IDT INTERNATIONAL LIMITED
萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

Financial Highlights:

— Turnover amounted to HK$224.9 million (1H2017: HK$185.6 million).

— Gross profit amounted to HK$45.1 million (1H2017: HK$33.5 million).

— Total operating expenses amounted to HK$114.4 million (1H2017: HK$95.2 million).

— Loss for the period amounted to HK$62.3 million (1H2017: HK$55.6 million).

— Group cash balances of HK$24.7 million (December 31, 2017: HK$37.2 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 June 30, 2018 together with the comparative figures for the corresponding period ended June 30, 2017 ("**1H2017**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2018

		Six months ended June 30,	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	**HK$'M**	HK$'M
Turnover	*3*	**224.9**	185.6
Cost of goods sold		**(179.8)**	(152.1)
Gross profit		**45.1**	33.5
Other income		**7.3**	7.6
Other gains and losses		**0.3**	(1.5)
Research and development costs		**(13.8)**	(16.9)
Distribution and selling expenses		**(38.2)**	(31.4)
General administrative expenses		**(60.9)**	(46.9)
Finance costs		**(1.5)**	—
Loss before taxation	*4*	**(61.7)**	(55.6)
Taxation	*5*	**(0.6)**	—
Loss for the period		**(62.3)**	(55.6)
Other comprehensive income/(expenses):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(6.8)**	2.8
Total comprehensive expenses for the period		**(69.1)**	(52.8)
Loss for the period attributable to:			
Owners of the Company		**(62.3)**	(55.6)
Non-controlling interests		**—**	—
		(62.3)	(55.6)
Total comprehensive expenses attributable to:			
Owners of the Company		**(69.1)**	(52.8)
Non-controlling interests		**—**	—
		(69.1)	(52.8)
Loss per share — Basic	*6*	**(2.40 HK cents)**	(2.14 HK cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Notes	As at June 30, 2018 (Unaudited) HK$'M	As at December 31, 2017 (Audited) HK$'M
Non-current assets			
Property, plant and equipment		**36.2**	32.5
Intangible assets		**3.1**	3.3
Goodwill		**33.8**	33.8
Rental deposits		**6.7**	6.7
Prepaid rental		**1.6**	1.6
		81.4	77.9
Current assets			
Inventories		**123.9**	130.4
Trade and other receivables	*7*	**100.7**	162.5
Tax recoverable		**—**	0.1
Bank balances and cash		**24.7**	37.2
		249.3	330.2
Current liabilities			
Trade and other payables	*8*	**184.6**	192.9
Borrowing		**35.5**	35.5
		220.1	228.4
Net current assets		**29.2**	101.8
Net assets		**110.6**	179.7
Capital and reserves			
Share capital	*9*	**260.0**	260.0
Reserves		**(149.5)**	(80.4)
Equity attributable to owners of the Company		**110.5**	179.6
Non-controlling interests		**0.1**	0.1
Total equity		**110.6**	179.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital (Unaudited) *HK$'M*	Share premium (Unaudited) *HK$'M*	Other reserve (Unaudited) *HK$'M*	Translation reserve (Unaudited) *HK$'M*	Revenue reserve (Unaudited) *HK$'M*	Total (Unaudited) *HK$'M*	Non-controlling interests (Unaudited) *HK$'M*	Total equity (Unaudited) *HK$'M*
As at January 1, 2018	**260.0**	**165.0**	**32.5**	**(96.9)**	**(181.0)**	**179.6**	**0.1**	**179.7**
Exchange differences arising from translation of foreign operations	**—**	**—**	**—**	**(6.8)**	**—**	**(6.8)**	**—**	**(6.8)**
Loss for the period	**—**	**—**	**—**	**—**	**(62.3)**	**(62.3)**	**—**	**(62.3)**
Total comprehensive expenses for the period	**—**	**—**	**—**	**(6.8)**	**(62.3)**	**(69.1)**	**—**	**(69.1)**
As at June 30, 2018	**260.0**	**165.0**	**32.5**	**(103.7)**	**(243.3)**	**110.5**	**0.1**	**110.6**
As at January 1, 2017	260.0	165.0	32.5	(92.9)	(95.3)	269.3	0.1	269.4
Exchange differences arising from translation of foreign operations	—	—	—	2.8	—	2.8	—	2.8
Loss for the period	—	—	—	—	(55.6)	(55.6)	—	(55.6)
Total comprehensive expenses for the period	—	—	—	2.8	(55.6)	(52.8)	—	(52.8)
As at June 30, 2017	260.0	165.0	32.5	(90.1)	(150.9)	216.5	0.1	216.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'M	*HK$'M*
Net cash (used in) generated from operating activities	**(3.2)**	23.5
Net cash used in investing activities	**(7.8)**	(14.3)
Net cash used in financing activities	**(1.5)**	—
Net (decrease) increase in cash and cash Equivalents	**(12.5)**	9.2
Cash and cash equivalents at beginning of the period	**37.2**	80.7
Cash and cash equivalents at end of the period	**24.7**	89.9
Analysis of the cash and cash equivalents:		
Cash and bank balances	**24.7**	89.9

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended June 30, 2018 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 financial statements for the year ended December 31, 2017, 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 January 1, 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Other than as further explained below, the adoption of the new and revised HKFRSs and HKASs did not have any material effect on the financial position for the current or prior accounting period which have been prepared and presented.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material impact on the Group's condensed consolidated interim financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

To determine their classification and measurement category, HKFRS 9 requires all financial assets, Except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The HKAS 39 measurement categories of cash and cash equivalents, pledged deposits, loan receivables, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, loans to a jointly-controlled entity, and an amount due from a jointly-controlled entity, have been replaced by debt instruments at amortised cost under HKFRS 9.

The accounting for financial liabilities remains largely the same as it was under HKAS 39.

(b) Impairment

The Group applies the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade and bills receivables. The Group applies the general approach and record twelve months expected losses on its financial assets included in prepayments, deposits and other receivables, loans to a jointly-controlled entity and an amount due from a jointly-controlled entity.

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 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 information reported to the Executive Directors of the Company, being the chief operating decision maker (the "CODM") were reorganised based on district products to different customer groups. The reportable and operating segments were namely Connected home and communications ("CoH"), Health and wellness ("H&W"), Smart learning and immersive technology ("SLIT"), in addition, other electric products which are individually unsignificant were aggregated and reported under others.

Connected home and communications	—	design, development, manufacture, and sales and marketing of home connected and communication products
Health and wellness	—	design, development, manufacture, and sales and marketing of health and wellness products
Smart learning and immersive Technology	—	design, development, manufacture and sales and marketing of electric learning and inner size products
Others	—	design, development, manufacture, and sales and other electronic products

The Group disaggregated its turnover 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.

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:

	Smart Learning and Immersive Technology	Connected Home and Communications	Health and Wellness	Others	Total
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Six months ended June 30, 2018					
Segment revenue					
Branded sales	**24.9**	**39.2**	**12.8**	**3.4**	**80.3**
OEM/ODM sales	**—**	**32.4**	**82.2**	**30.0**	**144.6**
Total segment revenue	**24.9**	**71.6**	**95.0**	**33.4**	**224.9**
Segment loss	**(2.0)**	**(25.7)**	**(19.1)**	**(11.3)**	**(58.1)**
Unallocated expenses					**(3.6)**
Loss before taxation					**(61.7)**
Six months ended June 30, 2017					
Segment revenue					
Branded sales	23.5	43.3	5.6	2.9	75.3
OEM/ODM sales	—	55.6	24.8	29.9	110.3
Total segment revenue	23.5	98.9	30.4	32.8	185.6
Segment loss	(3.4)	(30.3)	(10.7)	(7.9)	(52.3)
Unallocated income					0.1
Unallocated expenses					(3.4)
Loss before taxation					(55.6)

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 June 30,	
	2018	2017
	HK$'M	*HK$'M*
Depreciation of property, plant and equipment	**4.1**	5.9
Amortisation of intangible assets	**0.2**	0.3
Net exchange losses/(gains)	**(0.3)**	1.1
Interest income	**—**	(0.1)

5. TAXATION

The charge comprises:

	Six months ended June 30,	
	2018	2017
	HK$'M	*HK$'M*
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	**—**	—
Taxation in other jurisdictions	**(0.6)**	—
	(0.6)	—

Hong Kong profits tax has been provided at the statutory tax rate of 16.5% (1H2017: 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 loss per share attributable to the owners of the Company for the period is based on the following data:

	Six months ended June 30,	
	2018	2017
	HK$'M	*HK$'M*
Loss for the period attributable to owners of the Company for the purposes of calculating basic loss per share	**(62.3)**	(55.6)

	Six months ended June 30,	
	2018	2017
Number of ordinary shares for the purposes of calculating basic loss per share	**2,599,993,088**	2,599,993,088

No diluted loss per share are presented as there were no potential dilutive ordinary shares in issue during both periods.

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.

	As at June 30, 2018	As at December 31, 2017
	HK$'M	*HK$'M*
0 to 30 days	**33.4**	48.8
31 to 90 days	**1.6**	64.2
Over 90 days	**10.7**	4.1
Trade receivables	**45.7**	117.1
Other receivables	**55.0**	45.4
Total trade and other receivables	**100.7**	162.5

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

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

	As at June 30, 2018 *HK$'M*	As at December 31, 2017 *HK$'M*
0 to 30 days	**28.5**	25.2
31 to 90 days	**44.0**	47.7
Over 90 days	**30.2**	37.6
Trade payables	**102.7**	110.5
Other payables and accruals	**81.9**	82.4
Total trade and other payables and accruals	**184.6**	192.9

9. SHARE CAPITAL

	Number of shares	**Amount** *HK$'M*
Authorised:		
At December 31, 2017 and June 30, 2018 — ordinary shares of HK$0.10 each	20,000,000,000	2,000.0
At December 31, 2017 and June 30, 2018 — ordinary shares of US$0.10 each	10,000	—
Issued and fully paid:		
At December 31, 2017 and June 30, 2018 — ordinary shares of HK$0.10 each	2,599,993,088	260.0

FINANCIAL RESULTS

The Group's total revenue for the six months ended June 30 2018 was amounted to HK$224.9 million (1H2017: HK$185.6 million), increasing 21% compared with same period last year.

Gross profit totaled HK$45.1 million (1H2017: HK$33.5 million), increasing 35% compared with same period last year. Gross profit margin increased to 20% in first half of 2018, mainly due to improvement in manufacturing efficiency.

Total operating expenses of the Group, including research and development costs, distribution and selling expenses, general administrative expenses and finance cost, amounted to HK$114.4 million (1H2017: HK$95.2 million), the increase was due to the increase of layoff cost.

Other income and other gains and losses during first half of 2018 were recorded as net gains of HK$7.6 million (1H2017: gains of HK$6.1 million).

HK$0.6 million tax expenses was provided for under provision of tax expenses in prior years (1H2017: Nil).

Losses for the six months ended June 30, 2018 was HK$62.3 million (1H2017: loss of HK$55.6 million).

BUSINESS REVIEW

In the first half of 2018, due to the unclear global trade prospects and the weak performance of the global economy, especially the consumer electronics market, the Company is facing a bad market environment, and it is trying to maintain its financial performance by enhancing its revenue and cutting its cost.

Management of the Company has adopted a series of policies to secure income of the Company, which reached HK$224.9 million in the first half of 2018, representing an increase of 21% comparing with same period last year, of which, the income generated from Value Manufacturing Services business increased about 31% compared with same period last year due to better retention of old customer and better development of new customer, while the income generated from self-owned brand Oregon Scientific business increased slightly by 7% compared with same period last year due to launching of new product and enhancement of sales channels from offline to online channels.

At the same time, the management has put further effort on cost control by lean manufacturing, optimizing workflow, streamlining manpower to enhance production efficiency. Furthermore, the Company has largely cut down the operational cost by streamlining organization structure, compressing space etc. But as a whole, the loss of the Company increased slightly compared with same period last year due to the increase of lay off cost.

Oregon Scientific ("OS")

In first half of 2018, sales revenue of OS business reached HK$80.3 million (1H2017: HK$75.3 million), representing 7% increase compared with last year, accounting for 36% of the Group's total sales revenue. CoH and SLIT were the main product categories, accounting for 80% of OS sales.

The focus of CoH and SLIT is to enhance the value of offerings to the consumers and its competitiveness. Through a series of product development optimization, we enhanced the product features with lower product cost. Our OS team will continue to launch new products with higher competitiveness in the 2nd half of 2018.

In terms of channel development, the e-commerce team established by OS accelerated the conversion of distribution channels. Its sales revenue reached HK$27.0 million in the 1st half of 2018, increased by 93% compared with that period in 2017. At the same time, the distribution channel conversion strategy will continue to be implemented. In the foreseeable future, OS will continue to strengthen the growth of e-commerce, invest in upgrading IT system and make full use of core online platforms including Amazon and key countries' major platforms to reach terminal consumer directly.

In terms of regional distribution, OS's revenue in China increased by 141% compared with the same period of last year due to strong collaboration with distribution partners and extensive retail network in China. OS will continue to put resources for the business expansion and brand development in China in both online & offline channels. Revenue of the US business increased by 128% ,revenue of France business increased by 30% and revenue of UK business increased by 17% due to the strong e-commerce business development.

Value Manufacturing Services ("VMS")

In first half of 2018, the Group has adjusted its strategic position taking technology development as its core competency, focusing on the two largest product categories namely health & wellness and connected home. Solution proposals are offered to the world top 500 companies providing point-to-point value added manufacturing service in the areas of product design, research & development, manufacturing and supply chain solutions. At the same time, the Group has strengthened its service to VMS customers and made progress in existing customer's retention with increasing orders as well as developing new customers with potential new business in future.

In addition, the Group has actively explored the market of innovative inventors ("Original Makers"), and participated in multiple international exhibitions attracting lots of Original Makers such as Nora, Tapplock, Wrist, Bonjour and Intuition etc. The Company and Original Makers jointly developed innovative new products with advanced technology allowing Tapplock and Intuition Robotics to win the CES 2018 Innovation Award in January.

Due to the steady growth of smart health product and intelligent home control products in global market, the Company has gotten the new purchase orders from customers like Suunto, Robert, Bosch, Stages, Somfy etc., which led to the substantial growth in revenue of VMS business in the 1st half 2018. The sales revenue generated by VMS business amounted to HK$144.6 million (1H2017: HK$110.3 million), accounting for 64% of the Group's total revenue with an increase of 31% comparing with the same period of last year.

In terms of product category, H&W is a major product category with sales revenue of HK$82.2 million, accounting for 57% of the total sales revenue of VMS sales, representing 231% increase comparing with the same period of 2017. CoH is also a major product category with sales revenue of HK$32.4 million, accounting for 22% of the total sales revenue of VMS sales.

To maintain our leading role in technology and market competitiveness, the VMS research and development team continuously establishes strategic partnership with global innovative technology partner, in order to create together a global pioneer proposal for innovative product and solution. Our H&W development team has already launched the co-operation with various strategic partners, projects has been launched with an aim to co-develop the solution of Eink watch, NFC wearable mobile payment products, remote wireless electric charger, PWTT smart blood pressure monitor, heart rate variability measurement..

Similarly, our CoH team has co-developed solution proposal for Intelligent Home Control System on voice-control basis, with the functions of individual voice helper, big data analysis, artificial intelligence etc, users can easily, directly control intelligent home equipment by connecting to Amazon Alexa voice. In terms of over ocean communication, we maintained the customer and extended the business of Navio, Uniden etc., and independently developed products based on multi core agreements and accumulated technology.

OUTLOOK

Despite the uncertain global economy and the trade war between China and the United States of America will continue to have a considerable impact on 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 market share of online business. The Group continues to develop china market maximizing customer coverage from offline and online channels, and exploring opportunities in the Asian market.

Oregon Scientific

OS has finished the product roadmap for 2019 and will launch more new smart learning products.

Launching a series of new SLIT and CoH products is one of key focus in the 2nd half of 2018. The smart learning products will come with richer, scalable content and multi-languages, embedded with AR technology. We will use more advanced technologies to deliver richer user experience. Marketing campaigns are in plan with distribution partners for the launch of selected new products.

For the CoH category, a series of new cross-domain feature connection time and weather products will be launched, products are with upgraded features at more competitive pricing. An experienced product marketing team has also been established to strengthen the portfolio planning and the launch of new products.

From the perspective of channel development, OS has engaged with several new strong distribution partners in Europe to leverage and be more cost effective in selling. On parallel, the growth in the sales revenue in the markets operated by own sales force in China, US, UK and France will be sustained. E-commerce will stay as the channel gets most resources and attention to sustain the growth of this channel.

Value Manufacturing Services

Based on accumulated experiences and advangates through year’s development, we are entering the growing smart health and wellness and smart life style market to meet the customer’s damands. As such, we have been further optimizing our product development teams to help us enter these markets.

H&W will combine wearable with health technologies like Blood Pressure, blood glucose monitoring, heart rate monitoring (HRV) to help users to manage their health and improve the quality of lie in a convenient and comfort setting. In the 2nd half of 2018, the Company will mainly focus on studying and developing the following two areas: 1) smart wearable products loaded with health sensors as well as payment solution integrated seamlessly; 2) Bike accessory products include bike computer consoles, wireless remote controls etc. with the ever expanding market of traditional bicycle as well as electrical assisted bicycles.

For CoH product, we are perfecting a smart home and lifestyle platform and developing related products for our customers, through which we can provide personalized services including home safety, temperature control, sleep management and entertainment to users. We are adding the new features such as artificial intelligence and voice control to improve the competency of our products,, we are studying the smart safety applications like smart lock, smart monitor etc, and we are investing resources in technology area like NB-IoT, Lora etc for pre-research and product development to follow the trend of internet of things market and technology development, to reach more new customers in addition to current customers like Somfy, Phillips. In terms of over ocean communication, we will launch the product to the market as fast as we can to develop more customers besides Navico and Uniden and we will develop more competitive products in different segment market to explore more market.

While we swiftly enter the digital health and smart lifestyle markets, we are continuing to optimize and improve our traditional product lines, efficiency of R&D and production will be improved through standardizing R&D process and outsourcing, the cost will be utilized while functions of product will enriched to improve our competency.

WORKING CAPITAL

Inventory amount as at June 30, 2018 was HK$123.9 million, decreasing by 5% compared to HK$130.4 million as at December 31, 2017. The inventory turnover days increased to 133 days (December 31, 2017: 104 days).

Trade debtor amount as at June 30, 2018 was HK$45.7 million, decreasing by 61% compared to HK$117.1 million as at December 31, 2017. Trade debtor's turnover days decreased to 66 days (December 31, 2017: 80 days).

LIQUIDITY AND TREASURY MANAGEMENT

At June 30, 2018, the cash and bank balances of the Group were HK$24.7 million (December 31, 2017: HK$37.2 million).

During the six months ended June 30, 2018, the Group generated its funds mainly from operating activities. The Group are trying to optimize the financial resources and raise fund through financing activities to meet all working capital requirements.

CHARGES ON GROUP ASSETS

At June 30, 2018, there were no financial charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the six months ended June 30, 2018 amounted to HK$7.8 million (1H2017: HK$14.2 million) which was primarily used for the business operation and development. Sources of funds were mainly financed by internal resources.

There were no material acquisitions or disposals of associated companies in the course of the six months ended June 30, 2018.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended June 30, 2018 (1H2017: Nil).

CONTINGENT LIABILITIES

As we stated in the annual report of 2017, 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).

Currently, there is no update or progress after we filed the appeal for reconsideration at administrative level of the Tax Court of São Paulo in early 2018. We will keep closely monitoring the same.

HUMAN RESOURCES AND REMUNERATION POLICY

As at June 30, 2018, the Group had approximately 882 employees (June 30, 2017: approximately 1,099 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 are basic 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the review period.

CORPORATE GOVERNANCE

Throughout the period ended June 30, 2018, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 June 30, 2018.

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, August 24, 2018

As at the date of this announcement,

1. The executive Directors are Mr. Foo Piau Phang (Chairman) and Mr. Yan Keya (Chief Executive Officer);

2. The non-executive Directors are Mr. Song Rongrong, Mr. Wu Gang and 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.

Website: http://www.idthk.com

* *For identification purpose only*