

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 30 JUNE 2024**

The board of directors (the “**Board**” or the “**Directors**”) 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 30 June 2024 (“**1H2024**”) together with the comparative figures for the corresponding period for the six months ended 30 June 2023 (“**1H2023**”).

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$51.1 million (1H2023: nil).
- Gross profit was approximately HK\$17.4 million (1H2023: nil).
- Total operating expenses amounted to approximately HK\$6.4 million (1H2023: approximately HK\$5.2 million).
- Profit for the period amounted to approximately HK\$5.6 million (1H2023: loss of approximately HK\$6.8 million).
- The Board does not recommend dividend for 1H2024 (1H2023: nil).

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Revenue	4	51,084	–
Cost of goods sold		<u>(33,648)</u>	<u>–</u>
Gross profit		17,436	–
Other gains, net		17	168
Research expenses		(19)	(141)
Distribution and selling expenses		(22)	(65)
General administrative expenses		(6,402)	(4,967)
Finance costs		<u>(1,747)</u>	<u>(1,802)</u>
Profit (Loss) before taxation	5	9,263	(6,807)
Taxation		<u>(3,644)</u>	<u>–</u>
Profit (Loss) for the period		5,619	(6,807)
Other comprehensive income (loss):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>506</u>	<u>(67)</u>
Total comprehensive income (loss) for the period		<u>6,125</u>	<u>(6,874)</u>
Profit (Loss) for the period attributable to:			
– Owners of the Company		5,619	(6,807)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>5,619</u>	<u>(6,807)</u>
Total comprehensive income (loss) for the period attributable to:			
– Owners of the Company		6,125	(6,874)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>6,125</u>	<u>(6,874)</u>
Earnings (Loss) per share			
Basic and diluted (<i>HK cents</i>)	6	<u>0.22</u>	<u>(0.26)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		–	–
Right-of-use assets		1,579	–
Goodwill		–	–
		<u>1,579</u>	<u>–</u>
Current assets			
Inventories		1,142	–
Trade and other receivables	7	51,066	1,221
Bank balances and cash		587	599
		<u>52,795</u>	<u>1,820</u>
Current liabilities			
Trade and other payables	8	112,412	74,157
Borrowings		59,844	59,534
Lease liabilities		952	–
Tax payable		15,880	12,647
Contract liabilities		3,025	–
Loans from other creditors/a shareholder	9	196,398	196,398
		<u>388,511</u>	<u>342,736</u>
Net current liabilities		<u>(335,716)</u>	<u>(340,916)</u>
Non-current liabilities			
Lease liabilities		654	–
NET LIABILITIES		<u><u>(334,791)</u></u>	<u><u>(340,916)</u></u>

		At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Capital and reserves			
Share capital	10	259,999	259,999
Reserves		<u>(594,883)</u>	<u>(601,008)</u>
Equity attributable to owners of the Company		(334,884)	(341,009)
Non-controlling interests		<u>93</u>	<u>93</u>
NET DEFICIT		<u><u>(334,791)</u></u>	<u><u>(340,916)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company					Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>			
At 1 January 2024 (audited)	259,999	165,043	32,466	(101,641)	(696,876)	(341,009)	93	(340,916)
Profit for the period	-	-	-	-	5,619	5,619	-	5,619
Other comprehensive income								
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Exchange differences arising on translation of foreign operations	-	-	-	506	-	506	-	506
Total comprehensive income for the period	-	-	-	506	5,619	6,125	-	6,125
At 30 June 2024 (unaudited)	259,999	165,043	32,466	(101,135)	(691,257)	(334,884)	93	(334,791)
At 1 January 2023 (audited)	259,999	165,043	32,466	(102,446)	(682,718)	(327,656)	93	(327,563)
Loss for the period	-	-	-	-	(6,807)	(6,807)	-	(6,807)
Other comprehensive loss								
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Exchange differences arising on translation of foreign operations	-	-	-	(67)	-	(67)	-	(67)
Total comprehensive loss for the period	-	-	-	(67)	(6,807)	(6,874)	-	(6,874)
At 30 June 2023 (unaudited)	259,999	165,043	32,466	(102,513)	(689,525)	(334,530)	93	(334,437)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Net cash from operating activities	320	725
Net cash used in financing activities	<u>(332)</u>	<u>(539)</u>
Net (decrease) increase in cash and cash equivalents	(12)	186
Cash and cash equivalents at beginning of the period	<u>599</u>	<u>430</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>587</u></u>	<u><u>616</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

IDT International Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”), 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 Interim Financial Statements (as defined in note 2), 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 condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) 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 (“**Listing Rules**”) and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023 (the “**2023 Annual Financial Statements**”).

The Interim Financial Statements have been prepared on the historical cost basis which are presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company. All amounts have been rounded to the nearest thousand.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2023 Annual Financial Statements except for the adoption of the new/revised HKFRSs further described in the “Adoption of new/revised HKFRSs” section which are relevant to the Group and effective for the Group’s financial period beginning on 1 January 2024.

Going concern

In preparing the Interim 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\$335,716,000 at 30 June 2024, the Group’s total liabilities exceeded its total assets by approximately HK\$334,791,000 as of that date. As of 30 June 2024 and up to the date of approval of the Interim 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 set out in note 11 to the Interim Financial Statements. Furthermore, the Group’s bank balances and cash maintained at a low level of approximately HK\$587,000 as of 30 June 2024.

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.

In view of the above circumstances, the management of the Group has given careful consideration to the future liquidity and performance of the Group, the available sources of financing and have considered the Group’s cash flow projection that covered a period of not less than twelve months from 30 June 2024 and up to the date of the Interim Financial Statements to assess whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group’s financial position which include, but are not limited to the followings:

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 a third party (“**Party A**”), Party A has undertaken that the repayment of the loan from other creditors to the Group of approximately HK\$196,398,000 at 30 June 2024 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 Interim 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. The Group has launched its own online retail platform and established two online stores on foreign platforms.

Based on the latest information available, the directors of the Company are of the opinion that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether the management of the Group will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to implement any liabilities restructuring plan, obtain adequate extra financing and/or generate sufficient cash flows from operation.

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 Interim Financial Statements.

3. APPLICATION OF NEW/REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, certain new/revised HKFRSs issued by HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Interim Financial Statements. The adoption of the new/revised HKFRSs has no significant impact on the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted new/revised HKFRSs that have been issued but are not yet effective. The management of the Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

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. As the Group has only one reportable operating segment, no further analysis for segment information is presented.

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 90 days upon delivery or payment in advance is normally required.

During the six months ended 30 June 2024, 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 six months ended 30 June 2024.

Geographical information

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
The People's Republic of China (the "PRC") (country of domicile)	47,692	–
Asia Pacific (excluding the PRC)	2,365	–
The United States of America	1,027	–
	<u>51,084</u>	<u>–</u>

At 30 June 2024, all of the Group's non-current assets are located in the PRC. The Group reported no non-current assets at 31 December 2023.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Customer A	7,501	–
Customer B	7,276	–
Customer C	5,334	–
	<u>19,111</u>	<u>–</u>

5. PROFIT (LOSS) BEFORE TAXATION

Profit (Loss) before taxation has been arrived at after charging the following:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs:		
Directors' emoluments	75	175
Salaries and other benefits for other staff	1,445	980
Retirement benefits scheme contributions for other staff	320	220
	<u>1,840</u>	<u>1,375</u>
Total staff costs	<u>1,840</u>	<u>1,375</u>
Other items:		
Cost of inventories	33,648	–
Legal advisory services	800	–
Legal and professional fees	2,385	1,973
Depreciation of right-of-use assets	319	–
Rental expenses recognised under short-term leases	–	763
	<u>–</u>	<u>763</u>

6. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit (Loss) for the period attributable to owners of the Company for the purposes of basic earnings (loss) per share (HK\$'000)	<u>5,619</u>	<u>(6,807)</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<u>2,599,993,088</u>	<u>2,599,993,088</u>

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there was no potential ordinary share in issue for both periods.

7. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade receivables		
From third party	81,934	34,440
Less: Loss allowance for expected credit losses (“ECL”)	<u>(33,219)</u>	<u>(33,219)</u>
	<u>48,715</u>	<u>1,221</u>
Other receivables		
Prepayments	1,942	–
Others	<u>409</u>	<u>–</u>
	<u>2,351</u>	<u>–</u>
Total trade and other receivables	<u><u>51,066</u></u>	<u><u>1,221</u></u>

The following is the ageing analysis of trade receivables (net of allowances for ECL) presented based on the invoice date which approximately the respective revenue recognition date at the end of the reporting period.

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
0 to 30 days	31,652	1,221
31 to 60 days	11,200	–
61 to 90 days	<u>5,863</u>	<u>–</u>
Total trade receivables	<u><u>48,715</u></u>	<u><u>1,221</u></u>

The Group grants credit periods up to 90 days to its customers upon the issuance of invoices. 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 subsequent change in the credit quality of the trade receivables from the date when the credit was initially granted.

8. 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:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
0 to 30 days	19,904	–
30 to 60 days	4,346	–
61 to 90 days	3,584	–
Over 90 days	23,574	23,054
	<hr/>	<hr/>
Trade payables	51,408	23,054
Other payables	61,004	51,103
	<hr/>	<hr/>
Total trade and other payables	112,412	74,157

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

9. LOAN FROM OTHER CREDITORS/A SHAREHOLDER

At 31 December 2023, the balance represents loan advanced from a shareholder, Huaneng, for working capital purpose. The loan was unsecured, interest-free and repayable on demand.

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 Party A, pursuant to which Party A has 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 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 Party C has agreed to acquire from Party A for the amount of HK\$10,000,000 of the loan from Party A of 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 Party D has agreed to acquire from Party A for the amount of HK\$10,000,000 of the loan from Party A of 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 Party E has agreed to acquire from Party A for the amount of HK\$5,000,000 of the loan from Party A of the Group.

At 30 June 2024, the loan from Party A, B, C, D and E were unsecured, interest-free and repayable on demand.

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each At 1 January 2023 (Audited), 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	<u>20,000,000,000</u>	<u>2,000,000</u>
Ordinary shares of US\$0.10 each At 1 January 2023 (Audited), 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	<u>10,000</u>	<u>8</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each At 1 January 2023 (Audited), 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	<u>2,599,993,088</u>	<u>259,999</u>

11. CONTINGENT LIABILITIES/LITIGATIONS

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
At beginning and end of the reporting period	<u>2,874</u>	<u>2,874</u>

- (a) 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”.

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.

During the year ended 31 December 2023, the restricted bank balance of HK\$2,863,000 at 31 December 2022 was utilised as settlement of above trade payables. The remaining subcontracting fees of approximately HK\$2,591,000 were still outstanding at 30 June 2024.

- (b) 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 final judgement issued by the PRC District Court but yet to reach a settlement agreement subsequent to the 30 June 2024 and up to the date of approving the Interim Financial Statements.

Other than the disclosure of above and elsewhere in the Interim Financial Statements at 30 June 2024 and the consolidated financial statements at 31 December 2023, 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 30 June 2024 and 31 December 2023, 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.

12. EVENT AFTER THE END OF THE REPORTING PERIOD

(a) Exposures arising from income tax liabilities

An indirect wholly-owned subsidiary of the Company, Oregon Scientific Italy Limited (“**OS Italy**”), was involved in a tax dispute with the Italian Tax Authorities. As disclosed in the announcement of the Company dated 6 November 2018, there was a tax dispute between OS Italy and the Italian Tax Authorities (“**Tax Dispute**”), and the tax charge judgement in relation to the Tax Dispute from the Supreme Court of Cassation of Italy was received. After seeking the independent legal advice, the directors of the Company considered no further legal actions are possible for OS Italy in relation to the Tax Dispute. Based on tax notice received from the Italian Tax Authorities in January 2019, the Group provided a tax provision of approximately Euro (“**EUR**”) 1.4 million (equivalent to approximately HK\$12.3 million) in profit or loss for the year ended 31 December 2018. OS Italy was declared bankrupt by the court in July 2019 and a bankruptcy trustee was appointed to in charge of OS Italy’s bankruptcy procedure. After seeking the independent legal advice, the directors of the Company considered that OS Italy was still under bankruptcy procedures and the related tax liabilities had not yet been fully discharged. Accordingly, the Group continued to recognise the aforesaid tax provision of approximately EUR1,466,000 (equivalent to approximately HK\$12,271,000) as tax payable at 30 June 2024 (At 31 December 2023: approximately EUR1,466,000 (equivalent to approximately HK\$12,642,000)). In July 2024, the court has ordered the closure of the bankruptcy and the related tax liabilities had been discharged, as such the tax provision will be reversed.

(b) Re-assignment of the loans from other creditors

In August 2024, a loan assignment agreement was entered into by Party B, the Company and Party A, pursuant to which Party B has agreed to reassign back to Party A the loan of HK\$15,000,000 previously acquired in February 2024.

In August 2024, a loan assignment agreement was entered into by Party C, the Company and Party A, pursuant to which Party C has agreed to reassign back to Party A the loan of HK\$10,000,000 previously acquired in April 2024.

In August 2024, a loan assignment agreement was entered into by Party D, the Company and Party A, pursuant to which Party D has agreed to reassign back to Party A the loan of HK\$10,000,000 previously acquired in April 2024.

In August 2024, a loan assignment agreement was entered into by Party E, the Company and Party A, pursuant to which Party E has agreed to reassign back to Party A the loan of HK\$5,000,000 previously acquired in April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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.

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.

FINANCIAL RESULTS

The Group's total revenue for 1H2024 was approximately HK\$51.1 million (1H2023: nil) as a result of the resumption of the Group's operation since December 2023. Gross profit of 1H2024 was approximately HK\$17.4 million (1H2023: nil).

Total operating expenses of the Group, including research expenses, distribution and selling expenses and general administrative expenses, amounted to approximately HK\$6.4 million for 1H2024 (1H2023: approximately HK\$5.2 million). The total operating expenses increased by approximately 23.1% since the research expenses and distribution and selling expenses have dropped for approximately 86.5% and 66.2%, respectively. Further, general administrative expenses increased by approximately 28.9% as the Group re-commenced its operation.

Net profit for 1H2024 was approximately HK\$5.6 million (1H2023: net loss of approximately HK\$6.8 million), which was primarily due to the resumption of the Group's operation.

PROSPECTS

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 30 June 2024 was approximately HK\$1.1 million (as at 31 December 2023 (“FY2023”): nil) as the Group re-commenced its operation. Trade receivables balances as at 30 June 2024 was approximately HK\$48.7 million (FY2023: approximately HK\$1.2 million).

LIQUIDITY AND TREASURY MANAGEMENT

As at 30 June 2024, bank balances and cash of the Group amounted to approximately HK\$0.6 million (FY2023: approximately HK\$0.6 million). During 1H2024, the cash were mainly used in operating activities and financing activities.

The Group recorded net current liabilities of approximately HK\$335.7 million (FY2023: approximately HK\$340.9 million), approximately HK\$5.2 million less than that of FY2023, which is primarily due to increase in current assets.

As at 30 June 2024, the total outstanding amount of borrowing was approximately HK\$59.8 million (FY2023: approximately HK\$59.5 million), all of which are repayable on demand. During the 1H2024, the loan from a shareholder approximately HK\$196.4 million that transferred to other creditors were unsecured, interest-free and repayable on demand (FY2023: loan from a shareholder approximately HK\$196.4 million).

As at 30 June 2024, subcontracting fees of approximately HK\$2.6 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 30 June 2024, 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 30 June 2024 was approximately HK12.9 cents loss per share (FY2023: approximately HK13.1 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 six months ended 30 June 2024.

GEARING RATIO

As at 30 June 2024, the Group’s total assets amounted to approximately HK\$54.4 million (FY2023: approximately HK\$1.8 million). Total liabilities amounted to approximately HK\$389.2 million (FY2023: approximately HK\$342.7 million), the Group expresses its gearing ratio as a percentage of borrowings, including loans from other creditors/a shareholder, over total assets which was approximately 471.3% (FY2023: approximately 14,216.7%). The significant increase in the total assets resulted in the decrease in the gearing ratio.

CHARGES ON GROUP ASSETS

As at 30 June 2024, there were no charges on the Group's assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the 1H2024, 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.

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in note 11 to the condensed consolidated interim financial position contained in this announcement.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the Events after the reporting period are set out in note 12 to the condensed consolidated interim financial statements contained in this announcement.

CAPITAL EXPENDITURE

There was no capital expenditure on property, plant and equipment for 1H2024 (1H2023: Nil).

There were no material acquisitions or disposals of associated companies in the course of 1H2024.

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 1H2024 (1H2023: 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 C3 to the Listing Rules, and has been updated from time to time.

Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2024.

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 six months ended 30 June 2024 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 C1 to the Listing Rules on the Stock Exchange, save for the deviation from the Code Provision C.2.1 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.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the Directors. During 1H2024, 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 functional currency of the Company is Hong Kong Dollar while certain of the Group’s bank balances and cash, trade and other receivables, trade and other payables, borrowings, lease liabilities and loans from other creditors/a shareholder are denominated in RMB and US dollar which are exposed to foreign currency risk.

The Group currently has not entered into any contracts to hedge its foreign currency risk exposure. The Board monitors foreign exchange risk exposure by conducting sensitivity analyses on exchange rates across various currencies and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES

As at 30 June 2024, the Group had a total of 26 (1H2023: 50) staff, primarily in the PRC. 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 trainings.

The Group's remuneration policy is to provide compensation packages at market rates which rewards individual performance and to attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other entities of similar size and business nature and are reviewed annually. The components of the employee remuneration package comprise 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.

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 unaudited financial results of the Group for 1H2024 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report of the Company for the six months ended 30 June 2024 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.

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

Hong Kong, 30 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.