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IDT INTERNATIONAL LIMITED

萬威國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

**FULFILMENT OF RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

This announcement is made by IDT International Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 (the “**2022 Annual Results**”), delay in publication of the interim results of the Company for the six months ended 30 June 2023 (the “**2023 Interim Results**”), 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 (the “**2023 Annual Results**”), delay in despatch of the annual report for the year ended 31 December 2023 and suspension of trading of the shares of the Company (the “**Shares**”); (ii) the announcements of the Company dated 19 May 2023 and 7 February 2024 in relation to, among others, the resumption guidance set by the Stock Exchange (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 2022 Annual Results dated 9 August 2024; (viii) the announcement of the 2023 Interim Results dated 9 August 2024; (ix) the announcement of the 2023 Annual Results dated 9 August 2024; (x) the positive profit alert announcement of the Company dated 9 August 2024; (xi) the announcement of the Company dated 25 September 2024 in

relation to the appointments of independent non-executive directors of the Company and change of composition of committees of the board of directors (the “**Board**”) of the Company; and (xii) the announcement of the Company dated 1 November 2024 in relation to, among others, the Capital Reorganisation, the Change in Board Lot Size, the Subscription, the Debt Restructuring and the Whitewash Waiver (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES AND THE RESUMPTION GUIDANCE

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 the Company was in a financially distressed position without sufficient funds to settle the auditors fees in order for the auditors to commence and complete their works on the financial results of the Company. As the Company was unable to publish the 2022 Annual Results within the time prescribed under the Listing Rules, at the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on Monday, 3 April 2023 pending the release of the 2022 Annual Results.

As disclosed in the announcements of the Company dated 19 May 2023 and 7 February 2024, the Stock Exchange imposed the following Resumption Guidance on the Company:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules;
- (iii) announce all material information for the Company’s shareholders and investors to appraise the Company’s position; and
- (iv) re-comply with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules in relation to number of independent non-executive directors in the Board and the composition of the Board, the audit committee, the remuneration committee and the nomination committee of the Company.

FULFILMENT OF RESUMPTION GUIDANCE

The Board is pleased to announce that the Resumption Guidance has been fulfilled as at the date of this announcement, details of which are set out below:

(A) Resumption Guidance (i) – publish all outstanding financial results required under the Listing Rules and address any audit modifications

The Company had published the 2022 Annual Results, the 2023 Interim Results and the 2023 Annual Results on 9 August 2024 and the 2024 Interim Results on 30 August 2024. The corresponding annual and interim reports were published on 30 September 2024. The Company has published all outstanding financial results in compliance with the requirements of the Listing Rules.

Auditors has issued a disclaimer of opinion on the 2022 Annual Results and the 2023 Annual Results (being the latest full financial year of the Company) in respect of the uncertainties relating to going concern (the “**Disclaimer of Opinion**”).

As disclosed in the 2022 Annual Results, the Group reported a loss attributable to the owners of the Company of approximately HK\$21,750,000 for the year ended 31 December 2022 and, at 31 December 2022, the Group had net current liabilities and net liabilities of approximately HK\$327,563,000, respectively. As of 31 December 2022 and up to the date of the consolidated financial statements, the Group is subjected to a number of legal proceedings and the Group is yet to settle majority of those outstanding legal proceedings due to lack of sufficient funds. Furthermore, the Group recorded net operating cash outflow of approximately HK\$25,357,000 for the year ended 31 December 2022 with the Group’s bank balances and cash remaining at a low level of approximately HK\$430,000 as of 31 December 2022. During the year ended 31 December 2022, the COVID-19 pandemic has affected the Group’s operation to the extent that the production of the Group’s leased factory in Shenzhen was suspended with effect from 5 March 2022, the tenancy of factory was terminated on 31 May 2022.

As disclosed in the 2023 Annual Results, the Group reported a loss attributable to the owners of the Company of approximately HK\$14,158,000 for the year ended 31 December 2023 and, at 31 December 2023, the Group had net current liabilities and net liabilities of approximately HK\$340,916,000, respectively. As of 31 December 2023 and up to the date of the consolidated financial statements, the Group is subjected to a number of legal proceedings and the Group is yet to settle majority of those outstanding legal proceedings due to lack of sufficient funds. Furthermore, the Group’s bank balances and cash maintained at a low level of approximately HK\$599,000 as of 31 December 2023. Following to the suspension of the production of the Group’s leased factory in Shenzhen with effect from 5 March 2022, the tenancy of factory was terminated on 31 May 2022.

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

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

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

1. Resumption of operation

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

As disclosed in the 2024 Interim Results, the Company has recorded unaudited revenue of approximately HK\$51.1 million and unaudited profit of HK\$5.6 million. The Company's secured confirmed orders of HK\$76 million for the third quarter of 2024 have been completed. The Company has secured confirmed orders exceeding HK\$40 million, which are expected to be fulfilled and delivered in the last quarter of 2024 and has entered into memorandum of understandings with or received written indications from customers for orders of approximately HK\$40 million for the first quarter of 2025. Based on the Board's six-month forecast post 30 June 2024, it is anticipated that the Group will remain profitable and generate positive operating cashflow for the year ending 31 December 2024. As a result, the Group's current assets, especially trade receivables, inventory, and cash and cash equivalents, will increase, which will, in turn, improve the net current liabilities and net liabilities situation of the Group. The disclaimer of opinion concerning the suspension of the Group's business will not recur.

2. *The Subscription*

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

As disclosed in the announcement issued by the Company on 1 November 2024, the Company has entered into the Subscription Agreement with the Subscriber in relation to the Subscription. The Subscription is subject to various conditions, including, among others, the Independent Shareholders' approval and the Executive having granted the Whitewash Waiver. The net proceeds of the Subscription will amount to approximately HK\$230 million and is 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, and therefore effectively improve the Group's liquidity and financial position.

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. 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.

3. *Proposed Debt Restructuring of the Company*

Since the suspension of the Group's business operation in March 2022, the Company has been under financial distress and unable to repay certain of its liabilities. Based on the audited financial statements for the year ended 31 December 2023, the total indebtedness owed by the Company under the Debt Restructuring amounted to approximately HK\$215.5 million.

As disclosed in the announcement issued by the Company on 1 November 2024, 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 and therefore a substantial portion of the current liabilities of the Group will be either settled or reclassified as non-current liabilities, which will improve the financial position of the Group significantly.

4. *Operational Restructuring*

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

Based on the unaudited results of the Company as at 30 June 2024, the total outstanding liabilities of these non-core subsidiaries amount to approximately HK\$336.3 million. Among these liabilities, approximately HK\$196 million are related to debts subject to inter-company offsetting or settlement arrangements. Accordingly, the net effect as a result solely of carving out the non-core subsidiaries, on a consolidated basis, would be an increase in the Group's net assets of approximately HK\$140 million. It is therefore anticipated that, upon completion of the abovementioned operational restructuring measures, the Group's net liabilities position will further improve and the outstanding legal proceedings of the non-core subsidiaries will no longer affect the Group's ability to continue as a going concern.

The Directors are of the opinion that, having considered the resumption of operation of the Group and the operational restructuring to be undertaken, as well as the stable, healthy relationships the Group has established with its major customers since recommencement, the Board is confident that the Company has sufficient working capital to maintain its current scale of operations and to meet its financial obligations as they fall due for the foreseeable future. Consequently, the underlying matters leading to the Disclaimer of Opinion could be resolved. The proceeds from the Subscription will further 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.

Based on the above, it is considered that Resumption Guidance (i) has been fulfilled.

(B) Resumption Guidance (ii) – demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

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 (the “**Business Suspension**”) and trading in the Shares on the Stock Exchange has been suspended since 3 April 2023 pending fulfilment of the Resumption Guidance.

Since the recommencement of its business operation and new management of the Company having been appointed, the Company has been devoting all its efforts in actively exploring all sorts of business opportunities for the Group in a view to enhance its profitability and in turn, increase shareholders’ value. In the initial months of the re-commencement of the Group’s operations, the Company focused on reconnecting and reestablishing relationships with previous customers and suppliers, in search for production facilities with suitable capabilities and capacity, looking for new suppliers that are capable of supplying the Company with the required materials and customers that may potentially acquire the electronic products of the Company, as well as conducting market research and product development planning according to the latest industry trends, in preparation for the recommencement of its business operation. To generate sufficient funding to support the recommencement of the business operation, the Company also made substantive efforts in disposing the Company’s remaining inventory which had been held over from prior to the Business Suspension. The Board at the material time was also aware that a transformation is required in order to recommence and rescue the Company’s business operation and it is necessary to invite personnel with experience and connections in the electronic products industry, with sufficient financial capability and with new business perspective to lead the Company and support the Company. For this reason, and given Mr. Chen was the only potential investor who had shown interest in investing in the Company, the current board of directors was formed, and under the leadership of which the Company took immediate and proactive actions to recruit experienced staff and recommenced the business operation of the Company.

The Directors have spent strenuous effort in taking active steps to re-commence the business operation of the Group in December 2023 and resumption of sales of electronic products under the trademark of “Oregon Scientific”. To reestablish its branding and to adapt to the aftermath of the COVID-19 pandemic which had significantly changed the global commercial climate and landscape, the Group had also established its own online retail platform (<http://oregonscientific.store>) where the Company can receive product orders directly from retail customers, as well as online shop on various international online platforms to enhance market awareness of the “Oregon Scientific” brand and directly advertise, showcase and offer its products to the global market. As a result of the effort of the Company and the network of the Directors, the Company recorded unaudited revenue of approximately HK\$51.1 million and unaudited profit of HK\$5.6 million for the six months ended 30 June 2024.

Temporary Production Arrangement

The Group currently does not possess any production facility and given the Group has only recently recommenced its business and with the limited financial resources available, the Company currently leased production facilities in Shenzhen to produce its electronic products under the “Oregon Scientific” brand, providing flexibility to adapt its product offerings to meet the dynamic demands of customers, avoid significant capital investment during financial difficulties, and benefit from the relatively lower costs of outsourced production when the Group lacks economies of scale in the recommencement stage of the Group’s business. The production process is supervised by the production director, who has been with the Company since before the Business Suspension, to ensure that production orders are executed efficiently and meet the required quality and delivery standards, whilst with the distinctive technological component of each electronic product continues to be handled by the Company to safeguard from data leakage. The terms of the lease were negotiated on arm’s length basis on normal commercial terms and are in line with market standards based on actual production volume and the nature of the products being manufactured and payable with no fixed rental fees for the machinery or variable costs for labor. The lease is for a term of three years commencing from 16 January 2024 to 15 January 2027 and the lease payments are settled on a quarterly basis based on the cumulative amount of orders placed during the past 3-month-period, which allows the Company to align its cash flow management with its production and operational cycles, ensuring timely and efficient payment of lease obligations. For the six months ended 30 June 2024, the lease expenses totaling approximately HK\$2.3 million were accounted for as part of the production costs, which were recognized as part of the direct production costs for each category of product under the “Cost of Goods Sold” account in the Company’s financial statements.

The gross profit margin for the six months ended 30 June 2024 was approximately 34%, reflecting a substantial increase as compared to the 10.5% for the year ended 31 December 2021. This increase was primarily due to the Company’s temporary production arrangement, under which a significant portion of prior costs, specifically the depreciation of machinery and equipment, was eliminated. The Company’s current gross profit margin also benefited from the leased production facilities’ relatively large scale of operation, which allows for lower production costs/production lease fees charged. The production capacity of the leased production facilities has been deemed sufficient to meet the Company’s production levels for 2024 and the first quarter of 2025. As a result, the Company was able to produce its products at a lower cost. In the early stages of the recommencement of business, in view of the uncertainties in the production capacity and the quality of the products manufactured, the Group adopted a prudent approach and only accepted orders when there is high level of certainty that the delivery schedules can be met to avoid breaches of the terms of the orders for late deliveries. Following approximately nine months of cooperation with all deliveries delivered on time, the Group is ready to take on a higher volume of orders from customers and thereby further increases the revenue income of the Group.

It is anticipated that as the business ramps up with increased orders, the Group will utilize its financial resources, including but not limited to the proceeds from the Subscription and cash generated from continuing operations, to build or acquire its self-owned factory premises to enhance production and quality control over its products, as well as resume the value manufacturing services business, through which enables the Group to collaborate with strategic partners to develop new digital health products. Even though it is expected that current relatively strong profit margin could be maintained in the short term under the current production arrangement, the Board is of the view that the expected gross profit margin may eventually decrease as the Company anticipates increased production costs once its own production facilities and workforce are re-established but before an economic of scale could be established by significant increase in order quantity. The Board however considers that having in-house production capabilities will offer substantial long-term benefits by providing the Company with greater flexibility to accept and fulfill a higher volume of orders and enable the Company to offer Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) services, expanding its product offerings and customer base. This move is expected to enhance the Company's competitiveness, foster innovation, and create opportunities for sustained growth and improved profitability in the electronic lifestyle products industry.

Enhanced Marketing and Sales

Prior to the Business Suspension, the Group manufactured electronic products under the "Oregon Scientific" brand for sales mainly to the United States of America, Asia Pacific region, and Europe, as well as provided value manufacturing services to customers through collaborations with strategic partners to develop new digital health products. Following the COVID-19 outbreak and as a result of the lockdowns and control measures imposed by authorities globally, many businesses, including the Group's business operation were disrupted and significantly affected.

Since the re-commencement of the business operation of the Group in December 2023, the Group's clientele for the first half of 2024 concentrated in the PRC. While Oregon has historically focused on overseas customers, the Company recognises that there is strong brand recognition in the PRC indicating a potential demand for Oregon products in the PRC. The Company thus leverages this existing brand recognition as a foundation for its expansion into the PRC market. The Company currently has 24 customers located in the PRC, 3 of which are former customers of the Group and with the top 5 customers of the Group accounting for approximately 62.45% of the Company's total revenue for the six months ended 30 June 2024. The Company has formed a marketing team consisting of 10 employees with solid background in sales and marketing in the PRC market as well as extensive experience in foreign markets. The Company is in discussions with former sales and marketing employees about potential rehiring, which could further strengthen relationships with previous customers and help expand the customer base. The Company is also exploring more traditional marketing channels such as industry exhibitions and

digital platforms to further enhance brand visibility and reach in the PRC market. As part of its expansion plan, the Group will seek opportunities on the markets including but not limited to Europe and the United States of America and the Company will also further develop and upgrade its online platform in order to receive orders from the mass market. As part of the continuous effort of the management, approximately HK\$12 million of the confirmed orders expected to be fulfilled and delivered in the last quarter of 2024 were from overseas market and with further marketing efforts gradually being implemented, the Company also expects to see growth in online sales gradually.

The Group is also working on broadening its products range to accommodate the growing demands from customers. The Company currently has a research and development team consisting of 7 employees with outstanding expertise and experience in the design, development, and commercialization of electronic products, comprising of individuals with up to 15 years of industry experience, one of whom was employed prior to the Business Suspension and the remaining members were newly recruited since the recommencement of the Company's operations. The Company has also established a robust infrastructure to support its research and development activities, including but not limited to an office space located in the PRC for the research and concept development of the team, to ensure that the research, design, and development of products are conducted efficiently and in compliance with industry standards.

As at the date of this announcement, owing to the collaborated effort of the staff and management of the Group, the Company has diversified its product portfolio with more than 20 new product categories introduced as compared to before the recommencement of operation. This increase was driven by the focused efforts of the research and development team in rapidly bringing innovative products to market in response to evolving consumer demands and advancements in technology. The Group will continue to vigorously assess the demands and trends of the market, level up its technological knowledge and skills to keep up with the advances in technology, and continue to step up its efforts in developing and launching a wider variety of innovative products to meet the needs of the market and its customers. It will also continue to develop its sales and sourcing network globally and continue to explore electronic products business opportunities.

The Company's secured confirmed orders of HK\$76 million for the third quarter of 2024 have been completed and has secured confirmed orders exceeding HK\$40 million, which are expected to be fulfilled and delivered in the last quarter of 2024. It has also entered into memorandum of understandings with or received written indications from customers for orders of approximately HK\$40 million for the first quarter of 2025, of which HK\$15 million confirmed orders have been secured up to the date of this announcement. The Company anticipates revenue of approximately HK\$40 million in the fourth quarter of 2024.

Suppliers

The Group has developed a supplier management policy for supplier selection, evaluating potential suppliers' quality, environmental management, health and safety, social responsibility, and anti-terrorism management. The Group sources raw materials such as battery pressure plate, polymer batteries, USB socket cable, painted steel enclosures, motors, rotors, bearings and stator for its production of electronic products. The Company currently has 18 suppliers located in the PRC, 2 of which are former suppliers of the Group and with the top 5 suppliers of the Group accounting for approximately 50% of the Company's total purchases for the six months ended 30 June 2024. To enhance the Group's focus on cost efficiency, apart from working with former suppliers, the Company has also identified new suppliers who could provide competitive pricing whilst still meeting the required quality and quantity standards.

In selecting these suppliers, the Company considered factors including but not limited to (1) the proximity of the supplier to the leased factory with the goal to minimize transportation costs and improve operational efficiency; (2) the supplier's production capacity to ensure it meets the Company's supply needs and production scale as required; and (3) the quality of the products offered by the supplier to ensure they meet the specifications required by the Company. The Company also performs background checks through publicly available information to confirm the supplier's reputation, financial stability, and ability to support a long-term relationship.

The contract price for the Company's supplies is determined on an arm's-length basis, with prices negotiated on a quarterly basis based on a combination of standard market prices, delivery fees, and specific terms agreed upon with each supplier, ensuring all pricing is fair, competitive, and aligned with prevailing market conditions.

Management expertise

The majority of the members of the current Board were appointed during the prolonged suspension of trading of the Company and the Business Suspension when it was extremely difficult to attract ideal candidates with substantial expertise and experience in the industry to join the Company. Mr. Chen, whom possesses the relevant expertise in the industry had been providing 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.

Mr. Chen 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 has been sharing 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. He has also built a robust network with experts in the industry, including university professors, researchers, and engineers who possess valuable insights and knowledge in the electronic products related industry, whom he intends to invite 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.

Ms. Cheung Yuk Ki and Ms. Ng Kwok Ying Isabella possess expertise and experience in arts, designs and advertisings, which are also important elements to the products design, packaging and marketing of electronic products. Furthermore, Ms. Ng Kwok Ying Isabella has been an executive director of China Parenting Network Holdings Limited (stock code: 1736) since 25 August 2023 and Mr. Cui Xiao has been appointed as a non-executive Director since 25 August 2020, hence their presence in the Board has facilitated the fulfillment of the Resumption Guidance and ensured the Company's actions complies with the Listing Rules.

The Company also intends to appoint a retired professor with wealth of experiences, valuable insights and knowledge in the electronic products related industry as an executive Director following Resumption. The collaborative expertise and experience of the members of the Board will possess sufficient expertise and experience in the industry and in management of a listed issuer to lead and to enhance the future development and growth of the business of the Group.

Sufficiency of cash flow

Cognizant of its low cash reserves, the Company has implemented a comprehensive cash management strategy. In particular, the Company has implemented stringent inventory control measures and Just-in-Time ("JIT") inventory management, that minimizes inventory holding costs and reduces the risk of obsolescence in order to frees up capital that would otherwise be tied up in inventory. The successful implementation of JIT has resulted in a low Days Inventory Outstanding (DIO) of less than 10 days during the six months ended 30 June 2024.

Furthermore, the Company has implemented a strategic approach to managing its working capital by closely monitoring both its receivables and payables cycles. Standard credit terms for both suppliers and customers are set at up to 90 days, providing a consistent framework for cash flow planning. In addition, by incentivizing early payments from customers through rigorous payment follow up in advance of the credit period end as well as early payment incentives, the Company has successfully managed its Days Sales Outstanding (DSO) to be shorter than its Days Payable Outstanding (DPO) for the 8 months period up to 31 August 2024.

The culmination of these efforts effectively created a small positive cash flow gap through collection of payments from its customers in advance of its payment obligation to its suppliers. Although the current operation is experiencing low cash levels, having considered the orders received to date, the approximately HK\$51 million in trade receivables from sales made between April and June 2024 have been fully collected by the end of September 2024 and the revenue expected to be collected from the sales made between July and December 2024, as well as the stable, healthy relationships the Group has established with its major customers since recommencement, the Board is confident that the Company has sufficient working capital to maintain its current scale of operations.

Proceeds from the Subscription

The Board considers the successful completion of the Subscription and Debt Restructuring are also critical to the Company's long-term growth and financial health. Upon completion of the Subscription and the Debt Restructuring, the Company will be able to utilize approximately HK\$50 million towards general working capital of the Company and approximately HK\$40 million for acquisition of new machineries as the initial step towards building or acquiring self-owned factory premises in the future. 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. The Company anticipates that its net liability position will reverse to a net asset position, providing greater flexibility for external financing options, such as bank facilities and bond issuances. This would significantly enhance the Company's ability to scale operations and pursue growth initiatives.

In the light of the above, the Company is of the view that Resumption Guidance (ii) has been fulfilled.

(C) Resumption Guidance (iii) – announce all material information for the Company’s shareholders and investors to appraise the Company’s position

Since the suspension of trading in the Shares on 3 April 2023, the Company has, in accordance with the requirements of the Listing Rules, informed the market of the material information and the latest situation of the Company, amongst others, the status on fulfillment of the Resumption Guidance by publishing quarterly update announcements on resumption progress. The Company believes that there is no other undisclosed information that is material for the Company’s shareholders and other investors to appraise the Company’s position in accordance with the Listing Rules and other applicable regulatory requirements.

On the above basis, the Company is of the view that Resumption Guidance (iii) has been fulfilled.

(D) Resumption Guidance (iv) – re-comply with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules in relation to number of independent non-executive directors in the Board and the composition of the Board, the audit committee, the remuneration committee and the nomination committee of the Company

The Company announced on 25 September 2024 the appointments of three INEDs, namely Ms. Chen Weijie (“**Ms. Chen**”), Mr. Mak Tin Sang (“**Mr. Mak**”) and Dr. Lowe Chun Yip (“**Dr. Lowe**”). (1) Ms. Chen has been appointed as an independent non-executive Director, the chairperson of the nomination and corporate governance committee of the Board (the “**Nomination Committee**”) and a member of each of the audit committee of the Board (the “**Audit Committee**”) and the remuneration committee of the Board (the “**Remuneration Committee**”); (2) Mr. Mak has been appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee; and (3) Dr. Lowe has been appointed as an independent non-executive Director, the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee, all with effect from 25 September 2024.

Following their appointments, the Board complies with 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, the Remuneration Committee requirements under Rule 3.25 and the Nomination Committee requirements under Rule 3.27A. The Company is of the view that Resumption Guidance (iv) has been fulfilled.

RESUMPTION OF TRADING

For the reasons set out above, the Company is of the view that it has remedied all the matters causing the suspension of trading in the Shares, fulfilled all the requirements set out in the Resumption Guidance and fully complied with the Listing Rules to the Stock Exchange's satisfaction.

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. As all the Resumption Guidance has been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange, with effect from 9:00 a.m. on 4 November 2024.

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

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

Hong Kong, 1 November 2024

As at the date of this announcement, the Board comprises (i) one executive Director, namely Ms. Cheung Yuk Ki; (ii) three non-executive Directors, namely Mr. Cui Xiao, Ms. Ng Kwok Ying Isabella and Mr. Tiger Charles Chen; and (iii) four independent non-executive Directors, namely, Mr. Xu Jinwen, Ms. Chen Weijie, Mr. Mak Tin Sang and Dr. Lowe Chun Yip.

* *For identification purposes only*