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IDT INTERNATIONAL LIMITED
萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$2.2 million (FY2021: approximately HK$17.1 million).
- Gross loss amounted to approximately HK$3.0 million (FY2021: gross profit of approximately HK$1.9 million).
- Total operating expenses amounted to approximately HK$23.5 million (FY2021: approximately HK$64.8 million).
- Loss for the year amounted to approximately HK$21.8 million (FY2021: approximately HK$84.2 million).
- The Board does not recommend dividend for FY2022 (FY2021: nil).

The board of directors (the "**Board**" or the "**Directors**") of IDT International Limited (the "**Company**") presents the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 ("**FY2022**") together with comparative audited figures for the year ended 31 December 2021 ("**FY2021**").

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	**2022** **HK$'000**	2021 *HK$'000*
Revenue	4	**2,218**	17,144
Cost of goods sold		**(5,248)**	(15,286)
Gross (loss) profit		**(3,030)**	1,858
Other income	5	**18,773**	6,574
Other losses, net	5	**(567)**	(604)
Charge of loss allowance on financial assets		**(2,008)**	(8,760)
Research expenses		**(1,029)**	(13,799)
Distribution and selling expenses		**(565)**	(5,391)
General administrative expenses		**(21,948)**	(45,567)
Losses from impairment	6	**(6,223)**	(11,832)
Finance costs	6	**(5,153)**	(6,713)
Loss before taxation	6	**(21,750)**	(84,234)
Taxation		**–**	–
Loss for the year		**(21,750)**	(84,234)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(235)**	(74)
Total comprehensive loss for the year		**(21,985)**	(84,308)
Loss for the year attributable to:			
– Owners of the Company		**(21,750)**	(84,234)
– Non-controlling interests		**–**	–
		(21,750)	(84,234)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(21,985)**	(84,308)
– Non-controlling interests		**–**	–
		(21,985)	(84,308)
Loss per share			
– Basic and diluted *(HK cents)*	8	**(0.84)**	(3.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		–	1,453
Investment properties		–	615
Right-of-use assets		–	5,562
Goodwill		–	–
Rental deposits		–	3,415
		–	11,045
Current assets			
Inventories		–	5,248
Trade and other receivables	9	–	6,878
Finance lease receivables		–	5,156
Restricted bank balances	10	**2,863**	3,455
Bank balances and cash	10	**430**	49,484
		3,293	70,221
Current liabilities			
Trade and other payables	11	**76,271**	61,813
Borrowings	12	**57,641**	9,313
Lease liabilities		–	27,054
Tax payable		**12,255**	11,951
Contract liabilities		–	8,689
Loan from a shareholder	13	**184,689**	203,682
		330,856	322,502
Net current liabilities		**(327,563)**	(252,281)
Non-current liabilities			
Lease liabilities		–	15,647
Borrowings	12	–	48,695
		–	64,342
NET LIABILITIES		**(327,563)**	(305,578)

	2022	2021
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**259,999**	259,999
Reserves	**(587,655)**	(565,670)
Equity attributable to owners of the Company	**(327,656)**	(305,671)
Non-controlling interests	**93**	93
NET DEFICIT	**(327,563)**	(305,578)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company is located at Block C, 9th Floor, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the design, development, manufacture, sales and marketing of various electronic products.

On 19 March 2024, the Company received a statutory demand (the "**Statutory Demand**") dated 19 March 2024 from a creditor, demanding the Company to pay an amount of HK$15,000,000 within 3 weeks from the date of service of the Statutory Demand, failing which the creditor may present a winding-up petition against the Company. The management of the Group had been working closely with professional advisors in formulating a restructuring plan to address the overall indebtedness of the Company.

On 27 May 2024, the Company has filed an ex parte originating summons with the High Court of the Hong Kong Special Administrative Region for the hearing on 13 September 2024 of an application by the Company for an order to convene meeting of the creditors of the Company to consider and, if thought fit, approve, with or without modification, a scheme of arrangement proposed by the Company, pursuant to section 670 of the Hong Kong Companies Ordinance (Cap. 622).

Up to the date of approval of the consolidated financial statements, the Company is still in negotiation with the creditors of the Company for the details and terms of the restructuring plan.

2. BASIS OF PRESENTATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the same as the functional currency of the Company. Effective from current year, all amounts have been rounded to the nearest thousand with comparative figures for prior period's financial information were being restated to the nearest thousand. Such restatements have no material effect on the reported financial position, results and cash flows of the Group.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out in note 3 to the consolidated financial statements.

Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK$327,563,000 at 31 December 2022, the Group's total liabilities exceeded its total assets by approximately HK$327,563,000 as of that date, and that the Group incurred a loss of approximately HK$21,750,000 for the year then ended. As of 31 December 2022 and up to the date of approval of the consolidated financial statements, the Group is subjected to a number of legal proceedings and the Group is yet to settle majority of those outstanding legal proceedings due to lack of sufficient funds which are set out in note 14 to the consolidated financial statements. Furthermore, the Group recorded net operating cash outflow of approximately HK$25,357,000 for the year ended 31 December 2022 with the Group's bank balances and cash remaining at a low level of approximately HK$430,000 as of 31 December 2022.

During the year ended 31 December 2022, the COVID-19 pandemic has affected the Group's operation to the extent that the production of the Group's leased factory in Shenzhen was suspended with effect from 5 March 2022, the tenancy of factory was terminated on 31 May 2022.

The above events and conditions indicate that the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the following:

1. the Group has identified potential investor(s) to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due;

2. after the transfer of the loan from China Huaneng Foundation Construction Investment Limited ("**Huaneng**") to Party A (as defined and disclosed in Note 15(2) to the consolidated financial statements), Party A has undertaken that the repayment of the loan to the Group of approximately HK$184,689,000 at 31 December 2022 will be restructured and any remaining outstanding amount as a result of the restructuring will not be requested within twelve months from the date of approval of the consolidated financial statements, unless the Group has obtained funding from other sources and is in a position to meet all repayment obligations at that time;

3. the Group is implementing measures to tighten cost controls over various operating expenses and to identify and secure new business opportunity in order to enhance its profitability and to improve the cash flow from its operation in future;

4. the Group continues to negotiate/seek opportunities with the financial institutions for the renewal of existing/inception of the new financing arrangement to meet the Group's working capital and financial requirements in the future;

5. the Group is negotiating with different creditors to restructure/reach a settlement plan for the existing liabilities;

6. the Group is actively exploring the availability of alternative source of financing including but not limited to seeking new investment and business opportunities to strengthen the capital bases of the Company; and

7. the Group is continuously expanding its product portfolio to meet new customer demands and enhance the Group's market competitiveness. In December 2023, the Group has launched its own online retail platform and established two online stores on foreign platforms.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the directors of the Company are of the opinion that, in light of the measures taken to date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The directors of the Company believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

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

3. APPLICATION OF NEW/REVISED HKFRSs

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

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Amendments to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

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

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

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

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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

Annual Improvements Project – 2018–2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

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

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two Model Rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 21	Lack of Exchangeability[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[5]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective for annual periods beginning on or after 1 January 2025
[4] Effective for annual periods beginning on or after 1 January 2026
[5] Effective for annual periods beginning on or after 1 January 2027
[6] The effective date to be determined

4. REVENUE AND SEGMENT INFORMATION

The Group principally engages in the design, development, manufacture, sales and marketing of various electronic products.

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 CODM, in order to allocate resources to the segments and to assess their performance.

The Group previously reported its revenue and results by four reportable operating segments: (1) Smart learning and immersive technology; (2) Connected home and communications; (3) Health and wellness; and (4) Others (mainly including other electronic products). During the year ended 31 December 2022, due to the resurgence of the COVID-19 pandemic in the People's Republic of China (the "**PRC**") and the suspension of operations of the PRC factory, the Group's CODM then assesses the performance of the Group's business and allocates the resource for its operations as a whole. Accordingly, no operating segment revenue and result are presented. Comparative information has been recast to conform to the current year's presentation.

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.

Performance obligations for contracts with customers

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

The Group sells various electronic products to corporate customers. Revenue represents the amounts received and receivable for goods sold by the Group to outside corporate customers, net of sales related taxes. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term for customers is normally up to 45 days upon delivery or payment in advance is normally required.

During the years ended 31 December 2022 and 2021, all performance obligations for sales of goods are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of the reporting period is not disclosed.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time during the years ended 31 December 2022 and 2021.

Geographical information

The Group's operations are located in Asia Pacific, Europe and Americas (representing the United States of America and Latin America). The Group carries out its manufacturing and trading operations in Hong Kong and the PRC. The Group also operates marketing offices in Europe, Americas and other Asia Pacific countries.

Information about the Group's revenue from external customers is presented based on the location of customers are detailed below:

	2022 ***HK$'000***	2021 *HK$'000*
The PRC (country of domicile)	**2,218**	650
Asia Pacific (excluding the PRC)	**–**	5,567
Americas	**–**	6,546
Europe	**–**	3,630
Others	**–**	751
	2,218	17,144

At 31 December 2021, approximately 95% of the Group's non-current assets are located in the PRC. The Group reported no non-current assets at 31 December 2022.

Information about major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	%	%
Customer "A"	**–**	10
Customer "B"	**–**	21
Customer "C"	**–**	13
Customer "D"	**–**	11
Customer "E"	**100**	–*

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group during the respective year.

5. OTHER INCOME AND OTHER LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
Other income		
Interest income	**3**	13
Finance income on the net investment in finance leases	**–**	1,655
Gain on early termination of the leases	**18,664**	–
Income from subleasing of right-of-use assets which categorised under investment properties/rented premises under operating leases	**–**	1,880
Sales of scraps	**–**	1,592
Subsidy income	**58**	566
Others	**48**	868
	18,773	6,574
Other gains (losses), net		
Exchange (loss) gain, net	**(567)**	970
Provision for the losses on litigations, net	**–**	(1,574)
	(567)	(604)

6. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2022	2021
	HK$'000	*HK$'000*
Finance costs		
Interest on borrowings	**3,682**	2,865
Interest on lease liabilities	**1,471**	3,848
	5,153	6,713
Staff costs		
Directors' emoluments	**350**	350
Retirement benefits scheme contributions for other staff *(note)*	**2,365**	9,435
Severance and other termination costs	**5,733**	–
Salaries and other benefits for other staff	**6,426**	52,497
Total staff costs*	**14,874**	62,282
Losses from impairment		
Loss from impairment of advances to suppliers	**1,634**	1,950
Loss from impairment of other tax recoverable	**3,422**	–
Loss from impairment of property, plant and equipment	**1,167**	–
Loss from impairment of investment properties	**–**	983
Loss from impairment of right-of-use assets	**–**	8,899
Total losses from impairment	**6,223**	11,832
Auditor's remuneration		
– Audit services	**1,250**	1,200
– Non-audit services	**–**	200
Cost of inventories	**5,248**	15,286
Reversal of write-down of inventories (included in "Cost of inventories")	**–**	(1,928)
Write-off of inventories (included in "Cost of inventories")	**3,711**	–
Depreciation of right-of-use assets (included in "General administrative expenses")	**2,139**	14,755
Depreciation of property, plant and equipment*	**286**	2,531
Depreciation of investment properties (included in "General administrative expenses")	**237**	1,475
Rental expenses recognised under short-term leases (included in "General administrative expenses")	**1,527**	–

* During the year ended 31 December 2021, the amounts include staff costs and depreciation of property, plant and equipment charged to profit or loss and capitalised in "Inventories", as appropriate.

Note: For the years ended 31 December 2022 and 2021, the Group had no forfeited contributions available to reduce its contribution to the Retirement Schemes in future years.

7. DIVIDEND

No dividend was paid or proposed for the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting periods.

8. LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(21,750)**	(84,234)

	2022	2021
Number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	**2,599,993,088**	2,599,993,088

Diluted loss per share is the same as basic loss per share as there was no potential ordinary share in issue for both years.

9. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**33,219**	33,219
Less: Loss allowance for ECL	**(33,219)**	(32,515)
	–	704
Other receivables	**–**	6,174
Total trade and other receivables	**–**	6,878

The following is the ageing analysis of trade receivables (net of loss allowance for ECL) presented based on the invoice date which approximate the respective revenue recognition date at the reporting date.

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**–**	270
31 to 90 days	**–**	–
Over 90 days	**–**	434
Trade receivables	**–**	704

The Group normally requests its customers to make advance payment, except for certain customers for which the credit terms are generally up to 45 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Before accepting any new customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

At 31 December 2021, included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK$434,000 which are past due over 90 days at the end of the reporting period. The Group does not hold any collateral over these balances.

Other receivables

	2022	2021
	HK$'000	*HK$'000*
Advances to suppliers	**–**	1,634
Other taxes recoverable	**–**	3,422
Others	**–**	1,118
	–	6,174

10. RESTRICTED BANK BALANCES AND BANK BALANCES AND CASH

	2022	2021
	HK$'000	*HK$'000*
Bank balance and cash	**3,293**	52,939
Less: Restricted bank balances	**(2,863)**	(3,455)
	430	49,484

Bank balances and cash comprised cash held by the Group and bank deposits which carried interest at prevailing market rates.

11. TRADE AND OTHER PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**–**	3,115
31 to 90 days	**–**	185
Over 90 days	**25,105**	23,677
Trade payables	**25,105**	26,977
Other payables	**51,166**	34,836
Trade and other payables	**76,271**	61,813

The trade payables are interest-free with normal credit terms up to 90 days (2021: 90 days).

Other payables

	Note	2022 HK$'000	2021 HK$'000
Payable for staff costs		**3,770**	10,072
Payable for audit services		**1,722**	1,883
Payable for rental expenses for a short-term lease		**954**	–
Other taxes payables		**1,798**	1,997
Payables for early termination of the leases		**13,078**	–
Provision for severance and other termination costs		**1,520**	–
Provision for losses on litigations	14	**2,874**	3,888
Refundable deposits from its customers		**18,818**	10,129
Others		**6,632**	6,867
Total other payables		**51,166**	34,836

12. BORROWINGS

	2022 HK$'000	2021 HK$'000
Non-current		
Unsecured borrowing from a financial institution	**–**	36,471
Interest payables	**–**	12,224
	–	48,695
Current		
Unsecured borrowings from a financial institution and other creditors	**42,704**	8,856
Interest payables	**14,937**	457
	57,641	9,313

13. LOAN FROM A SHAREHOLDER

The balance represents loan advanced from a shareholder, Huaneng, for working capital purpose. The loan was unsecured, interest-free and repayable on demand.

14. CONTINGENT LIABILITIES/LITIGATIONS

	2022	2021
	HK$'000	*HK$'000*
At beginning of the reporting period	**3,888**	2,314
Additions	**–**	2,874
Amount reversed	**(1,014)**	(1,300)
At end of the reporting period	**2,874**	3,888

(a) In December 2020, there was a litigation initiated by a supplier of the Group in Hong Kong claiming the allegedly due and unpaid balance of purchase orders against a subsidiary of the Group in Hong Kong in view of unilateral cancellation of purchase orders by the subsidiary of the Group for a sum of approximately US$334,000 (equivalent to approximately HK$2,605,000). The management of the Group, having obtained the legal advice from an independent legal counsel, estimated that the Group will likely be liable to pay for the total and, therefore, the Group had recognised the provision for losses on litigations of approximately HK$2,314,000 in profit or loss for the year ended 31 December 2020.

On 12 April 2022, the Group has filed a Consent Summons for settlement to the District Court of the Hong Kong Special Administrative Region. According to the Consent Summons, the settlement sum was reduced to approximately US$130,000 (equivalent to approximately HK$1,014,000). On 11 May 2022, the Consent Summons was approved. As a result, a reversal of provision for losses on litigations of approximately HK$1,300,000 had been recognised in "Provision for losses on litigations, net" in "Other losses, net" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group has fully settled the unpaid balanced of purchase orders.

(b) In 2020, the Group received a notice from the District Court in the PRC (the "**PRC District Court**") stating that a supplier of the Group in the PRC has initiated legal action against certain subsidiaries of the Group in the PRC by claiming the allegedly due and unpaid balance of subcontracting fees from the Group. In respect of the aforesaid due and unpaid balance of subcontracting fees, approximately HK$5,454,000 had been recognised in "Trade payables" at 31 December 2022 and 2021.

According to final judgements dated 8 August 2022 issued by the PRC District Court, the Group was liable to make payment of approximately RMB4,914,000 and approximately RMB111,000 (equivalent to approximately HK$5,543,000 and approximately HK$125,000) as settlement of subcontracting fees and material costs, respectively.

Subsequent to the 31 December 2022 and up to the date of approving these consolidated financial statements, the restricted bank balance of approximately HK$2,863,000 as at 31 December 2022 was utilised as settlement of above trade payables. The remaining subcontracting fees were still outstanding up to the date of approving these consolidated financial statements.

(c) During the year ended 31 December 2021, the Group received several notices from the PRC District Court stating that a group of ten individuals former employees and three individuals former employees of the Group in the PRC has initiated legal action against subsidiaries of the Group in the PRC by claiming compensation of the dismissal of labour contract in view of breach of terms in employment agreement by the Group. Pursuant to the judgements made by the court of the PRC, the Group was ordered to make payment amounting to approximately HK$2,874,000 which had been recognised in "Provision for losses on litigations, net" in "Other losses, net" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021. The Group has filed for appeals for such judgements to the PRC District Court.

According to the final judgement dated 7 December 2021, the PRC District Court dismissed the appeals and affirmed the original judgement. The Group has been trying to reach a settlement agreement with them subsequent to the issuance of the final judgement by the PRC District Court but has yet to reach a settlement agreement up to the date of the approval the consolidated financial statements.

Save as disclosed above and elsewhere in the consolidated financial statements, at 31 December 2022 and 2021, the Group was not involved in any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. At 31 December 2022 and 2021, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

15. EVENT AFTER THE REPORTING PERIOD

(1) Resumption of the operation

In December 2023, the Group has actively reestablished contacts and negotiations with potential customers and suppliers to restart the Group's business. Following the completion of a sales order of approximately HK$1,221,000 prior to 31 December 2023, the Group is able to re-gain confidence from the market and therefore, the Group's operations are gradually resumed in the first quarter of 2024 and have resumed sales of electronic products under the trademark of "Oregon Scientific".

In order to enhance market awareness of the "Oregon Scientific" brand, promote and to advertise and showcase its products, the Group established its own online retail platform (http://oregonscientific.store) and set up new online stores on Noon (an online platform headquartered in Dubai) and Mercado Libre (the largest online platform in Latin America) respectively. The aforementioned online stores have started operating progressively in the first half of 2024. Additionally, the Group is continuously expanding its product portfolio to meet new customer demands and enhance the Group's market competitiveness.

The Company had secured confirmed orders exceeding HK$70 million, which are expected to be fulfilled and delivered in the third quarter of 2024.

For more details, please refer to the announcements of the Company dated 3 January 2024, 10 May 2024 and 2 July 2024.

(2) Transfer of the loan of the Group

In January 2024, a shareholder loan transfer agreement was entered into by Huaneng and its controlling shareholder, the Company, certain subsidiaries of the Group and a third party ("**Party A**"), pursuant to which Party A has conditionally agreed to acquire from Huaneng and its controlling shareholder for the entire amount of Huaneng's loan to the Group.

In February 2024, a loan transfer agreement was entered into by Party A, the Company and a third party ("**Party B**"), pursuant to which Party B has conditionally agreed to acquire from Party A for the amount of HK$15,000,000 of a portion of Party A's loan to the Group.

In April 2024, a loan transfer agreement was entered into by Party A, the Company and a third party ("**Party C**"), pursuant to which the Party C has conditionally agreed to acquire from Party A for the amount of HK$10,000,000 of a portion of Party A's loan to the Group.

In April 2024, a loan transfer agreement was entered into by Party A, the Company and a third party ("**Party D**"), pursuant to which the Party D has conditionally agreed to acquire from Party A for the amount of HK$10,000,000 of a portion of Party A's loan to the Group.

In April 2024, a loan transfer agreement was entered into by Party A, the Company and a third party ("**Party E**"), pursuant to which the Party E has conditionally agreed to acquire from Party A for the amount of HK$5,000,000 of a portion of Party A's loan to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the effect of the COVID-19 pandemic, the Group decided to discontinue production at our Shenzhen factory with effect from 5 March 2022 and the tenancy of factory was terminated on 31 May 2022. The Group's operations had been substantially suspended following the close of the Shenzhen factory. For the year ended 31 December 2022, the Group recorded sales revenue of approximately HK$2.2 million (FY2021: approximately HK$17.1 million) and gross loss of approximately HK$3.0 million (FY2021: gross profit of approximately HK$1.9 million). Loss for FY2022 decreased by approximately 74.1% to approximately HK$21.8 million (FY2021: approximately HK$84.2 million), which was due to the Group's effort in cost control and the increase in other income.

FINANCIAL RESULTS

The Group's total revenue for FY2022 amounted to approximately HK$2.2 million (FY2021: approximately HK$17.1 million), representing a decrease of approximately 87.1% as compared with the total revenue of FY2021, which was due to suspension of the Group's operation as a result of the close of the Shenzhen factory.

Gross loss of FY2022 totalled approximately HK$3.0 million (FY2021: gross profit of approximately HK$1.9 million). Gross loss was reported in FY2022 as approximately HK$3.7 million of inventory was written down in FY2022.

Total operating expenses of the Group, including research expenses, distribution and selling expenses and general administrative expenses, amounted to approximately HK$23.5 million for FY2022 (FY2021: approximately HK$64.8 million). The total operating expenses decreased by approximately 63.7% since the research expenses and distribution and selling expenses have dropped for approximately 92.8% and 88.9%, respectively. Further, general administrative expenses reduced by approximately 52.0% as the Company is in the progress of its downsizing process.

Other income during FY2022 amounted to approximately HK$18.8 million (FY2021: approximately HK$6.6 million), which was mainly derived from early termination of the leases.

Charge of loss allowance on financial assets for FY2022 was recorded as approximately HK$2.0 million (FY2021: approximately HK$8.8 million) due to decrease in credit loss of trade receivables. Losses from impairment for FY2022 was recorded as approximately HK$6.2 million (FY2021: approximately HK$11.8 million) due to impairment of advances to suppliers, other tax recoverable and property, plant and equipment.

Loss for FY2022 was approximately HK$21.8 million (FY2021: approximately HK$84.2 million).

PROSPECTS

In December 2023, the Group has actively reestablished contacts and negotiations with potential customers and suppliers to recommence the Group's business. The Group's operations gradually resumed in the first quarter of 2024 and have resumed sales of electronic products under the trademark of "Oregon Scientific".

In order to enhance market awareness of the "Oregon Scientific" brand, promote and to advertise and showcase its products, the Group established its own online retail platform (http://oregonscientific.store) and set up new online stores on Noon (an online platform headquartered in Dubai) and Mercado Libre (the largest online platform in Latin America) respectively. The aforementioned online stores have started operating progressively in the first half of 2024. Additionally, the Group is continuously expanding its product portfolio to meet new customer demands and enhance the Group's market competitiveness.

With the society and economy returning to normalcy and the diminishing effects of the trade war, the market situation should significantly improve thereafter. Through the Group's efforts in the first half of 2024, the Group's business has gradually recovered and continues to receive new orders from customers. The Company had secured confirmed orders exceeding HK$70 million, which are expected to be fulfilled and delivered in the third quarter of 2024. The Group's business should remain sustainable in the long run.

For more details, please refer to the announcements of the Company dated 3 January 2024, 10 May 2024 and 2 July 2024.

WORKING CAPITAL

The inventory balance as at 31 December 2022 was nil (FY2021: approximately HK$5.2 million) as there was a fully write-off of inventories of approximately HK$3.7 million due to the obsolescence and diminishing marketability as a result of changes in the market condition and technology during the year ended 31 December 2022. The inventory turnover days increased to 183 days (FY2021: 147 days). Trade receivables balances as at 31 December 2022 was nil (FY2021: approximately HK$0.7 million). Trade receivables turnover days increased to 58 days (FY2021: 16 days).

LIQUIDITY AND TREASURY MANAGEMENT

As at 31 December 2022, bank balances and cash of the Group, including restricted bank balances, amounted to approximately HK$3.3 million (FY2021: approximately HK$52.9 million). During FY2022, the bank balances and cash were mainly used in operating activities and financing activities.

The Group recorded net current liabilities of approximately HK$327.6 million (FY2021: approximately HK$252.3 million), approximately HK$75.3 million higher than that of FY2021, which is due to combined effect of decrease in current assets and increase in current liabilities in FY2022.

As at 31 December 2022, the total outstanding amount of borrowing was approximately HK$57.6 million (FY2021: approximately HK$58.0 million), all of which (FY2021: approximately HK$9.3 million) are repayable on demand. As at 31 December 2022, the outstanding amount of the loan from a shareholder was approximately HK$184.7 million (FY2021: approximately HK$203.7 million). After the transfer of the loan from Huaneng to Party A, Party A has undertaken that the repayment of the loan to the Group of approximately HK$184,689,000 at 31 December 2022 will be restructured and any remaining outstanding amount as a result of the restructuring will not be requested within twelve months from the date of approval of the consolidated financial statements, unless the Group has obtained funding from other sources and is in a position to meet all repayment obligations at that time.

As at 31 December 2022, subcontracting fees of approximately HK$5.7 million and salary and compensations of approximately HK$2.9 million are due and unpaid. The Board is still in negotiation with related creditors for a settlement plan.

CAPITAL STRUCTURE

As at 31 December 2022, there was 2,599,993,088 issued and fully paid shares with par value of HK$0.1 each. The net liabilities value per share as at 31 December 2022 was approximately HK$12.6 cents loss per share (FY2021: approximately HK$11.8 cents loss per share).

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group's long-term development. There were no changes in the Group's approach to capital management during the year ended 31 December 2022.

GEARING RATIO

As at 31 December 2022, the Group's total assets amounted to approximately HK$3.3 million (FY2021: approximately HK$81.3 million). Total liabilities amounted to approximately HK$330.9 million (FY2021: approximately HK$386.8 million), the Group expresses its gearing ratio as a percentage of borrowings, including loan from a shareholder, over total assets which was approximately 7,342.4% (FY2021: approximately 321.9%). The drastic decrease in the total assets resulted in the increase in the gearing ratio.

CHARGES ON GROUP ASSETS

At at 31 December 2022, there were no finance charges on the Group's assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2022, the Group did not make any significant investments, acquisitions or disposals that was required to be disclosed under the Listing Rules on the Stock Exchange.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any future plans for material investments or capital assets.

DIVIDEND

The Directors do not recommend any dividend for FY2022 (FY2021: Nil).

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 (i.e. the new Appendix C3 with effect from 31 December 2023), and has been updated from time to time.

Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the year ended 31 December 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving and maintaining a high standard of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability. Throughout the year ended 31 December 2022 under review, the Company has applied the principles and complied with all code provisions and where applicable, the recommended best practices prescribed in the Corporate Governance Code ("**CG Code**") in Appendix 14 to the Listing Rules on the Stock Exchange (i.e. the new Appendix C1 with effect from 31 December 2023), save for the deviation from the Code Provision C.2.1, C.1.6 and C.1.8.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and not be performed by the same individual. After the retirement of Mr. Xu Chiming, the then chairman, on 26 June 2019, Mr. Zhu Yongning, the then CEO of the Company, took up the responsibilities of both the chairman and CEO of the Company. The Board had been trying to recruit a suitable candidate such that the two roles can be separated since then. Mr. Zhu had assumed the two roles until Mr. Zhu resigned as an executive director of the Company with effect from 1 February 2024.

Pursuant to code provision C.1.6 of the CG Code, Independent Non-Executive Directors and other Non-Executive Directors should attend general meeting. However, Mr. Zhou Meilin and Mr. Xu Jinwen were unable to attend the annual general meeting 2022 of the Company held on 29 June 2022 and Mr. Zhou Meilin, Mr. Xu Jinwen and Mr. Zhou Rui were unable to attend the extraordinary general meeting of the Company held on 18 February 2022 due to conflict with other work commitment.

Pursuant to code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the Directors. During FY2022, no such insurance cover has been arranged for the Directors due to the insurance company refusing to provide service within the Company's budget. The management of the Group believe that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual lawsuits against the Directors is remote. The Company will consider making insurance arrangement when a quote within the Company's budget is available. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

FOREIGN EXCHANGE RISKS

The Group's transactions are mainly denominated in HK$, US$ and RMB. The majority of the business transactions were denominated in respective local currencies and there were only insignificant balances of financial assets and liabilities were denominated in foreign currencies at 31 December 2022 and 2021. Hence, the Group is not exposed to significant foreign exchange risk.

As HK$ is pegged to US$, the Group considers the risk of movements in exchange rates between HK$ and US$ to be insignificant for transactions denominated in US$. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

The Group has not used any financial instruments to hedge against currency risk. However, management constantly reviews the economic situation and its foreign currency risk profile and monitors its foreign exchange exposure, and will implement appropriate hedging measures in future on significant foreign currency exposure should the need arise.

HUMAN RESOURCES

As at 31 December 2022, the Group had a total of 100 (FY2021: 353) staff, primarily in the PRC. The total staff cost (excluding directors' emoluments) was approximately HK$14.5 million (FY2021: approximately HK$61.9 million) for the year ended 31 December 2022.

The Group believes its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favorable working environment. The Group constantly invests in training across diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing its corporate development needs.

AUDIT COMMITTEE

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

The financial results of the Group for the year ended 31 December 2022 have been reviewed by the Audit Committee.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

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 31 December 2022 as set out in the announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**") (formerly known as Mazars CPA Limited), to the amounts set out in the Group's consolidated financial statements for the FY2022. The work performed by Forvis Mazars 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 Forvis Mazars on the announcement.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2022.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of IDT International Limited and its subsidiaries, which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

As described in the "Going concern" section in note 2 to the consolidated financial statements, the Group reported a loss attributable to the owners of the Company of approximately HK$21,750,000 for the year ended 31 December 2022 and, at 31 December 2022, the Group had net current liabilities and net liabilities of approximately HK$327,563,000, respectively. As of 31 December 2022 and up to the date of the consolidated financial statements, the Group is subjected to a number of legal proceedings and the Group is yet to settle majority of those outstanding legal proceedings due to lack of sufficient funds which are set out in note 14 to the consolidated financial statements. Furthermore, the Group recorded net operating cash outflow of approximately HK$25,357,000 for the year ended 31 December 2022 with the Group's bank balances and cash remaining at a low level of approximately HK$430,000 as of 31 December 2022.

During the year ended 31 December 2022, the COVID-19 pandemic has affected the Group's operation to the extent that the production of the Group's leased factory in Shenzhen was suspended with effect from 5 March 2022, the tenancy of factory was terminated on 31 May 2022.

These events and conditions, along with other matters as set forth in the "Going concern" section in note 2 to the consolidated financial statements, indicate that the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The validity of the going concern assumption is dependent on the successful and favourable outcomes of the plans and measures being taken by the management of the Group and the development of the events, in particular, the successful implementation of the liabilities restructuring plan as described in the "Going concern" section in note 2 to the consolidated financial statements. The management of the Group is of the opinion that the Group would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

We were unable to obtain sufficient appropriate audit evidence about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide any further liabilities which may arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

DIRECTORS' VIEW ON THE INDEPENDENT AUDITOR'S OPINION

As set out in the independent auditor's report enclosed in the annual report attached hereto, Forvis Mazars did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 because of the significance of the matter as described in the section headed "Basis for Disclaimer of Opinion".

The Board would like to clarify that, for avoidance of doubt, the disclaimer of opinion on the Company's consolidated financial statements relates only to the going concern issue only, but not any other issues.

The Board's Response to the Auditor's Opinion

In regard to the matters described in the section headed "Disclaimer of Opinion" and "Basis for Disclaimer of Opinion" in the independent auditor's report, the Board would like to take this opportunity to provide the Boards' response, as well as measures taken or to be taken by the management of the Company.

The Board's Plan to Address the Disclaimer of Opinion

As disclosed in the audited annual results of the Company, the Group recorded a loss attributable to owners of the Group, net current liabilities and net liabilities.

The Board understands that the Disclaimer of Opinion was resulted from the auditors not being able to obtain sufficient appropriate audit evidence to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements mainly due to: (1) the Group's current liabilities exceeded its current assets, and its total liabilities exceeded its total assets; (2) the Group recorded significant net operating cash outflow for the year ended 31 December 2022; (3) the Group's business operation has been suspended since 5 March 2022; and (4) there are outstanding liabilities from legal proceedings that were due and yet to be settled.

In view of such circumstances, the directors of the Company have carefully considered future liquidity and the financial position of the Group and the Group's available sources of financing and operating cashflow in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including:

1. Resumption of operation

Since the re-commencement of the Group's operations in December 2023, the Group has resumed sales of electronic products under the "Oregon Scientific" trademark. Additionally, it launched its own online retail platform and established two online stores on foreign platforms. The Group is continuously expanding its product portfolio to meet new customer demands and enhance its market competitiveness. As a result, the Group returned to a profitable position for the six months ended 30 June 2024, based on the books and records currently available.

The Company had secured confirmed orders exceeding HK$70 million, which are expected to be fulfilled and delivered in the third quarter of 2024. Based on the Board's six-month forecast post 30 June 2024, it is anticipated that the Group will remain profitable and generate positive operating cashflow for the year ending 31 December 2024. As a result, the Group's current assets, especially trade receivables, inventory, and cash and cash equivalents, will increase, which will, in turn, improve the net current liabilities and net liabilities situation of the Group. The disclaimer of opinion concerning the suspension of the Group's business will not recur.

2. Formulation of corporate rescue plan

In light of the above and following the resumption of operation in December 2023, the Group has been working closely with professional advisors in formulating a corporate rescue plan intended for providing relief to the Group's indebtedness and necessary funding for the continuing operations of the Group.

An announcement will be published in accordance with the relevant rules and regulations as and when appropriate.

3. *Operational restructuring*

Since the suspension of the Group's business operation in March 2022, certain non-core subsidiaries of the Company have ceased operations, resulting in legal proceedings against their outstanding liabilities. The Directors plan to carve-out these non-core subsidiaries with net liabilities by way of including but not limited to winding-up of such entities.

It is anticipated that, upon completion of the abovementioned operational restructuring measures, the Group's net liabilities position will further improve and the outstanding legal proceedings of the non-core subsidiaries will no longer affect the Group's ability to continue as a going concern.

The Directors are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Consequently, the underlying matters leading to the Disclaimer of Opinion could be resolved.

The audit committee concur with the views as stated above.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be posted on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.idthk.com). The annual report of the Company for the year ended 31 December 2022 will be despatched to the shareholders of the Company and available on the same websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2023 and will remain suspended pending fulfilment of the resumption guidance imposed by the Stock Exchange on the Company as disclosed in the announcements of the Company dated 19 May 2023 and 7 February 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
IDT International Limited
Cheung Yuk Ki
Director

Hong Kong, 9 August 2024

As at the date of this announcement,

1. The executive director of the Company is Ms. Cheung Yuk Ki;

2. The non-executive directors of the Company are Mr. Cui Xiao, Ms. Ng Kwok Ying Isabella and Mr. Tiger Charles Chen; and

3. The independent non-executive director of the Company is Mr. Xu Jinwen.