.1 million (FY2016: HK$99.0 million). Gross profit margin increased to 20.7% in the year ended December 31, 2017, mainly due to improvement in manufacturing efficiency.

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, general administrative expenses and finance cost, amounted to HK$184.8 million (FY2016 (restated): HK$176.3 million). The increment was mainly due to the less reversal of provision for customer claims and bonus accrued for about HKD16.8 million in FY2017 comparing to FY2016.

Other gains and losses during the year were recorded as losses of HK$13.1 million, mainly due to the allowance for doubtful debts of 9.2 million, (FY2016: gain of HK$6.0 million).

No taxation was provided for the year (FY2016: HK$2.0 million).

Loss for the year ended December 31, 2017 was HK$85.7 million (FY2016: loss of HK$64.0 million).

BUSINESS REVIEW

In 2017, due to the unclear global trade prospects and the weak performance of the global economy, especially the consumer electronics market, the Group's value-added manufacturing business declined, but the revenue of the Group's self owned brand, Oregon Scientific, increased compared to the last year due to the influence upon strengthening new product development and channel expansion by the Company. Overall, the Group recorded a decrease in total revenue and a net loss in 2017.

At the same time, we implement the following strategies to ensure growth: 1) Set up the Augmented Reality ("AR") team, a software development team to enhance our ability to grasp the explosive growth opportunity of the AR market and strengthen our cooperation with customers. 2) Establish a China business team to develop the world's largest market with growth and strong demand, while customizing and launching products suitable for this market. In early June, we cooperated with the channels of the Sanpower Group to distribute products to different cities through offline stores and online channels. 3) Start to strengthen the cross-border e-commerce team to keep up with development trends to increase online sales.

During the year, the Group restructured its business based on unique products targeting different customer segments. The new reporting and operating segments are Connected Home and Communications ("CoH"), Smart Learning, and Immersive Technology ("SLIT"), Health and Wellness ("H&W") and other electronic products. Our business still remains divided into two overarching categories: 1) Value-added Manufacturing Services, which focuse on providing design, development, and manufacturing services to business clients. 2) Oregon Scientific with its own brand, design, development, manufacturing and selling of smart living products worldwide.

OREGON SCIENTIFIC（「OS」）

In 2017, sales revenue of OS business totaled HK$211.8 million (FY2016: HK$209.6 million), a slight increase from last year, accounting for 41.0% of the Group's total sales revenue. CoH and SLIT were the main product categories, accounting for 88.9% of OS sales.

As stated above, the Group's strategy of investing in the development of AR functions in the category of SLIT (especially the iconic smart earth line) has improved the playability and learning value of the product and ultimately improved the competitive advantage of the product. A series of new globe products were launched in 2017, including the world's first openable globe "Smart Globe Explorer", the "Starry Globe" with a luminous night sky effect, and a built-in 7-inch LCD screen with video and image functions. The revenue of SLIT in 2017 increased by 104.0% compared with that in 2016, of which 72.0% came from the contribution of these new products.

Compared with the same period of last year, the experienced cross-border e-commerce team established by OS accelerated the conversion of distribution channels. Its sales revenue reached HK$55.0 million in 2017, increased by 72.0% compared with that in 2016. At the same time, the distribution channel conversion strategy will continue to be implemented. In the foreseeable future, aparting from simplifying the organization in accordance with the established corporate strategy to reduce fixed costs, the OS division will continue to strengthen the growth of e-commerce and make full use of core online platforms including Amazon and key countries' major platforms to reach terminal consumer directly. At the same time, we will continue to cultivate partners with high-margin channel.

In terms of regional distribution, Europe was the largest market, accounting for 48.3% of total OS revenue, whilst the America decreased to 16.1% and Asia Pacific increased to 35.7% as we allocated more resources and formed several strategic partnerships with the key channel partners in the Asia market, which were reflected in the revenue growth in China. In 2017, OS's revenue in China increased by 43.0% over the same period of last year. OS continued to work hard with Sanpower Group's subsidiaries to make full use of Sanpower Group's extensive retail channels to expand sales.

Value Manufacturing Services（「VMS」）

In 2017, the Group strengthened its service to VMS customers and made progress in customer retention, and some old customers increased the number of orders. At the same time, the Group actively expanded the market of foreign original equipment manufacturers ("Chuangke"), and participation in multiple international exhibitions. to attract lots of customers such as Nora, the world's first non-intrusive intelligent snag device, and Father IO, the world's first AR. First-person shooter games, Tapplock - the world's first intelligent fingerprint padlock, Bonjour-AI alarm clock, and Intuition Robotic - senior partner robots, etc., jointly develop advanced technology and more innovative new products to enhance competition advantages, of which Tapplock and Intuition Robotics both won the CES 2018 Innovation Award in January. Based on the above efforts, the Company's revenue from Chuangke reached HK$26.0 million in 2017, a 10 fold increase from last year.

Due to the trendily weak performance of the global consumer electronics industry, the sales revenue of the Company's VMS business in 2017 was HK$304.8 million (FY2016: HK$355.4 million), which accounted for 59.0% of the Group's total revenue. In terms of product categories, CoH is a major product category, with a 39.2% increase in revenue from FY2016, which accounted for 39.6% of VMS sales, and contributing HK$120.8 million in sale revenue. However, the sales revenue of the H&W products declined sharply due to weak market conditions.

The Telecom team completed the establishment of a handheld full-function technology platform for marine products during the year, and reaching out to a number of overseas customers in private network communications industries to obtain orders for handheld marine machines signed by Japanese customers. This product is currently the most advanced handheld marine in the world, with the most complete and advanced functions of the highest class. At the same time, it won the development orders for two maritime shipboard walkie-talkie projects.

Our H&W team has received contract from a customer developing a wearable devices that integrated with image sensors and connect to Apple Watch. Customer for a wearable device with blood pressure measurement is also in the final stage of negotiation.

Similarly, CoH team had discussions with customers developing an AI voice-interactive smart speaker and connect to Amaon Alexa. The team is also in the final stage negotiation with a home automation control customer.

WORKING CAPITAL

The inventory balance at December 31, 2017 was HK$130.4 million, increased by 27.6% compared to the HK$102.2 million at December 31, 2016. The inventory turnover days increased to 104 days (FY 2016: 80 days).

Trade debtor balances at December 31, 2017 was HK$117.1 million, increased by 9.8 % compared to the HK$106.6 million shown at December 31, 2016. Trade debtor's turnover days increased to 80 days (FY2016: 69 days).

LIQUIDITY AND TREASURY MANAGEMENT

At December 31, 2017, bank balances and cash of the Group, including short term bank deposits, were HK$37.2 million (December 31, 2016: HK$80.7 million).

During the year, the Group generated its funds mainly from operating activities. The net cash position (bank balances and cash) at December 31, 2017 amounted to HK$37.2 million (December 31, 2016: HK$80.7 million). The Group maintained sufficient financial resources to meet all working capital requirements and finances of its commitments.

CHARGES ON GROUP ASSETS

At December 31, 2017, 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, 2017 amounted to HK$24.8 million (FY2016: HK$7.5 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, 2017.

DIVIDEND

The Board does not recommend distribution of a final dividend to shareholders of the Company for the year ended December 31, 2017.

CONTINGENT LIABILITIES

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 3.5 million(equivalent to approximately HK$8.4 million). After seeking the independent legal advice, the directors of the Company consider that the outcome and the amount of final payment, if any, are uncertain, and no provision has been made in the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICY

As at December 31, 2017, the Group had 1,087 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

Despite the uncertain global economic 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 2018. With the support of our dedicated regional general manager and experienced e-commerce team, we have expanded our global coverage to capture the share of online business. The Group continues to cooperate with Sanpower's subsidiaries, thereby exerting greater synergies in sales, maximizing customer coverage from offline and online channels, and exploring opportunities in the Asian market.

OREGON SCIENTIFIC（「OS」）

The SLIT category will continue to be the main product category of the OS. A series of new smart learning products with richer, scalable content, features and functions will be launched. There will be more versions of smart globe products, and AR technology will continue to enhance the customer's product experience. In 2018, we will use more advanced technologies to enhance our customers' higher level of smart consumer experience.

Regarding the smart home category, we will focus on improving our competitiveness. In 2018, we will launch a series of new cross-domain feature connection time and weather products. In addition, OS will focus on key revenue and sales drivers, simplifying the rest of the product portfolio. An experienced product marketing team has also been established to strengthen the launch of new products, increase existing customer participation, and explore more opportunities in existing markets and new markets.

From the perspective of channel development, we have established an experienced Amazon platform team to further promote the development of e-commerce business. At the same time, OS will continue to implement the strategy of "all-channel partnership" and selected retailers, while promoting OS brand sales through offline retail channels and online websites and portals.

The Group will also continue to expand channel coverage and effectively reach target consumers' sites. OS also helps expand sales capacity by expanding its presence, such as new airport retail channels, bookstore channels, and hotel channels, and will continue to use Sanpower Group's The global, especially the United States and China retail channels.

VALUE MANUFACTURING SERVICES ("VMS")

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

DH&W will combine wearable with health technologies like Blood Pressure, HRV and Atrial Fabrillation measurements to help users to monitor their health in a convenient and comfort setting. Personal health data can be available in the cloud so that their health status can be remotely monitored.

Besides connectivity, the new features such as artificial intelligence and voice control can help improve the competitivity of our products. In combination with our Time & Weather strength, we are developing smart demo, which will show the remote control and surveillance advantages with IoT smart sensor network. As such, we will work with business development teams to help more new customers in addition to our major customers like Somfy, Phillips.

Though traditional product lines have supported the development of the Company for so many years, our VMS teams are working with our customers to make changes according to the market demands. We are entering the product and service markets of high growth rate, which include digital health and smart life style. As such, we have been further optimizing our product development teams and invited new technology leaders to help us enter these markets. Accordingly, we will not only help our customer develop more new products but also more new product categories.

Our VMS business and customers both focus on digital health products, including activity tracking, blood glucose monitoring, heart rate monitoring, blood pressure monitoring etc. All these products are related to the big data concept too. As such, our customer and strategy partners will work with us together to analyze and utilize these data to more efficiently improve life styles and manage health. For example, in China there is a great demand for senior care. We are developing a new senior care platform with artificial intelligence and speech processing technologies. This platform can connect to the health data management network of our customers and strategy partners. As such, it enables our customers and partners to more efficiently deliver their services to the users.

Smart lifestyle is also one of the key themes of our product lines. We are perfecting a smart home and lifestyle platform and developing related products for our customers. With this platform, we can monitor and record the users home and lifestyle data and provide the data to our customers. Accordingly, our customers can utilize these valuable data and provide personalized services, which include home safety, climate control, sleep management and entertainment. In this way, we believe we can speed up the product development for our customers and maximize the values for them.

While we swiftly enter the digital health and smart lifestyle markets, we never give up our traditional product lines. We are continuing to optimize and improve them, reduce the cost, improve functions and quality. We will outsource some of our low-value products and further upgrade existing popular products. Further, we are working closely with our customers to meet the ever changing market demands.

Besides working the existing customers and developing new ones, our focus includes continuously improving the efficiency of product developments. We continue to innovate with our VMS customers and achieve the largest results at the lowest cost. As such, our customers may have more resources to be invested into new products and make us more competitive. As such, we are standardizing the technologies shared in our product development, improving the development efficiency and reducing the cost. In addition, we can use new technologies with our customers to develop the next generation products. Besides the maturing activity tracking and heart rate monitoring technologies and demands, we are investing into the new technologies for digital health, which include blood pressure monitoring and long distance charging.

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 December 31, 2017.

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, 2017, 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 March 1, 2017 to September 10, 2017 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. Details of directors' attendance at the general meetings were 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, 2017 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, 2017 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, 2017.

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 22, 2018

As at the date of this announcement,

1. *The executive Director are Mr. Foo Piau Phang (Chairman), Qi Miao (Chief Executive Offices);*

2. *The non-executive Directors are Mr. Song Rongrong, Mr. Wu Gang, Mr. Yan Keya, Mr. Han Hongtu; and*

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