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IDT INTERNATIONAL LIMITED

萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

- (1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;
(4) PROPOSED DEBT RESTRUCTURING;
(5) APPLICATION FOR WHITEWASH WAIVER;
(6) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;
AND
(7) CONTINUED SUSPENSION OF TRADING**

PROPOSED CAPITAL REORGANISATION

The Board proposes to reorganise the share capital of the Company in the following manner:

(a) Share Consolidation

The Share Consolidation which involves the consolidation of every sixty (60) Existing Shares of par value HK\$0.10 into one (1) Consolidated Share of par value of HK\$6.00.

(b) Increase in Authorised Share Capital

The Increase in Authorised Share Capital from HK\$2,000,000,000 divided into 333,333,333 Consolidated Shares of HK\$6.00 each to HK\$2,100,000,000 divided into 350,000,000 Consolidated Shares of HK\$6.00 each by the creation of an additional 16,666,667 unissued Consolidated Shares.

(c) Capital Reduction

The Capital Reduction which involves a reduction of the par value of each issued Consolidated Share from HK\$6.00 to HK\$0.60 by cancelling the paid-up capital of the Company to the extent of HK\$5.40 on each issued Consolidated Share. The credit arising from the Capital Reduction of approximately HK\$233,999,378 will be credited to the Contributed Surplus Account to be applied by the Directors in any manner as permitted under applicable laws and the Bye-laws.

(d) Share Sub-division

The Share Sub-division whereby each of the authorised but unissued Consolidated Share of par value of HK\$6.00 each will be sub-divided into 10 New Shares of par value of HK\$0.60 each.

(e) Share Premium Cancellation

The Share Premium Cancellation whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account to be applied by the Directors in any manner as permitted under applicable laws and the Bye-laws.

Assuming that there will be no other change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, immediately following the Capital Reorganisation, the Company's authorised share capital will be HK\$2,100,000,000 divided into 3,500,000,000 New Shares of HK\$0.60 each, of which 43,333,218 New Shares will be issued as fully paid or credited as fully paid and the aggregate par value of the issued share capital of the Company will be HK\$25,999,931.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in a board lot size of 2,000 Existing Shares.

The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 16,000 New Shares conditional upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.018 per Existing Share (equivalent to the theoretical closing price of HK\$1.08 per New Share) as quoted on the Stock Exchange on the Last Trading Day, (i) the value of each existing board lot of Existing Shares is HK\$36.00; (ii) the value of each board lot of 2,000 New Shares would be HK\$2,160 assuming the Capital Reorganisation has become effective; and (iii) the estimated value per board lot of 16,000 New Shares would be HK\$17,280 assuming that the Change in Board Lot Size has become effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

SUBSCRIPTION OF NEW SHARES

On 15 October 2024, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 389,998,963 New Shares at the total Subscription Price of HK\$233,999,377.8, representing HK\$0.60 per New Share, to the Subscriber.

Assuming there will be no other change in the number of Shares from the date of this announcement until the date of Completion and after the adjustment for the effect of the Capital Reorganisation, the Subscription Shares represent (i) approximately 900% of the issued share capital of the Company immediately after the Capital Reorganisation becoming effective and prior to the allotment and issue of the Subscription Shares as at the date of this announcement; and (ii) approximately 90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in full.

The Subscription is subject to various conditions set out below under the paragraph headed “Conditions precedent to the Subscription”, including, among others, the Independent Shareholders’ approval and the Executive having granted the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved by the Independent Shareholders, the Subscription Agreement will terminate forthwith.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

PROPOSED DEBT RESTRUCTURING

The Company has been under financial distress and is currently unable to repay certain of its liabilities. Based on the audited annual accounts of the Company for the year ended 31 December 2023, as at 31 December 2023, the total estimated indebtedness owed by the Company under the Debt Restructuring amounted to approximately HK\$215.5 million.

Under the circumstances, the Company proposed to implement the Debt Restructuring, pursuant to which the Company targets to reach consensus with the Creditors in the following manner:

- (i) the Initial Cash Payment, being partial net proceeds from the Subscription of approximately HK\$100 million, will be distributed to the Creditors holding the Debt; and

- (ii) following the Initial Cash Payment, the Company will issue the Bonds to the Creditors for settlement of 50% of the Remaining Debt.

The Debt Restructuring will be subject to, among others, acceptance of the Creditors. Upon completion of the Debt Restructuring, the Debt due to the Creditors against the Company and related liabilities of the Company will be compromised, discharged, waived and/or settled in full.

LISTING RULES IMPLICATION AND RESTORATION OF PUBLIC FLOAT

As at the date of this announcement, the Subscriber is a company owned as to 50% by Mr. Chen, a non-executive Director, and 50% by Mr. Wong. Accordingly, the Subscriber is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the transaction contemplated under the Subscription Agreement shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. In view of the liquidity and heavily indebted financial position of the Group as well as the prolonged suspension of the trading in the Shares on the Stock Exchange since 3 April 2023, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company and there are practical difficulties to issue the Subscription Shares without a substantial discount. The Subscription will provide funds to partially settle the Debt against the Company under the Debt Restructuring and to continue the Group's business operations, and as such, facilitate the Resumption. Accordingly, the Company is of the view that the above factors could be considered as exceptional circumstances under Rule 7.27B.

The Subscription will also result in the public float of the New Shares falling below the requirements under Rule 8.08(1) of the Listing Rules. In general, the Stock Exchange would not grant the listing of, and permission to deal in new Shares where the issue of such new Shares would cause or facilitate a breach of requirement(s) under the Listing Rules. The Subscriber has entered into the Placing Agreement to undertake the Placing to ensure that a sufficient public float exists for the New Shares upon Completion, failing which the Subscription Agreement will not become unconditional and the Subscription will not proceed.

Accordingly, the Directors (excluding members of the Independent Board Committee, who will express their views after considering the advice from the Independent Financial Adviser, and except Mr. Chen who abstained from voting due to his material interest in the Subscription arising from his ownership in the Subscriber) consider that the issue of the Subscription Shares involving a theoretical dilution effect of approximately 40% is justified.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

As at the date of this announcement, none of the Subscriber Concert Parties has interests in any Shares.

Immediately after completion of the Capital Reorganisation and the Subscription but prior to completion of the Placing, the Subscriber Concert Parties will be interested in 389,998,963 New Shares, representing approximately 90.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in full.

Pursuant to Rule 26.1 of the Takeovers Code, the acquisition of 30% or more of the voting rights in the Company by the Subscriber as a result of the Subscription would trigger an obligation on the Subscriber to make a mandatory general offer for all the issued shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber Concert Parties), unless the Whitewash Waiver is granted by the Executive.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (a) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (b) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Subscription and the underlying transactions, in which (i) the Subscriber Concert Parties, (ii) the Shareholders who are also Creditors, their ultimate beneficial owners, their respective associates and parties acting in concert with any of them, and (iii) the Shareholders who are interested in or involved in the Subscription and the transactions contemplated thereunder including the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing will abstain from voting on the relevant resolution(s).

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.

GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, (i) the Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the Subscription and the transactions contemplated thereunder; (iv) the Specific Mandate; and (v) the Whitewash Waiver.

In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber Concert Parties, (ii) the Shareholders who are also Creditors, their ultimate beneficial owners, their respective associates and parties acting in concert with any of them, and (iii) the Shareholders who are interested in or involved in the Subscription and the transactions contemplated thereunder, including the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing will be required to and will abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the SGM. Save as disclosed above, no other Shareholders, their respective associates or parties acting in concert with any of them will be required to abstain from voting on any resolution(s) to be proposed at the SGM.

In accordance with Rule 8.2 of the Takeovers Code, a circular containing, among others things, (i) further details of (a) the Capital Reorganisation; (b) the Change in Board Lot Size; (c) the Subscription and the underlying transactions; (d) the Specific Mandate; (e) the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM is required to be despatched to the Shareholders no later than 21 days after the date of publication of this announcement. It is expected that the circular will be issued on or before 22 November 2024, being 21 days after the date of publication of this announcement.

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.

WARNINGS

As the Subscription and the Debt Restructuring are conditional upon the satisfaction of certain conditions precedent (including the Resumption), the Capital Reorganisation, the Subscription and/or the Debt Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption given that the Resumption is subject to the fulfilment of the Resumption Guidance. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

Reference is made to (i) the announcements of the Company dated 31 March 2023, 3 April 2023, 30 August 2023, 5 September 2023 and 22 March 2024 in relation to, among other matters, delay in publication of the annual results of the Company for the year ended 31 December 2022, delay in publication of the interim results of the Company for the six months ended 30 June 2023, delay in despatch of the annual report for the year ended 31 December 2022, delay in despatch of the interim report for the six months ended 30 June 2023, delay in publication of the annual results of the Company for the year ended 31 December 2023, delay in despatch of the annual report for the year ended 31 December 2023 and suspension of trading of the shares of the Company; (ii) the announcements of the Company dated 19 May 2023 and 7 February 2024 in relation to, among others, the Resumption Guidance; (iii) the announcements of the Company dated 7 July 2023, 9 October 2023, 3 January 2024, 2 April 2024, 2 July 2024 and 25 September 2024 in relation to the quarterly update on progress of resumption; (iv) the announcement of the Company dated 22 March 2024 in relation to statutory demand of the Company; (v) the announcement of the Company dated 10 May 2024 in relation to business updates of the Company; (vi) the announcements of the Company dated 27 May 2024 and 16 September 2024 in relation to the proposed scheme of arrangement; (vii) the announcement of the annual results of the Company for the year ended 31 December 2022 dated 9 August 2024; (viii) the announcement of the interim results of the Company for the six months ended 30 June 2023 dated 9 August 2024; (ix) the announcement of the annual results of the Company for the year ended 31 December 2023 dated 9 August 2024; (x) the positive profit alert announcement of the Company dated 9 August 2024; and (xi) the announcement of the Company dated 25 September 2024 in relation to the appointment of independent non-executive Directors and change of composition of Board committees.

A. PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT

1. Proposed Capital Reorganisation

The Board proposes to implement the Capital Reorganisation in the following manner:

(a) *Share Consolidation*

The Share Consolidation which involves the consolidation of every sixty (60) Existing Shares of par value of HK\$0.10 into one (1) Consolidated Share of par value HK\$6.00.

(b) *Increase in Authorised Share Capital*

The Increase in Authorised Share Capital from HK\$2,000,000,000 divided into 333,333,333 Consolidated Shares of HK\$6.00 each to HK\$2,100,000,000 divided into 350,000,000 Consolidated Shares of HK\$6.00 each by the creation of an additional 16,666,667 unissued Consolidated Shares.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to implement the Subscription, the Board proposes the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

(c) *Capital Reduction*

The Capital Reduction which involves a reduction of the par value of each issued Consolidated Share from HK\$6.00 to HK\$0.60 by cancelling the paid-up capital of the Company to the extent of HK\$5.40 on each issued Consolidated Share. The credit arising from the Capital Reduction of approximately HK\$233,999,378 will be credited to the Contributed Surplus Account to be applied by the Directors in any manner as permitted under applicable laws and the Bye-laws.

(d) *Share Sub-division*

The Share Sub-division whereby each of the authorised but unissued Consolidated Share of par value of HK\$6.00 each will be sub-divided into 10 New Shares of par value of HK\$0.60 each.

(e) *Share Premium Cancellation*

The Share Premium Cancellation whereby entire amount standing to the credit of the share premium account of the Company will be cancelled to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account to be applied by the Directors in any manner as permitted under applicable laws and the Bye-laws.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) compliance with the requirements of section 46(2) of the Companies Act to effect the Capital Reorganisation and the Directors being satisfied that on the effective date of the Capital Reorganisation, there are no reasonable grounds for believing that the Company is, or after the effective date of the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iii) the compliance with all relevant procedures and requirements under the laws of the Bermuda (where applicable) and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked its approval for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

None of the above conditions could be waived. The Capital Reorganisation shall become effective when the conditions mentioned above are fulfilled, further announcement will be made upon the Capital Reorganisation becoming effective. As at the date of this announcement, none of the conditions above has been fulfilled.

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares of par value of HK\$0.1 each, of which 2,599,993,088 Existing Shares have been issued and fully paid or credited as fully paid.

Assuming that there will be no other change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, immediately following the Capital Reorganisation, the Company's authorised share capital will be HK\$2,100,000,000 divided into 3,500,000,000 New Shares of HK\$0.60 each, of which 43,333,218 New Shares will be issued as fully paid or credited as fully paid and the aggregate par value of the issued share capital of the Company will be HK\$25,999,931.

Based on the 2,599,993,088 Existing Shares in issue as at the date of this announcement, an amount of credit of approximately HK\$398,999,378 will arise as a result of the Capital Reduction. **Shareholders and potential investors of the Company should note that the credit arising in the books from the Capital Reduction will be subject to change depending on the number of Shares in issue immediately prior to the Capital Reduction becoming effective.**

It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation will be transferred to the Contributed Surplus Account. The credit in the Contributed Surplus Account will be applied by the Directors in any manner as permitted under the applicable laws and the Bye-laws. Upon the Capital Reorganisation becoming effective, the entire amount standing to the credit of the Contributed Surplus Account (together with the credit arising from the Capital Reorganisation), in the aggregate sum of approximately HK\$398,999,378 will be applied to set off part of the accumulated losses of the Company as at the effective date of the Capital Reorganisation and be applied by the Directors in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda. As at 31 December 2023, the accumulated losses of the Company are approximately HK\$696.9 million. After the Capital Reorganisation, the amount standing to the credit of the Contributed Surplus Account will be zero and, based on the accumulated losses of the Company as at 31 December 2023, the amount of accumulated losses of the Company will decrease to approximately HK\$297.9 million.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company (i) as at the date of this announcement and (ii) immediately after the Capital Reorganisation becoming effective, assuming that there will be no other change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation:

	(i) As at the date of this announcement	(ii) Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.1 per Existing Share	HK\$0.60 per New Share
Authorised share capital	HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares	HK\$2,100,000,000 divided into 3,500,000,000 New Shares
Issued share capital	HK\$259,999,308.80 divided into 2,599,993,088 Existing Shares	HK\$25,999,931 divided into 43,333,218 New Shares

Upon the Capital Reorganisation becoming effective, the New Shares shall rank *pari passu* in all respects with each other.

The Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders as a whole.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Application for listing of the New Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Further announcement(s) will be made to inform the Shareholders and potential investors of the Capital Reorganisation, including the proposed timetable and the arrangements for the free exchange of the New Share certificates for the Existing Share certificates, as and when appropriate.

2. Proposed Change in Board Lot Size

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in a board lot size of 2,000 Existing Shares.

The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 16,000 New Shares conditional upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.018 per Existing Share (equivalent to the theoretical closing price of HK\$1.08 per New Share) as quoted on the Stock Exchange on the Last Trading Day, (i) the value of each existing board lot of Existing Shares is HK\$36.00; (ii) the value of each board lot of 2,000 New Shares would be HK\$2,160 assuming the Capital Reorganisation has become effective; and (iii) the estimated value per board lot of 16,000 New Shares would be HK\$17,280 assuming that the Change in Board Lot Size has become effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the New Shares as a result of the Change in Board Lot Size, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Shareholders should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Reasons for the Capital Reorganisation and Change in Board Lot Size

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the Last Trading Day, the closing price of each Existing Share is HK\$0.018, with a board lot size of 2,000 Existing Shares, the Company is trading under HK\$2,000 per board lot.

In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company and to avoid the market price of the Shares approaching the extremities of HK\$0.01 as referred to under Rule 13.64 of the Listing Rules, the Board proposes to implement the Share Consolidation and the Change in Board Lot Size.

Pursuant to the laws of Bermuda and the Bye-laws, the Company shall not issue any shares at a price below par value. To provide for more flexibility on fundraising (including the issue of New Shares under the Subscription Agreement and in the future), the Board considers it necessary to implement the Capital Reduction, Share Sub-division and Share Premium Cancellation, which will enable the par value of the Consolidated Shares to be decreased from HK\$6.00 each to HK\$0.60 each.

The credit in the Contributed Surplus Account arising from the Capital Reorganisation will be applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated losses of the Company, or be applied by the Directors in any manner as permitted under the applicable laws and the Bye-laws. The Board considers that the offsetting of the accumulated losses of the Company will allow the Company to improve its equity position.

The Board believes the Capital Reorganisation and the Change in Board Lot Size are in the best interests of the Company and the Shareholders as a whole.

The Capital Reorganisation is conditional upon, among other things, the approval of the Shareholders by way of the necessary resolution(s) at the SGM. As none of the Shareholders or their associates would have any interest in the Capital Reorganisation or the Change in Board Lot Size, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Capital Reorganisation and/or the Change in Board Lot Size at the SGM.

As at the date of this announcement, save as disclosed under section headed “B. SUBSCRIPTION OF NEW SHARES” below, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules as and when appropriate.

B. SUBSCRIPTION OF NEW SHARES

On 15 October 2024, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 389,998,963 New Shares at the total Subscription Price of HK\$233,999,377.8, representing HK\$0.60 per New Share, to the Subscriber. The Subscription is subject to various conditions set out below under the paragraph headed “Conditions precedent to the Subscription”.

A summary of the principal terms of the Subscription Agreement is set out below:

Date	:	15 October 2024
Parties	:	(1) the Company (as issuer); and (2) the Subscriber (as subscriber)
Subscription Price	:	HK\$0.60 per New Share
Total consideration for the Subscription	:	HK\$233,999,377.8
Number of Subscription Shares to be issued	:	389,998,963 New Shares

The Subscriber is a company incorporated in Hong Kong with limited liability and is an investment holding company. The Subscriber is directly legally and beneficially owned as to 50% by Mr. Chen, a non-executive Director, and 50% by Mr. Wong as at the date of this announcement.

As at the date of this announcement, none of the Subscriber Concert Parties has interests in any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Assuming there will be no other change in the number of Shares from the date of this announcement until the date of Completion and after the adjustment for the effect of the Capital Reorganisation, the Subscription Shares represent (i) approximately 900% of the issued share capital of the Company immediately after the Capital Reorganisation becoming effective and prior to the allotment and issue of the Subscription Shares as at the date of this announcement; and (ii) approximately 90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in full.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Independent Shareholders at the SGM.

Conditions precedent to the Subscription

Completion of the Subscription is conditional upon the fulfillment (or waiver, where applicable) of the following conditions precedent:

- (a) each of the Creditors having entered into a deed of settlement in accordance with the terms and conditions of the Debt Restructuring;
- (b) all of the required corporate approvals or authorisations having been duly passed at the duly convened SGM in accordance with the Listing Rules, the Takeovers Code and any other applicable law and regulations, and not having been revoked or vitiated:
 - (i) the Capital Reorganisation;
 - (ii) the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the Subscription, the Specific Mandate and the allotment and issue of the Subscription Shares; and
 - (iii) the Whitewash Waiver;
- (c) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (d) the listing of and permission to deal in all of the Subscription Shares to be issued to the Subscriber under the Subscription having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn;
- (e) the proposal in relation to the Resumption having been submitted to the Stock Exchange and the approval in-principle having been received from the Stock Exchange and such approval not having been subsequently revoked or withdrawn;
- (f) the Resumption Guidance having been fulfilled to the satisfaction of the Stock Exchange;
- (g) the Shares remaining listed on the Main Board of the Stock Exchange;
- (h) the Subscriber having entered into the Placing Agreement;
- (i) the fulfillment of the undertakings by the Company and the Subscriber pursuant to the Subscription Agreement;

- (j) each of the warranties given by the Company to the Subscriber being true and accurate in all material respects when made, and being true and accurate in all materials respects for the period from the date of the Subscription Agreement and ending on the date of Completion; and
- (k) each of the warranties given by the Subscriber to the Company being true and accurate in all material respects when made, and being true and accurate in all materials respects for the period from the date of the Subscription Agreement and ending on the date of Completion.

None of the above conditions may be waived by either party to the Subscription Agreement. In the event that any of the conditions above is not fulfilled on or before the Long Stop Date or such other date as the Company and the Subscriber may agree in writing, the Subscription Agreement will automatically terminate with immediate effect and all obligations of the Company and the Subscriber under the Subscription Agreement shall cease and determine.

As at the date of this announcement, save for the approvals set out in conditions (a), (b), (c), (d), (e) and (f) above, the Company is not aware of other consents or approvals to be obtained on the part of each of the Subscriber and the Company in respect of the Subscription Agreement and the transactions contemplated thereunder.

As at the date of this announcement, save for condition (h) above, none of the conditions above has been fulfilled.

The Subscription Price

The total Subscription Price is HK\$233,999,377.8, representing HK\$0.60 per Subscription Share (assuming the Capital Reorganisation became effective), which represents:

- (i) a discount of approximately 44.4% to the theoretical closing price of HK\$0.648 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.018 per Existing Share (or HK\$1.08 per New Share) as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 46.8% to the theoretical average closing price per New Share of HK\$0.6528 as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0188 per Existing Share (or HK\$1.1280 per New Share) for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

- (iii) a discount of approximately 47.1% to the theoretical average closing price per New Share of HK\$0.6534 as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0189 per Existing Share (or HK\$1.1340 per New Share) for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$8.5 over the theoretical audited consolidated net liabilities attributable to owners of the Company as at 31 December 2023 of approximately HK\$7.9 per New Share as adjusted for the effect of the Capital Reorganisation.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the financial position of the Group with net liabilities and low liquidity for the two years ended 31 December 2022 and 2023; (ii) the recent market conditions; (iii) the prolonged suspension of trading in the Shares on the Stock Exchange since 3 April 2023; and (iv) the fact that the Subscriber is willing to provide the Company with fresh money to proceed with its restructuring plan and continue its operations. The Directors (excluding members of the Independent Board Committee, who will express their views after considering the advice from the Independent Financial Adviser, and except Mr. Chen who abstained from voting due to his material interest in the Subscription arising from his ownership in the Subscriber) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on commercial terms, and in the interests of the Company and the Shareholders as a whole.

As confirmed by the Subscriber, the total Subscription Price will be funded by the following means and will be satisfied in cash at Completion:

- (i) HK\$116,999,688.9, being 50% of the total Subscription Price will be funded by Mr. Wong's own funds; and
- (ii) HK\$116,999,688.9, being 50% of the total Subscription Price will be funded by a 5-year loan, which is repayable 5 years after the date of drawdown at an interest rate of 14% per annum payable annually on each anniversary of the drawdown date, provided by Mr. Wong¹ to Mr. Chen in the amount of HK\$120,000,000, which is secured by a charge over Mr. Chen's holding of 7.03% of preferred stock in a U.S. based private company engaged in the development and manufacturing of solid-state batteries currently valued at approximately US\$45 million.

Note:

1. The HK\$120,000,000 loan provided by Mr. Wong to Mr. Chen will be funded by a 5-year loan, which is repayable 5 years after the date of drawdown at an interest rate of 8% per annum payable annually on each anniversary of the drawdown date, provided by Gaoyu Finance Limited to Mr. Wong, which is secured by a pledge over gold bullion and a personal guarantee.

Each of Mr. Chen and Mr. Wong confirms that, save for the agreements and arrangements in respect of the loan provided by Mr. Wong to Mr. Chen referred to in paragraph (ii) above, and their customary relationship as fellow shareholders of the Subscriber, there is no relationship, whether formal or informal (past, present and contemplated; financial, business or otherwise), and there is no other arrangements or agreements between Mr. Chen and Mr. Wong in relation to the Capital Reorganisation, the Subscription, the Debt Restructuring, the Placing and the ancillary or related transactions.

Completion of the Subscription

Completion shall take place on any day within 5 Business Days after the date on which the last of the conditions precedent to the Subscription are satisfied by written notice, whichever is earlier, or any other date as agreed between the Company and the Subscriber in writing. No Subscription Shares taken up by the Subscriber will be subject to pledge and/or other encumbrances.

Upon Completion and completion of the Placing, the Subscriber will become the legal and beneficial owner of no more than 312,432,503 New Shares.

Ranking of the Subscription Shares

The Subscription Shares will rank *pari passu* in all respects with each other and with the New Shares in issue on the date of the allotment and issue of the Subscription Shares in accordance with the Bye-laws.

Application for the listing of the Subscription Shares

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Reasons for the Subscription and Use of Proceeds

The Group is specialised in the design, development, manufacturing and sales of electronic products and smart wearable devices, providing fashionable, healthy and intelligent products and service experience, enhancing people's ability to work, live and play, and leading social trends. Following the COVID-19 outbreak, business operations of the Group had been substantially suspended and trading in the Shares on the Stock Exchange has been suspended since 3 April 2023 pending fulfilment of the Resumption Guidance.

As disclosed in the annual results announcement of the Company dated 9 August 2024, the Company recorded an audited loss attributable to owners of the Company for the year ended 31 December 2023 of approximately HK\$14.2 million, net current liabilities and net liabilities of approximately HK\$340.9 million and HK\$340.9 million respectively as at 31 December 2023.

The Subscription forms part of the corporate rescue action of the Company intended for providing relief to the Company's indebtedness and necessary funding for the continuing operations of the Group. The Subscription demonstrates the Subscriber's support and commitment to, the Company's business operations, as well as its confidence in its long-term expansion and development. Although the issuance of the Subscription Shares would have a dilution effect on the shareholding of the existing Shareholders, the Subscription was considered to be beneficial not only to the Creditors but also the Shareholders and the Company as a whole, as without the proceeds from the Subscription, the Company would not be able to formulate the restructuring plan, and hence the implementation of the Debt Restructuring and the Resumption will not be achievable. As such, it is considered that the Subscription is an essential part of the corporate rescue and restructuring plan.

Since the suspension of trading of the Shares on 3 April 2023, the Directors have spent strenuous effort in fulfilling the Resumption Guidance imposed by the Stock Exchange. The Group has continued to take active steps to address and comply with the Resumption Guidance, including re-commencement of its operation in December 2023 and resumption of sales of electronic products under the trademark of "Oregon Scientific" to demonstrate that it has sufficient level of operation in compliance with Rule 13.24 of the Listing Rules. The Group has also successively received new product orders from customers and has developed its online retail platform (<http://oregonscientific.store>) as well as established online shop on various online platforms to enhance market awareness of the "Oregon Scientific" brand and directly advertise, showcase and offer its products to the global market. As at the date of this announcement, the confirmed orders of HK\$76 million scheduled for delivery in the third quarter of 2024 have been completed. The Group has also secured confirmed orders of approximately HK\$40 million, which are expected to be fulfilled and delivered in the last quarter of 2024. For further details, please refer to the announcements of the Company dated 2 July 2024 and 25 September 2024. The Board believes that the proceeds from the Subscription will relieve the Company of its indebtedness and strengthen the financial position of the Group through implementation of the Debt Restructuring, and thus enable the Company to continue to expand its current business operations, which will in turn enable the Company to continue to demonstrate its compliance with Rule 13.24 of the Listing Rules.

The Company has published its annual results for the year ended 31 December 2022 and 2023 and the interim results for the six months ended 30 June 2023 on 9 August 2024 and following the appointments of each of Mr. Mak Tin Sang, Dr. Lowe Chun Yip and Ms. Chen Weijie as an independent non-executive Director on 25 September 2024, the Company has fulfilled the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Audit Committee requirements under Rule 3.21 of the Listing Rules, the Remuneration Committee requirements under Rule 3.25 of the Listing Rules and the Nomination Committee requirements under Rule 3.27A of the Listing Rules.

The Directors (excluding members of the Independent Board Committee, who will express their views after considering the advice from the Independent Financial Adviser, and except Mr. Chen who abstained from voting due to his material interest in the Subscription arising from his ownership in the Subscriber) consider that, taking into account of the above factors, the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on commercial terms, and in the interests of the Company and the Shareholders as a whole.

Given that Mr. Chen, a non-executive Director, is also a director and shareholder of the Subscriber, Mr. Chen has abstained from voting on the Board resolution approving the Subscription Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Subscription Agreement and none of them has abstained from voting on the relevant Board resolution. As at the date of this announcement, no Director hold any Shares, and no Director holding any Shares was or is involved in the negotiation and discussion of the terms and conditions of the Subscription, the Debt Restructuring or the Placing. The Company has also made enquiry with Mr. Zhu, who has confirmed that he has no involvement or role played in the Capital Reorganisation, the Subscription, the Debt Restructuring, the Placing and the ancillary or related transactions. As confirmed by Mr. Zhu, Mr. Chen and Mr. Wong, (A) there is no relationship between (i) the Subscriber Concert Parties; and (ii) Mr. Zhu or China Huaneng Foundation Construction Investment Ltd. and parties acting in concert with any of them, and they are not parties acting in concert; (B) none of the Subscriber Concert Parties is a nominee of Mr. Zhu nor is accustomed to take instructions from Mr. Zhu in relation to the Subscription, the Debt Restructuring, the Whitewash Waiver, the Placing, or acquisition, disposal, voting or other disposition of the securities of the Company; and (C) the Subscription or any acquisition of securities of the Company is not financed directly or indirectly by Mr. Zhu.

Mr. Chen confirms that he was contacted by Creditor A, who briefly shared with him the possible investment opportunity in rescuing the Company from being delisted from the Stock Exchange. After careful consideration, Mr. Chen, through the introduction of Creditor A, met with the Company to learn and discuss further on the possible investment opportunity, which led to the Subscription. Creditor A merely introduced Mr. Chen to the Company and was not involved in any such discussion. Although Mr. Chen had no prior directorship experience, the Company considered his educational background and experience as an engineer with focus on battery design and manufacturing for electronic devices, his passion in the electronic products and battery sector and his network with experts in the electronic products related industry may be of value to the Company. Furthermore, to provide Mr. Chen with a better insight into the status of the Company and for him to demonstrate his commitment and ability to revive the business of the Company, the Company invited his appointment as a non-executive Director to bring new synergies to the business of the Company with the hope of rescuing it from being delisted. Each of Mr. Chen, Mr. Wong and Creditor A confirms that, save for Creditor A's mere introductory of Mr. Chen to the Company, there is no relationship, whether formal or informal (past, present and contemplated; financial, business or otherwise), between

(i) the Subscriber Concert Parties; and (ii) Creditor A and parties acting in concert with her, and there is no arrangements or agreements between the Subscriber Concert Parties and Creditor A in relation to the Capital Reorganisation, the Subscription, the Debt Restructuring, the Placing and the ancillary or related transactions. Each of Creditor A and Mr. Chen has also confirmed to the Company that Creditor A and the Subscriber Concert Parties are neither de facto concert parties or presumed to be acting in concert with each other.

The gross proceeds from the Subscription are expected to be HK\$233,999,377.8 in aggregate. After deducting related professional fees and all administrative expenses relating to the Subscription and issuance of the Subscription Shares, the net proceeds of the Subscription will amount to approximately HK\$230 million and proposed to be applied towards: (i) approximately HK\$100 million for the Initial Cash Payment; (ii) approximately HK\$40 million for the settlement of professional fees incurred in relation to the restructuring and the Resumption, comprising mainly of restructuring advisory fees, legal fees and fee incurred by other professional services; (iii) approximately HK\$50 million for general working capital of the Company; and (iv) approximately HK\$40 million for acquisition of new machineries as the initial step towards building or acquiring self-owned factory premises in the future.

C. PROPOSED DEBT RESTRUCTURING

The Company has been under financial distress and is currently unable to repay certain of its liabilities. Based on the audited annual accounts of the Company for the year ended 31 December 2023, as at 31 December 2023, the total estimated indebtedness owed by the Company under the Debt Restructuring amounted to approximately HK\$215.5 million, which consists of HK\$3.5 million of outstanding professional fees (relates to audit fees, as well as company secretarial fees and other miscellaneous administrative fees etc owed to professional party creditors incurred in prior years), HK\$15.6 million in intercompany debts owed to two wholly-owned subsidiaries of the Company and the Shareholder's Loan. The HK\$3.5 million outstanding professional fees will be fully paid, and the full amount of the HK\$15.6 million owed to two wholly-owned subsidiaries will be fully waived before a deed of settlement in accordance with the terms and conditions of the Debt Restructuring will be entered into with Creditor A.

Under the circumstances, the Company proposed to implement the Debt Restructuring, pursuant to which the Company targets to reach consensus with the Creditors in the following manner:

- (i) the Initial Cash Payment, being partial net proceeds from the Subscription of approximately HK\$100 million, will be distributed to the Creditors holding the Debt; and
- (ii) following the Initial Cash Payment, the Company will issue the Bonds to Creditors for settlement of 50% of the Remaining Debt.

The principal terms of the Bonds are set out hereunder:

Issuer	:	The Company
Principal Amount	:	An amount equivalent to 50% of the Remaining Debt of the Creditors.
Maturity	:	The Bonds shall have a maturity of 10 years from the date of issuance.
Coupon Rate	:	The Bonds shall bear interest at a rate of 0% per annum for the initial 3 years, 3% per annum for the following 3 years and 5% per annum for the remaining 4 years.
Repayment	:	No repayment in cash or in kind will be made for the first 3 years from the date of issuance. Coupon payments will be made annually on the 4th to the 10th anniversary of the issue date of the Bonds in accordance with the coupon rates. On maturity, the Company shall repay 100% of the principal amount of the Bonds then outstanding, together with accrued and unpaid interest thereon.
Transferability	:	The Bonds shall be freely transferable, subject to the terms and conditions set out in the bond instrument constituting the Bonds.
Status	:	The Bonds shall constitute direct, unsubordinated, unconditional and secured obligations of the Company, ranking <i>pari passu</i> and without any preference among themselves.
Governing Law	:	The Bonds shall be governed by, and construed in accordance with, the laws of Hong Kong.
Guarantees and Securities	:	The Bonds shall be guaranteed and/or secured by (i) a corporate guarantee executed by the Company; (ii) a security agreement over the assets of Oregon Energy; and (iii) a share charge over the entire issued share capital of Oregon Energy executed by the Company, all in favour of the holders of the Bonds.

Based on the audited annual accounts of the Company for the year ended 31 December 2023, as at 31 December 2023, the total estimated indebtedness owed by the Company to the Creditors amounts to approximately HK\$215.5 million, which consists of the Shareholder's Loan assigned by Mr. Zhu to Creditor A. As confirmed by Mr. Zhu, Creditor A and Mr. He Wei, who had provided funds to Creditor A for the acquisition of the Shareholder's Loan, (A) save for the assignee and assignor relationship in relation to the assignment of such Shareholder's Loan, there is no other relationship between (i) Creditor A and Mr. He Wei and parties acting in concert with any of them; and (ii) Mr. Zhu or China Huaneng Foundation Construction Investment Ltd. and parties acting in concert with any of them, and they are not parties acting in concert; (B) neither Creditor A nor Mr. He Wei is a nominee of Mr. Zhu nor is accustomed to take instructions from Mr. Zhu in relation to the acquisition of the Shareholder's Loan, the Debt Restructuring, or acquisition, disposal, voting or other disposition of the securities of the Company; and (C) the acquisition of the Shareholder's Loan or any acquisition of securities of the Company is not financed directly or indirectly by Mr. Zhu. Mr. Zhu also confirmed that save for the consideration received from Creditor A for the assignment of the Shareholder's Loan, no other benefit or compensation will be received by him upon completion of the Debt Restructuring. As informed by Creditor A, an aggregate of HK\$40 million of the Shareholder's Loan was initially assigned to four financial investors, each an Independent Third Party and none of them is a Shareholder. Creditor A subsequently offered for the reassignment of such HK\$40 million of the Shareholder's Loan at a slight premium as follows:

Name of assignor	Amount of Shareholder's Loan reassigned to Creditor A	Amount Paid to Creditor A on the initial assignment of the Shareholder's Loan	Amount Paid by Creditor A for the reassignment
Mr. Lee Chak Fai ¹	HK\$15 million	HK\$1,513,850	RMB2,000,000
Ms. Li Dan ²	HK\$10 million	HK\$1,100,000	RMB1,350,000
Ms. Li Xiaoli ³	HK\$10 million	HK\$700,000	RMB850,000
Mr. Aroon Sae Teo ⁴	HK\$5 million	HK\$400,000	RMB500,000

Notes:

- On 4 February 2024, Creditor A assigned HK\$15 million of the Shareholder's Loan to Mr. Lee Chak Fai for a consideration of HK\$1,513,850, the payment of which was made through Hong Kong Chaopin Trading Co. Ltd. to Creditor A. On 22 August 2024, Mr. Lee Chak Fai reassigned HK\$15 million of the Shareholder's Loan to Creditor A for a consideration of RMB2,000,000, the payment of which was made by Creditor A to Mr. Lee Chak Fai.

2. On 3 April 2024, Creditor A assigned HK\$10 million of the Shareholder's Loan to Ms. Li Dan for a consideration of HK\$1,100,000, the payment of which was made through Ms. Jiang WeiWei to Creditor A. On 23 August 2024, Ms. Li Dan reassigned HK\$10 million of the Shareholder's Loan to Creditor A for a consideration of RMB1,350,000, the payment of which was made by Creditor A to Ms. Li Dan.
3. On 3 April 2024, Creditor A assigned HK\$10 million of the Shareholder's Loan to Ms. Li Xiaoli for a consideration of HK\$700,000, the payment of which was made through Ms. Huang Wenhao to Creditor A. On 26 August 2024, Ms. Li Xiaoli reassigned HK\$10 million of the Shareholder's Loan to Creditor A for a consideration of RMB850,000, the payment of which was made by Creditor A to Ms. Li Xiaoli.
4. On 18 April 2024, Creditor A assigned HK\$5 million of the Shareholder's Loan to Mr. Aroon Sae Teo for a consideration of HK\$400,000, the payment of which was made through Mr. Yang Mingwe to Creditor A. On 26 August 2024, Mr. Aroon Sae Teo reassigned HK\$5 million of the Shareholder's Loan to Creditor A for a consideration of RMB500,000, the payment of which was made by Creditor A to Mr. Aroon Sae Teo.

Following the reassignment, each of the abovenamed financial investors is no longer a Creditor. As confirmed by Mr. Zhu, Mr. Lee Chak Fai, Ms. Li Dan, Ms. Li Xiaoli and Mr. Aroon Sae Teo, (A) there is no relationship between (i) each of Mr. Lee Chak Fai, Ms. Li Dan, Ms. Li Xiaoli and Mr. Aroon Sae Teo and parties acting in concert with any of them; and (ii) Mr. Zhu or China Huaneng Foundation Construction Investment Ltd. and parties acting in concert with any of them, and they are not parties acting in concert; (B) none of Mr. Lee Chak Fai, Ms. Li Dan, Ms. Li Xiaoli and Mr. Aroon Sae Teo is a nominee of Mr. Zhu nor is accustomed to take instructions from Mr. Zhu in relation to the acquisition of the HK\$40 million of the Shareholder's Loan from Creditor A and the subsequent reassignment of the HK\$40 million of the Shareholder's Loan to Creditor A, or acquisition, disposal, voting or other disposition of the securities of the Company; and (C) the acquisition of HK\$40 million of the Shareholder's Loan from Creditor A or any acquisition of securities of the Company was not financed directly or indirectly by Mr. Zhu.

The Debt Restructuring, which is subject to acceptance by all the Creditors, will be conditional on all of the conditions precedent to the Subscription Agreement having been fulfilled. Upon completion of the Debt Restructuring, the Debt due to the Creditors against the Company and related liabilities of the Company will be compromised, discharged, waived and/or settled in full.

To the best of the knowledge, information and belief of the Company and having made all reasonable enquiries, as at the date of this announcement, each of the Creditors is an Independent Third Party and none of the Creditors is a Shareholders.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation become effective; (iii) immediately after completion of the allotment and issue of the Subscription Shares; and (iv) immediately after completion of the issue of the Subscription Shares and the Placing:

	(i) As at the date of this announcement		(ii) Immediately after the Capital Reorganisation become effective		(iii) Immediately after completion of the allotment and issue of the Subscription Shares		(iv) Immediately after completion of the issue of the Subscription Shares and the Placing	
	<i>Number of Existing Shares</i>	<i>Approximate %</i>	<i>Number of New Shares</i>	<i>Approximate %</i>	<i>Number of New Shares</i>	<i>Approximate %</i>	<i>Number of New Shares</i>	<i>Approximate %</i>
Mr. Zhu (Note 1)	753,997,995	29	12,566,633	29	12,566,633	2.9	12,566,633	2.9
Jiangsu Hongtu High Technology Co., Ltd. (Note 2)	556,898,770	21.4	9,281,646	21.4	9,281,646	2.1	9,281,646	2.1
The Subscriber Concert Parties (Note 3)	–	–	–	–	389,998,963	90	312,432,503	72.1
Placees to the Placing	–	–	–	–	–	–	77,566,460	17.9
Other public shareholders	1,289,096,323	49.6	21,484,939	49.6	21,484,939	5.0	21,484,939	5.0
Total	<u>2,599,993,088</u>	<u>100</u>	<u>43,333,218</u>	<u>100</u>	<u>433,332,181</u>	<u>100</u>	<u>433,332,181</u>	<u>100</u>

Notes:

- Mr. Zhu holds 100% of the equity interests of China Huaneng Foundation Construction Investment Ltd., hence he is deemed to be interested in the 753,997,995 Existing Shares held by China Huaneng Foundation Construction Investment Ltd.
- Jiangsu Hongtu High Technology Co., Ltd. holds 100% of the equity interests of Jiangsu Hongtu High Technology (Hong Kong) Co. Limited, which in turns holds 100% of the issued share of Hongtu High Technology Int'l Inc., hence Jiangsu Hongtu High Technology Co., Ltd. is deemed to be interested in the 556,898,770 Existing Shares held by Hongtu High Technology Int'l Inc.
- The Subscriber is a company directly owned as to 50% by Mr. Chen, a non-executive Director, and 50% by Mr. Wong, hence each of Mr. Chen and Mr. Wong will be deemed to be interested in the New Shares held by the Subscriber after Completion.
- As at the date of this announcement, the Company has 2,599,993,088 Existing Shares in issue and there are no outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities in the Company.

LISTING RULES IMPLICATION AND RESTORATION OF PUBLIC FLOAT

As at the date of this announcement, the Subscriber is a company owned as to 50% by Mr. Chen, a non-executive Director, and 50% by Mr. Wong. Accordingly, the Subscriber is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the transaction contemplated under the Subscription Agreement shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. In view of the liquidity and heavily indebted financial position of the Group as well as the prolonged suspension of the trading in the Shares on the Stock Exchange since 3 April 2023, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company and there are practical difficulties to issue the Subscription Shares without a substantial discount. The Subscription will provide funds to partially settle the Debt against the Company under the Debt Restructuring and to continue the Group's business operations, and as such, facilitate the Resumption. Accordingly, the Company is of the view that the above factors could be considered as exceptional circumstances under Rule 7.27B.

The Subscription will also result in the public float of the New Shares falling below the requirements under Rule 8.08(1) of the Listing Rules. In general, the Stock Exchange would not grant the listing of, and permission to deal in new Shares where the issue of such new Shares would cause or facilitate a breach of requirement(s) under the Listing Rules. The Subscriber has entered into the Placing Agreement to undertake the Placing, where a placing commission of 2% on the aggregate placing price placed pursuant to the Placing will be borne by the Subscriber, to ensure that a sufficient public float exists for the New Shares upon Completion, failing which the Subscription Agreement will not become unconditional and the Subscription will not proceed.

Accordingly, the Directors (excluding members of the Independent Board Committee, who will express their views after considering the advice from the Independent Financial Adviser, and except Mr. Chen who abstained from voting due to his material interest in the Subscription arising from his ownership in the Subscriber) consider that the issue of the Subscription Shares involving a theoretical dilution effect of approximately 40% is justified.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

As at the date of this announcement, none of the Subscriber Concert Parties has interests in any Shares.

Immediately after completion of the Capital Reorganisation and the Subscription but prior to completion of the Placing, the Subscriber Concert Parties will be interested in 389,998,963 New Shares, representing approximately 90.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in full.

Pursuant to Rule 26.1 of the Takeovers Code, the acquisition of 30% or more of the voting rights in the Company by the Subscriber as a result of the Subscription would trigger an obligation on the Subscriber to make a mandatory general offer for all the issued shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber Concert Parties), unless the Whitewash Waiver is granted by the Executive.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (a) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (b) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Subscription and the underlying transactions, in which (i) the Subscriber Concert Parties, (ii) the Shareholders who are also Creditors, their ultimate beneficial owners, their respective associates and parties acting in concert with any of them, and (iii) the Shareholders who are interested in or involved in the Subscription and the transactions contemplated thereunder including the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing will abstain from voting on the relevant resolution(s). No existing Shareholder has a material interest in the Subscription, the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing and therefore no Shareholder is required to abstain from voting on any resolution(s) to be proposed at the SGM.

If the Whitewash Waiver is approved by the Independent Shareholders, the Subscriber Concert Parties will hold more than 50% of the voting rights of the Company, and they may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will normally not grant a whitewash waiver if there occurs any disqualifying transaction for such waiver. Disqualifying transactions include, among others, a situation where the person seeking a whitewash waiver or any person acting in concert with it has acquired voting rights in a company in the six months immediately prior to the announcement of the proposal but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the proposal. The Company has received a confirmation from the Subscriber, Mr. Chen and Mr. Wong confirming that the Subscriber

Concert Parties have not dealt in the Shares during the six-month period prior to and including the date of this announcement including prior or subsequent to negotiations, discussions (formal or informal) or the reaching of understandings or agreements with the Directors in relation to the Subscription and the underlying transactions and the Debt Restructuring, and will not acquire or dispose of voting rights in the period between the date of this announcement and the completion of the Subscription.

As at the date of this announcement, the Company does not believe that the Subscription (including the allotment and issue of the Subscription Shares) would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription (including the allotment and issue of the Subscription Shares), the Debt Restructuring and the Placing does not comply with other applicable rules and regulations.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription Agreement will not become unconditional and the Subscription will not proceed.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Subscriber has confirmed that as at the date of this announcement, none of the Subscriber Concert Parties:

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company or had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company within the six months prior to the date of the Subscription Agreement up to and including the date of this announcement (save for the Subscription Agreement);
- (b) holds, owns, controls or directs any voting rights and rights over any Shares or any convertible securities, warrants or options in respect of the Shares, nor have entered into any outstanding derivative in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (c) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Subscription and the transactions contemplated thereunder, including the Specific Mandate and/or the Whitewash Waiver at the SGM; and
- (d) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this announcement, save as disclosed in the section headed “B. SUBSCRIPTION OF NEW SHARES” to this announcement:

- (a) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement, the Debt Restructuring, the Whitewash Waiver and the Placing;
- (b) there is no agreement or arrangement to which each of the Subscriber Concert Parties is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement, the Debt Restructuring, the Whitewash Waiver and the Placing;
- (c) there is no disqualifying transaction (as described in paragraph 3 of Schedule VI to the Takeovers Code) by the Subscriber Concert Parties within the six months before the date of this announcement;
- (d) save for the consideration paid or payable under the Subscription Agreement, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Subscriber Concert Parties to the Company in connection with the transactions contemplated under the Subscription Agreement, the Debt Restructuring, the Whitewash Waiver and the Placing;
- (e) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) the Subscriber Concert Parties; and (ii) the Company, any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the transactions contemplated under the Subscription Agreement, the Debt Restructuring, the Whitewash Waiver and the Placing; and
- (f) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Subscriber Concert Parties; or (b) the Company, its subsidiaries or associated companies.

INFORMATION OF THE GROUP

The Group is principally engaged in the design, development, manufacturing and sales of electronic products and smart wearable devices, providing fashionable, healthy and intelligent products and service experience, enhancing people’s ability to work, live and play, and leading social trends.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong on 9 May 2024 with limited liability and is principally engaged in investment holding. On 7 August 2024, Mr. Wong acquired 50% of the issued share capital of the Subscriber from Mr. Chen. As at the date of this announcement, the Subscriber is directly legally and beneficially owned as to 50% by Mr. Chen, who is also the sole director of the Subscriber and a non-executive Director, and 50% by Mr. Wong, and therefore is a connected person of the Company under Chapter 14 A of the Listing Rules.

Mr. Chen was appointed as a non-executive Director on 1 February 2024. He received Bachelor of Science in Chemistry from St. Edward's University, United States of America in 2023 and has since been working as an engineer with focus on battery design and manufacturing for electronic devices. Power supply is a vital component that dictates the design and production of electronic products and Mr. Chen intends to share his knowledge and experience in this area in furtherance of the Company's expansion of its business operations. Since his appointment to the Board, Mr. Chen has provided constructive ideas on the designs and range of electronic products produced by the Group, as well as on expanding the sales channel to online stores to widen the market share of the Company in the electronic products related industry. The Group is currently working on broadening its products range to accommodate the growing demands in electronic products from customers and anticipates its products offerings will double its current portfolio by the end of the third quarter of 2024. He also possesses a successful track record of investments in the electronic products related industry, including a strategic investment in a U.S.-based private company engaged in the development and manufacturing of solid-state batteries, which are new generation of batteries that has higher energy density, faster charging speed, higher level of heat resistance, lower risk of catching fire, longer durability, lower weight and are smaller in size, and are increasingly being used in electronic devices and motor vehicles, in 2019 and has built a robust network with experts in the industry, which he intends to, subject to assessment and approval by the Board in accordance with the terms of reference and internal policies of the Company, invite university professors, researchers, and engineers who possess valuable insights and knowledge in the electronic products related industry to make contributions to the Company through appointment as senior managements or Directors and bring their expertise into the Group to further enhance the future development of the business of the Group.

Mr. Wong has over 8 years of experience in capital markets advisory at various investment banks, specialising in initial public offerings and capital fund raising for companies in Hong Kong. He is a managing director of ZMF Asset Management Limited since September 2023 and had been previously working in several corporate finance advisory companies. Mr. Wong gained extensive experience in restructuring and special situation investment during his tenure at the structured finance department of Zhongtai International Capital Limited. He played a key role in the restructuring of U-Right International Holdings Limited (now known as Japan Kyosei Group Company Limited (stock code: 00627), which involved a very substantial acquisition and reverse takeover. Mr. Wong also acted as personal advisor to the investors in the restructuring efforts of First Mobile Group Holdings Limited (now known as Jiande International Holdings Limited (stock code: 00865), which also involved a very substantial

acquisition and reverse takeover. His expertise extended to managing various non-performing loan and asset portfolio transactions, as well as overseeing recovery actions for both Zhongtai and ZMF Asset Management Limited. Mr. Wong obtained a bachelor degree in accounting and finance from Lancaster University in the United Kingdom in 2013 and a master degree in management from University College London in the United Kingdom in 2015. Mr. Wong is an independent non-executive director of (i) Ganglong China Property Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6968), since December 2023, and (ii) Pa Shun International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 574), since May 2024.

Any proposed appointment of new Directors will be made on a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code and in accordance with the Listing Rules. Further announcement in relation to the appointment of Directors will be made by the Company as and when appropriate in compliance with the Listing Rules and the Takeovers Code.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the entering into of the Subscription Agreement, the Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising the non-executive Directors, namely Mr. Cui Xiao and Ms. Ng Kwok Ying Isabella and the independent non-executive Directors, namely Mr. Xu Jinwen, Mr. Mak Tin Sang, Dr. Lowe Chun Yip and Ms. Chen Weijie, in compliance with Rule 2.8 of the Takeovers Code has been formed to advise the Independent Shareholders on the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder and as to voting. Mr. Chen, a non-executive Director, is also the sole director and a shareholder of the Subscriber and is therefore considered to be interested in the Subscription and/or the Whitewash Waiver. Therefore, Mr. Chen does not form part of the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Shareholders in accordance with the requirements under the Listing Rules and the Takeovers Code on such matters.

GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, (i) the Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the Subscription and the transactions contemplated thereunder; (iv) the Specific Mandate; and (v) the Whitewash Waiver.

In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber Concert Parties; (ii) the Shareholders who are also Creditors, their ultimate beneficial owners, their respective associates and parties acting in concert with any of them; and (iii) the Shareholders who are interested in or involved in the Subscription and the transactions contemplated thereunder, including the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing will be required to and will abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the SGM. Save as disclosed above, no other Shareholders, their respective associates or parties acting in concert with any of them will be required to abstain from voting on any resolution(s) to be proposed at the SGM.

In accordance with Rule 8.2 of the Takeovers Code, a circular containing, among others things, (i) further details of (a) the Capital Reorganisation; (b) the Change in Board Lot Size; (c) the Subscription and the underlying transactions; (d) the Specific Mandate; and (e) the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM is required to be despatched to the Shareholders no later than 21 days after the date of publication of this announcement. It is expected that the circular will be issued on or before 22 November 2024, being 21 days after the date of publication of this announcement.

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.

WARNINGS

As the Subscription and the Debt Restructuring are conditional upon the satisfaction of certain conditions precedent (including the Resumption), the Capital Reorganisation, the Subscription and/or the Debt Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and consult relevant professional advisers when in doubt.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption given that the Resumption is subject to the fulfilment of the Resumption Guidance. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code, and “party(ies) acting in concert”, “person(s) acting in concert” and “concert party(ies)” should be construed accordingly
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonds”	the bonds to be issued by the Company to the Creditors for settlement of 50% of the Remaining Debt with maturity of 10 years from the date of issuance
“Business Day”	a day (other than a Saturday, Sunday, public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company (as amended from time to time)
“Capital Reduction”	the proposed reduction of the par value of each issued Consolidated Share from HK\$6.00 to HK\$0.60 through the cancellation of the paid up capital of the Company to the extent of HK\$5.40 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed capital reorganisation of the Company’s share capital involving (a) the Share Consolidation; (b) the Increase in Authorised Share Capital; (c) the Capital Reduction; (d) the Share Sub-division; and (e) the Share Premium Cancellation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 16,000 New Shares

“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Company”	IDT International Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 167)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$6.00 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction becoming effective
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Creditor(s)”	any person who holds an amount of Debt against the Company
“Creditor A”	Ms. Fu Min, an investor who has acquired the Shareholder’s Loan from Mr. Zhu
“Debt”	approximately HK\$215.5 million, being the total estimated indebtedness owed by the Company as at 31 December 2023 under the Debt Restructuring
“Debt Restructuring”	the proposed debt restructuring by the Company to reach consensus with the Creditors on a haircut on the amount of debts held by the Creditors against the Company in order to settle and reduce the debts and liabilities of the Company, details of which are set out in the section headed “C. DEBT RESTRUCTURING” in this announcement
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission from time to time or any of his delegate(s)

“Existing Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$2,000,000,000 divided into 333,333,333 Consolidated Shares of HK\$6.00 each to HK\$2,100,000,000 divided into 350,000,000 Consolidated Shares of HK\$6.00 each by the creation of an additional 16,666,667 unissued Consolidated Shares
“Independent Board Committee”	an independent committee of the Board established which comprises all the non-executive Directors (excluding Mr. Chen due to his material interest in the Subscription arising from his ownership in the Subscriber) and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, who has no direct or indirect interest in the Subscription, the Specific Mandate, the Debt Restructuring, the Whitewash Waiver or the Placing
“Independent Financial Adviser”	Lego Corporate Finance Limited, the independent financial adviser of the Company to advise the Independent Shareholders in respect of whether the Subscription and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver are, or are not, fair and reasonable and how to vote at the SGM, and a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Independent Shareholders”	Shareholder(s), including Mr. Zhu and China Huaneng Foundation Construction Investment Ltd., other than (i) the Subscriber Concert Parties, (ii) the Shareholders who are also Creditors, their ultimate beneficial owners, their respective associates and parties acting in concert with any of them, and (iii) the Shareholders who are interested or involved in the Subscription and the transactions contemplated thereunder including the Specific Mandate, the Debt Restructuring, the Whitewash Waiver, and/or the Placing
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who are third parties independent of the Company and its connected persons, and the Subscriber Concert Parties
“Initial Cash Payment”	a total amount of HK\$100 million from the net proceeds of the Subscription allocated for payment to the Creditors holding the Debt
“Last Trading Day”	31 March 2023, being the last full trading day prior to the suspension of trading in the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 January 2025 (or such other time and date as may be agreed between the Company and the Subscriber in writing)
“Mr. Chen”	Mr. Tiger Charles Chen, the sole director of the Subscriber and who directly legally and beneficially owns 50% of the issued share capital of the Subscriber, and a non-executive Director
“Mr. Wong”	Mr. Wong Tung Yuen, who directly legally and beneficially owns 50% of the issued share capital of the Subscriber
“Mr. Zhu”	Mr. Zhu Yongning, a substantial Shareholder
“New Share(s)”	the ordinary share(s) of HK\$0.60 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

“Oregon Energy”	Oregon Energy Technology Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, which as at 30 June 2024, had a net asset value of approximately HK\$5.8 million
“Placing”	the placing by the Subscriber of at least 77,566,460 New Shares at the same price as the Subscription Price to no less than six placees who are Independent Third Parties and not Shareholders to restore the minimum public float as required under the Listing Rules to ensure that there is sufficient public float upon Completion
“Placing Agreement”	a placing agreement dated 15 October 2024 entered into between the Subscriber and Gaoyu Securities Limited in relation to the Placing
“Remaining Debt”	being the outstanding amount of Debt after settlement of the Initial Cash Payment
“Resumption”	the resumption of trading in the Shares on the Main Board of the Stock Exchange
“Resumption Guidance”	the resumption guidance set out in the letters issued by the Stock Exchange on 15 May 2023 and 5 February 2024 (and any other additional resumption guidance(s) as the Stock Exchange may impose from time to time)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Capital Reorganisation, the Change in Board Lot Size, the Subscription and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver
“Share(s)”	Existing Share(s) and/or New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every sixty (60) Existing Shares into one (1) Consolidated Share
“Share Premium Cancellation”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company

“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value of HK\$6.00 each into 10 New Shares of par value of HK\$0.60 each
“Shareholder(s)”	holder(s) of the issued Shares
“Shareholder’s Loan”	a shareholder’s loan in the amount of approximately HK\$196.4 million originally provided by Mr. Zhu to the Company, the entire amount of which was subsequently assigned by Mr. Zhu to Creditor A on 25 January 2024 at a consideration of HK\$20 million
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Directors at the SGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Tiger Energy Technology Company Limited, a company incorporated in Hong Kong with limited liability and which is directly legally and beneficially owned as to 50% by Mr. Chen and 50% by Mr. Wong
“Subscriber Concert Parties”	the Subscriber, Mr. Chen, Mr. Wong and parties acting or presumed to be acting in concert with any one of them
“Subscription”	the conditional allotment and issue of the Subscription Shares by the Company to the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 15 October 2024 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the issue price of HK\$0.60 per New Share
“Subscription Share(s)”	the 389,998,963 New Shares to be allotted and issued under the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations on the part of the Subscriber to make a mandatory general offer for all the issued Shares and other securities (if any) of the Company, except those already owned or agreed to be acquired by the Subscriber Concert Parties, which would otherwise arise as a result of the completion of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 1 November 2024

As at the date of this announcement,

1. The executive Director is Ms. Cheung Yuk Ki;
2. The non-executive Directors are Mr. Cui Xiao, Ms. Ng Kwok Ying Isabella and Mr. Tiger Charles Chen; and
3. The independent non-executive Directors are Mr. Xu Jinwen, Mr. Mak Tin Sang, Dr. Lowe Chun Yip and Ms. Chen Weijie.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Subscriber and Mr. Chen in his capacity as a director and shareholder of the Subscriber and Mr. Wong in his capacity as a shareholder of the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber and Mr. Chen in his capacity as a director and shareholder of the Subscriber and Mr. Wong in his capacity as a shareholder of the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of the Subscriber is Mr. Chen.

The sole director of the Subscriber and shareholders of the Subscriber jointly and severally accept full responsibility for the accuracy of the information in relation to the Subscriber and themselves contained in this announcement and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Directors, including Mr. Chen in his capacity as a Director) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*