



Our Vision

To create innovative consumer electronic products and services that enhance people's daily lives. Our core competency is the application of the state-of-the-art liquid crystal display (LCD) and microprocessor technology. User effectiveness is achieved through easy access to and creative display of information.

Our Mission

- IDT creates the highest value based on the most innovative products and services and the constant search for quality solutions, centred around user-friendliness and affordability.
- IDT's global presence is built upon the complementary roles of own brands and private labels with single-minded dedication to reaching the best results for all our customers and partners.
- IDT is devoted to developing outstanding teams at all levels of the organisation, dedicated to doing things right the first time, and getting better every time.

Accomplishing this mission will drive our business towards excellence and provide the highest levels of reward for our customers, our people and our shareholders.

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Group Financial Summary

The results, assets and liabilities, and performance data of the Group for the last five financial years were as follows:

Results

Year ended March 31

	2002 HK\$'m	2001 HK\$'m	2000 HK\$'m	1999 HK\$'m	1998 HK\$'m
Turnover	2,233.5	2,884.5	2,631.2	1,790.6	1,696.3
Profit from operations	214.0	222.4	275.1	259.8	244.6
Finance costs	(1.5)	(4.3)	(4.0)	(4.1)	(10.0)
Other non-operating income	0.5	2.6	211.1	69.4	–
Other non-operating expenses	–	–	–	(6.5)	–
Share of results of associates	4.1	8.5	9.3	5.9	6.0
Profit before taxation	217.1	229.2	491.5	324.5	240.6
Taxation	(24.7)	(27.6)	(58.0)	(29.9)	(32.0)
Profit after taxation	192.4	201.6	433.5	294.6	208.6
Minority interests	(53.6)	(68.8)	(80.9)	(48.5)	(27.8)
Profit attributable to shareholders	138.8	132.8	352.6	246.1	180.8
Dividends	145.0	92.9	138.6	119.4	83.0

Assets and liabilities

At March 31

	(As restated)*	(As restated)*	(As restated)*	(As restated)*
Investment properties	6.6	6.6	–	–
Property, plant and equipment	347.3	377.1	292.2	260.2
Interest in associates	54.8	53.0	45.7	30.6
Intangible assets	50.0	32.6	26.2	26.8
Long-term bank deposits	140.4	–	–	–
Current assets	1,145.9	1,260.6	1,464.4	889.2
Current liabilities	(283.9)	(355.0)	(533.9)	(281.3)
Employment of capital	1,461.1	1,374.9	1,294.6	925.5
Minority interests	(328.2)	(311.3)	(282.2)	(148.5)
Obligations under finance leases due after one year	(0.2)	(0.1)	(0.6)	(0.2)
Deferred taxation	(11.0)	(7.5)	(9.8)	(5.3)
Shareholders' funds	1,121.7	1,056.0	1,002.0	771.5

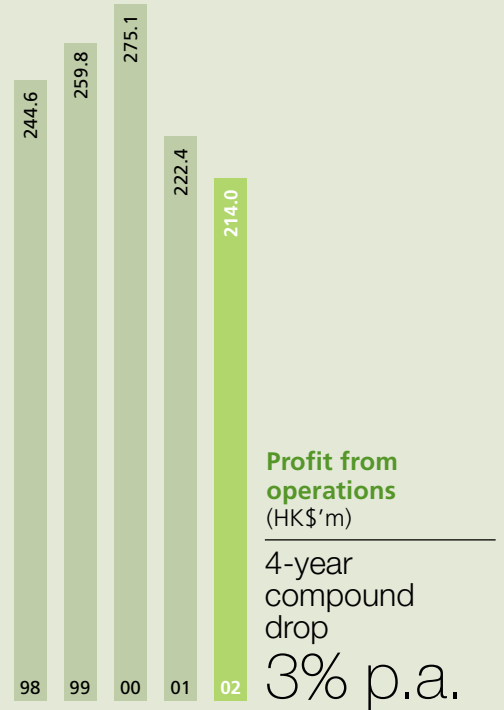
Performance data

Recurring profit attributable to shareholders (HK\$'m)

Recurring profit attributable to shareholders (HK\$'m)	138.3	130.2	141.5	183.2	180.8
Earnings per share – basic (HK cents)	6.7	6.6	18.0	13.2 [#]	11.1 [#]
Dividends per share (HK cents)	7.0	4.5	7.0	5.7 [#]	4.9 [#]
Dividend cover (times)	1.0	1.4	2.5	2.1	2.2
Average return on shareholders' funds (%)	12.7	12.9*	39.8*	36.9*	37.0*
Net assets per share (HK cents)	54.2	51.1*	50.8*	39.6* [#]	33.4* [#]

* The summary of assets and liabilities at March 31, 1998, 1999, 2000 and 2001 has been restated as a result of the adoption of the new and revised Statements of Standard Accounting Practice during the year ended March 31, 2002.

Include the adjustment for the three-for-four bonus issue of shares made by the Company in August 1999 for comparative purpose.



Directors

Executive:

Raymond Chan, *Chairman & Chief Executive Officer*

Alain Jacques Gilbert Li, *Chief Financial Officer*

Chan Pau Shiu Yeng, Shirley

Shigenobu Morita

Non-Executive:

Jack William Edouard Heuer

Lo Kai Yiu, Anthony*

Kao Ying Lun*

Jack Schmuckli*

Kenichi Ohmae*

Woo Chia Wei

* Independent Non-Executive Directors

Audit Committee

Lo Kai Yiu, Anthony, *Chairman*

Kao Ying Lun

Company Secretary

Leung Wai Yee

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Citibank, N.A.

Auditors

Deloitte Touche Tohmatsu

Solicitors

Bermuda:

Conyers Dill & Pearman

Hong Kong:

Baker & McKenzie

Share Registrars

Bermuda:

The Bank of Bermuda Limited

Bank of Bermuda Building

6 Front Street

Hamilton HM 11

Bermuda

Hong Kong:

Secretaries Limited

5th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

Bermuda Registered Office

Clarendon House, Church Street

Hamilton HM 11

Bermuda

Hong Kong Principal Place of Business

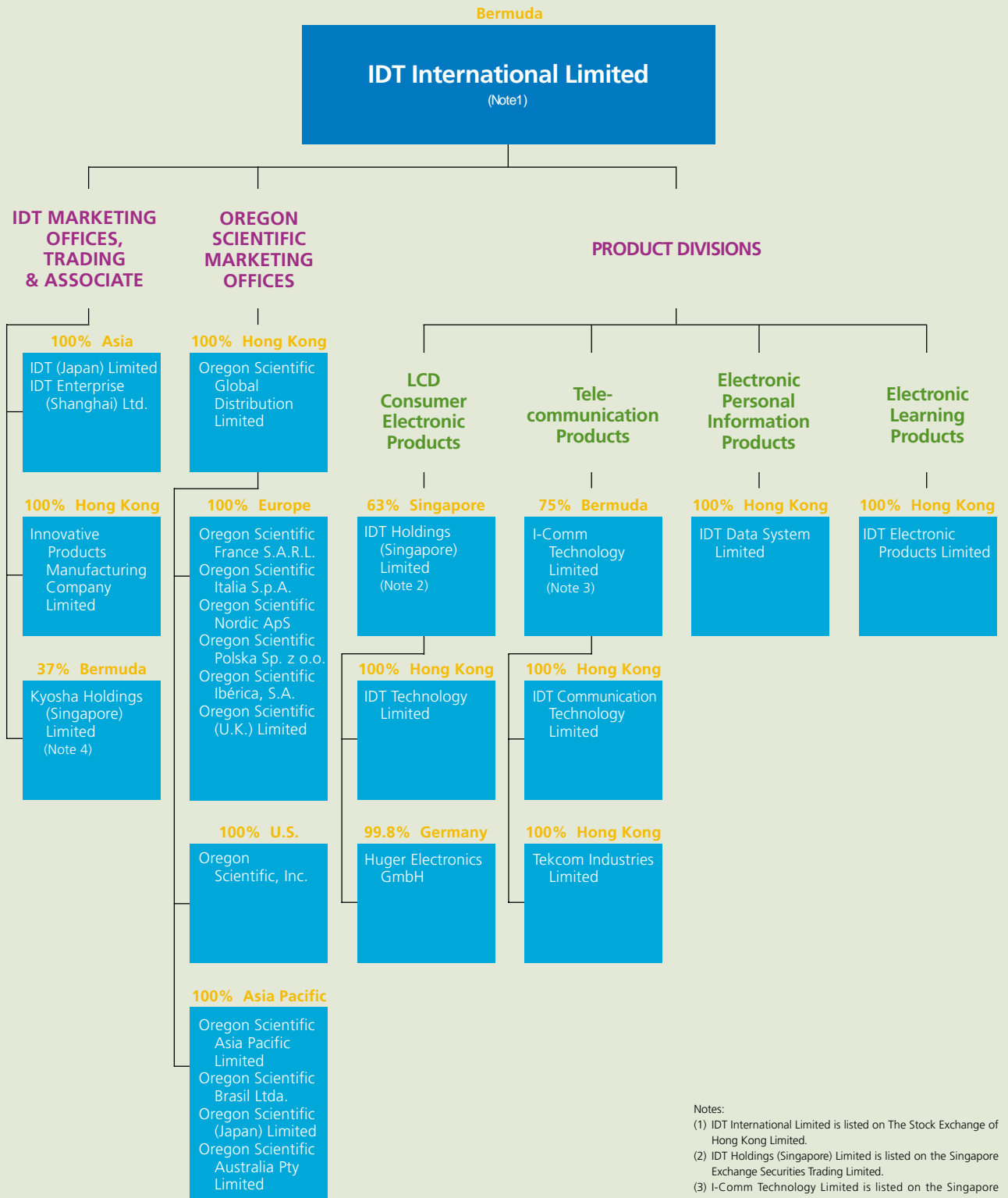
Block C, 9th Floor, Kaiser Estate

41 Man Yue Street

Hunghom, Kowloon

Hong Kong

Corporate Structure



Notes:
 (1) IDT International Limited is listed on The Stock Exchange of Hong Kong Limited.
 (2) IDT Holdings (Singapore) Limited is listed on the Singapore Exchange Securities Trading Limited.
 (3) I-Comm Technology Limited is listed on the Singapore Exchange Securities Trading Limited.
 (4) Kyosha Holdings (Singapore) Limited is listed on the Singapore Exchange Securities Trading Limited.

idT since 1977

to a considerable extent, the IDT story is the story of the electronics industry in Hong Kong over the last three decades. From modest but determined beginnings in Hong Kong in 1977, and with the introduction of an innovative range of LCD alarm clocks, IDT has grown into an award winning consumer electronic products manufacturer and distributor, focusing on design, development, manufacture, and sales and marketing of innovative consumer electronic products applying the state-of-the-art liquid crystal display (LCD) and microprocessor technology, and with a global reach through an extensive network of 15 sales and marketing offices covering Europe, the U.S. and Asia Pacific regions.

Now, on the occasion of the 25th anniversary of its founding, IDT looks back at its origins and development and moves forward with confidence to a bright future on the cutting edge of global consumer electronics.

1983

IDT's first overseas marketing office was established in Berne, Switzerland.



1990

Globalisation commenced. IDT acquired a 60% interest in Huger Barometer GmbH, a German barometer company, and opened sales and marketing subsidiaries in the U.K. and U.S.



1977

IDT founded by our Chairman, Mr. Raymond Chan, with the marketing of clocks using newly created LCD technology.

1988

IDT was listed on the Main Board of The Stock Exchange of Hong Kong Limited.

1991

Product diversification began with the move into electronic stationery and telecommunication products.

1993

Business divisionalisation was initiated by the creation of three product divisions.

Three more sales and marketing subsidiaries were established in France, Italy and China together with full ownership of Huger in Germany.



1997

LCD Consumer Electronic Products business publicly listed on the Singapore Exchange Securities Trading Limited as IDT Holdings (Singapore) Limited.



2000



2002

IDT's 25th anniversary

**OREGON
SCIENTIFIC**



1994

Oregon Scientific brand launched in Europe.

Joint-venture with Kyosha in PCB manufacturing in the PRC.



1999

International growth continues with the opening of the subsidiary in Spain, serving the markets of Spain and Portugal.

Telecommunication Products business publicly listed on the Singapore Exchange Securities Trading Limited as I-Comm Technology Limited.

Kyosha Holdings (Singapore) Limited, the associated company, publicly listed on the Singapore Exchange Securities Trading Limited.



25 Years of **Success**

a strong base for moving forward





Raymond Chan
Group Chairman &
Chief Executive Officer

Two Brands within
one Group

**IDT &
Oregon
Scientific**

Dear Shareholders,

On behalf of the board of directors, I am pleased to present to you IDT International Limited's annual report for the year ended March 31, 2002.

During the year, IDT celebrated 25 years in business. It has been an eventful year in terms of world events and images that will stay with us forever, from the hopes and optimism brought about by China's entry into the World Trade Organisation to the despair of witnessing on live television the events of 911.

In the midst of these life-changing events, we have been working diligently to drive the business forward and strengthening our Group to meet the challenges that lie ahead with the same singular passion for developing innovative consumer electronic products which improve the quality of living that has consumed us over the last 25 years.

The Key Numbers for the Year

Our Group recorded a turnover of HK\$2,233.5 million for the year ended March 31, 2002 (2001: HK\$2,884.5 million). The drop in turnover was due essentially to two reasons. Firstly, the Telecommunication Products division suffered from continuous pricing pressure as well as delays in launching the 2.4GHz analogue phones. Secondly, in the financial year 2001, the Group had enjoyed a one-off project to manufacture a bar code reader for a dot-com start up. Although turnover was lower, profit attributable to shareholders increased by 5% to HK\$138.8 million, translating to an earnings per share of 6.7 HK cents. The increase in profit was achieved thanks to a greater contribution to sales from Oregon Scientific ("OS") which earn higher margins for the Group as well as control over our operating expenses which fall by 4% year on year. Another improvement has been in our working capital management as evidenced by our net cash and deposits at March 31, 2002 of HK\$653.0 million, an increase of HK\$247.8 million in the year.

Two Brands within one Group – IDT and Oregon Scientific

The Group is now built around two distinct businesses, each with its own unique business model, opportunities and challenges.

IDT has built a solid reputation as an ODM manufacturer and OEM supplier over the last 25 years. The brand value attached to the name IDT as a world class manufacturer is evidenced by the many global corporations who have entrusted IDT to design and manufacture products over the years and continue to do so today.

OS has become more than a name which carries our products or our network of sales and marketing offices, and is fast developing into an electronic based lifestyle oriented consumer brand gaining a high degree of recognition and consumer confidence.

IDT – We are Makers

First and foremost, I always remind my colleagues that at IDT we are makers. We love the challenge of designing and developing innovative, user friendly and practical products for our customers. It is more than our mission, it is our passion.

We are constantly investing in order to maintain our competitive edge as a manufacturer. Our new factory facility in Xixian, Shenzhen has just completed its first full year of operation and we have seen the benefits of the consolidation process. In addition, we are migrating a number of our production lines from the straight assembly line configuration to a cell-based line configuration. This allows for greater operational efficiency as well as reducing the amount of work in progress tied up in production.

We have also increased our investment in research and product development. The research and development centre established in Shekou, The People's Republic of China is being expanded and will house approximately 200 engineers by the end of year 2002. Including our existing product development capabilities in Hong Kong and Xixian, Shenzhen, the Group's research and product development resources will reach approximately 500 engineers by the end of year 2002.

The results of the four product divisions are discussed in depth in the Operations Review section of this report. In terms of turnover, our manufacturing activities achieved a turnover of HK\$1,308.7 million (excluding intra group sales). I would underline that we firmly believe that there is a significant potential for growth for all divisions organically and with the geographical expansion of the OS sales and marketing network.

During the year, the Foreign Investment Enterprise ("FIE") established last year in China for our LCD Consumer Electronic Products has commenced operation. The Group also added to the OS group of subsidiaries a new FIE to cater for manufacturing and distribution of products in China. We view this investment as being strategically important and will bring significant contribution to the Group in the future.

A Tale of Two Horses in the Year of the Horse

The OS brand, symbolised by the logo of the twin horses, continues to extend its worldwide reach. Sales of OS products grew by 10% to reach HK\$885.2 million and accounted for some 40% of the Group's turnover. The OS brand continues to sustain a prominent position in Europe. Leveraging on the European success, the Group has adapted the European success formula to the U.S. as well as other newly developing markets.

In April 2002, the latest member of the OS family of marketing subsidiaries was added with the establishment of Oregon Scientific Brasil Ltda.. The Group's decision to start an operation in Brazil came in the wake of excellent export sales in the last few years of our Electronic Learning Products.

We are also aiming to bring the OS brand back to Asia. We are investing in expanding and strengthening our China operation and distribution network. We also aim to strengthen our partnerships with our regional distributors who have the commitment to develop their local markets and the resources to invest in developing the OS brand with the full support of the Group's know-how and guidance.

The OS brand is earning a place in the hearts and minds of consumers looking for innovative consumer electronic products which improve their quality of living that are also synonymous with award winning designs.

The Group's rapid development into branded sales and marketing creates a solid base for future growth as well as value and security for its stakeholders.

Staff Development and Training

We recognise that our staff must have the necessary skills to perform their roles effectively within a culture of cooperation and mutual respect. We are committed to provide training for all of our staff, which will allow them to develop their potential and to become effective team players within their work groups.

We have introduced the Balanced Score Card system to ensure that the objectives of our staff are in line with the requirements of all our stakeholders including customers, partners and shareholders.

I would like to take this opportunity to thank our hardworking and committed staff for their contribution to our achievements in the year.

Corporate Governance

The Group has three listed member companies and one listed associated company, Kyosha Holdings (Singapore) Limited. The issue of corporate governance and transparency that has received increased public attention is one that we have long recognised as being of utmost concern to our shareholders.

We are extremely proud and honoured to have a strong board of directors who not only oversee that the Group maintains the highest standards of corporate governance but also contribute to the strategic direction of the Group drawn from their vast experience in different parts of the world as well as different industries and professions.

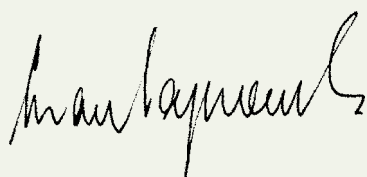
In August 2001, Dr. Kenichi Ohmae, a former partner in McKinsey & Company, Inc., the international management consulting firm, and co-founder of its strategic management practice, also described as "Japan's only management guru" according to the Financial Times, kindly accepted to join our board as a non-executive director. Dr. Ohmae has already made significant contributions to the Group, for example, by hosting a seminar for our top executives and sharing with us his vision for the future development of the world economies.

Most recently, we have also been privileged to welcome Professor Chia-Wei Woo as a non-executive director. Professor Woo was the founding President of the Hong Kong University of Science and Technology. He has 120 publications in various fields of physics and has also received many honours and awards for professional achievement and civic contribution. We look forward to having the benefit of Professor Woo's experience and guidance.

Dividends

Subject to approval by our shareholders at the annual general meeting of the Company to be held on August 28, 2002, the directors recommend a final dividend of 3.5 HK cents per share in cash for the year (2001: 2.5 HK cents per share in cash) and a special 25th anniversary dividend of 2.5 HK cents per share in cash. In addition to the interim dividend of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option) which was paid on January 3, 2002, total dividends for the year amount to 7.0 HK cents per share (2001: 4.5 HK cents per share).

On behalf of the board of directors, I would like to thank all our stakeholders for their support throughout the year. From the early indications of the new financial year, barring unforeseen circumstances, we expect to achieve growth in both sales and profit. We continue to look into the future with optimism and confidence.



Raymond Chan
Group Chairman & Chief Executive Officer

June 18, 2002
Hong Kong

People

our most important asset



Executive Directors



Raymond Chan

Group Chairman & Chief Executive Officer, aged 53. Mr. Chan founded the IDT business in 1977. He leads the management in setting the Group's mission and objectives, develops the business and sets marketing strategies. He is also the Group Chairman and Chief Executive Officer of the two Singapore listed subsidiaries, IDT Holdings (Singapore) Limited and I-Comm Technology Limited. Mr. Chan is a graduate of the Hong Kong Polytechnic in Electronics Engineering and had attended several Corporate Management Programs at the International Institute for Management Development in Lausanne, Switzerland. Mr. Chan has over 32 years' experience in the consumer electronics industry and before establishing the IDT business, he worked for several multi-national semi-conductor companies in the U.S. and Hong Kong, and was also involved later in sales and senior management positions. Mr. Chan is an Executive Council Member and the Chairman of the Advisory Committee on the Electronic and Information Engineering Department of the Hong Kong Polytechnic University, a member of the Hong Kong Trade Development Council of Electronics/Electrical Appliances Industry Advisory, the Honorary President of The Toys Manufacturers' Association of Hong Kong and Life Patron of the Professional Validation Council of Hong Kong Industry.



Alain Jacques Gilbert Li

Executive Director and Chief Financial Officer, aged 42. Mr. Li joined the Group in April 2001. He oversees the corporate and finance matters of the Group and ensures achievement of corporate objectives and business strategies and enhancement of corporate governance. He is also an Executive Director and Chief Financial Officer of the two Singapore listed subsidiaries, IDT Holdings (Singapore) Limited and I-Comm Technology Limited. Mr. Li holds a Bachelor degree in Economics and Accountancy from the City University of London and is a fellow member of the Institute of Chartered Accountants in England and Wales. He has extensive international experience in corporate finance and business management. Prior to joining the Group, he was with Riso Europe Limited as the European Vice President. Mr. Li is a member of the Institute of Directors in the U.K.



(top to bottom)
Mr. Raymond Chan
Mrs. Chan Pau Shiu Yeng, Shirley
Mr. Alain J.G. Li

Chan Pau Shiu Yeng, Shirley

Executive Director, aged 53. Mrs. Chan is the wife of Mr. Raymond Chan and as a co-founder, she has been involved in developing the IDT business since 1977. Mrs. Chan contributes towards the Group by setting the marketing strategies and increasing efficiency of operations. Her main responsibilities are to support the marketing activities and administrative functions of the Group. She is also an Executive Director of the two Singapore listed subsidiaries, IDT Holdings (Singapore) Limited and I-Comm Technology Limited. Mrs. Chan holds a Diploma in Legal Studies from the University of Hong Kong and a MBA degree from the University of Hull, U.K.

Shigenobu Morita

Executive Director, aged 63. Mr. Morita has been the Representative Director of IDT (Japan) Limited since 1991 and is responsible for managing the business and day-to-day operations of this wholly owned subsidiary of the Company established in Japan. Prior to joining the Group, he was Director of Sales and Marketing of Casio, and then President of Murata, and then Managing Director and Marketing Divisional Manager of Japan MID.

Non-Executive Directors

Jack William Edouard Heuer

Non-Executive Director, aged 69. Mr. Heuer joined the Group in 1983 and was an Executive Director of the Company involved actively in coordinating the Group's European marketing activities and developing the extensive marketing offices network in Europe. In April 2000, Mr. Heuer retired from his executive positions in the Group and continues to serve as a Non-Executive Director of the Company and its Singapore listed subsidiary, IDT Holdings (Singapore) Limited, whereas he takes an advisory role and contributes to the Group through his extensive business experience. In 2001, Mr. Heuer has become the Honorary Chairman of TAG-Heuer. Mr. Heuer holds an electrical engineering degree from the Swiss Federal Institute of Technology.

Woo Chia Wei

Non-Executive Director, aged 64. Professor Woo was appointed in June 2002. He is the Senior Advisor for the Shui On Group, and President Emeritus and University Professor Emeritus at the Hong Kong University of Science and Technology ("HKUST"). He holds Master and Ph.D. degrees in Physics from Washington University in the U.S. and taught at Northwestern University and the University of California at San Diego, and as President of San Francisco State University from 1983 to 1988 before returning to Hong Kong to found HKUST. He was the first person of Chinese birth to head a major university in the U.S.. Professor Woo is an honorary CBE (United Kingdom), and was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region (HKSAR) and "Chevalier de la Légion d'Honneur" by the Republic of France. He also serves on the Commission on Strategic Development and the Council of Advisors on Innovation and Technology of the HKSAR, and holds non-executive directorships in several other listed companies in Hong Kong.

Independent Non-Executive Directors

Lo Kai Yiu, Anthony

Independent Non-Executive Director and Chairman of the Audit Committee, aged 53. Mr. Lo has been serving on the board of the Company since January 1991 and is also a Non-Executive Director of the Company's Singapore listed subsidiary, IDT Holdings (Singapore) Limited. Mr. Lo is a chartered accountant and has over 22 years of experience in banking, finance and investments. He serves on the board of a number of publicly listed and private companies in the region and is a member of the listing committee of The Stock Exchange of Hong Kong Limited.

Kao Ying Lun, John

Independent Non-Executive Director and a member of the Audit Committee, aged 49. Mr. Kao was appointed in June 1997. He is a chartered accountant qualified in Canada and has over 23 years' experience in the accounting/audit profession, investment banking, corporate finance and financial advisory fields. He sits on the board of a number of other private investment and listed companies.

Jack Schmuckli

Independent Non-Executive Director, aged 62. Mr. Schmuckli was appointed in May 1999. He has over 30 years of professional executive product marketing experience in the photographic and electronics industries. He had been the Chairman and Chief Executive Officer of Sony Europa GmbH for 14 years and had also been an executive member of the board of Sony Corporation, Tokyo. Mr. Schmuckli now holds several non-executive board memberships, mainly in Switzerland.

Kenichi Ohmae

Independent Non-Executive Director, aged 59. Dr. Ohmae was appointed in August 2001. He is a world renowned management consultant and was selected as one of the five management gurus in the world by The Economist in 1994. Dr. Ohmae received his Ph.D. in nuclear engineering from the Massachusetts Institute of Technology and an honorary doctorate from Notre Dame University. He is an expertise in formulating creative strategies and developing organisational concepts for both the private and public sectors. He is the founder and Managing Director of the Ohmae & Associates and before that, had been a partner of McKinsey & Company, Inc., an international management consulting firm, for 23 years.

Senior Management



Yau Sze Fong, Mark

Executive Vice President – Group Research and Development, aged 39. Dr. Yau joined the Group in November 1999. He is responsible for managing the research and development resources of the Group and leads the core technology unit to support member companies. Dr. Yau holds a Bachelor of Science degree with First Class Honours from the University of Hong Kong, a Master of Science degree from Boston University, and is a Doctor of Philosophy from the University of Illinois at Urbana-Champaign, all in electrical and electronic engineering. He is a senior member of the Hong Kong Institution of Engineers, the Institute of Electrical and Electronic Engineers, the Hong Kong Institute of Science and Phi Kappa Phi. Prior to joining the Group, he was an associate professor at the Department of Electrical and Electronic Engineering of the Hong Kong University of Science and Technology, and had also served at a Technical Services Division in the Government of the Hong Kong Special Administrative Region as a Chief Engineer and Section Head of Research and Development.



Leung Yip Shing, Joseph

Executive Vice President – Human Resources & Administration, aged 46. Mr. Leung joined the Group in May 2000. He is in-charge of the human resources and administrative function of the Group. Mr. Leung holds a Bachelor of Social Science (Honours) degree in Economics and a Master degree in Business Administration, both from the Chinese University of Hong Kong. He has more than 22 years' extensive experience in human resources gained from different global and domestic corporations. Prior to joining the Group, Mr. Leung was the Asia-Pacific Regional Human Resources Director of A.T. Kearney Inc..



Cheng Ching

Executive Vice President – Group Manufacturing, aged 60. Mr. Cheng joined the Group in 1980. He is responsible for managing the affairs of the manufacturing operations in The People's Republic of China and overseeing expansion plans and requirements for factory and production facilities of the Group. He is a director of Integrated Display Technology Limited. Mr. Cheng holds a Bachelor of Science degree in Electronics Engineering from the National Taiwan University. Prior to joining the Group, he held the position of quality control manager of a consumer electronics company for 10 years.



Leong Mun Hoong, Leon

President – LCD Consumer Electronic Products, aged 41. Mr. Leong joined the Group in June 1999. He is responsible for managing the day-to-day operations of the LCD Consumer Electronic Products business of the Group operated separately under the Singapore listed subsidiary, IDT Holdings (Singapore) Limited, in which Mr. Leong is a director of its key operating subsidiary, IDT Technology Limited. Mr. Leong holds a Bachelor of Science degree in Industrial Engineering obtained from the University of Tennessee U.S.A. and a Master degree in Business Administration from the University of Warwick in the U.K.. Prior to joining the Group, he was the Managing Director of Strombecker (HK) Ltd..

(top to bottom)
Dr. Mark S.F. Yau
Mr. Joseph Y.S. Leung
Mr. Cheng Ching
Mr. Leon M.H. Leong

Senior Management (continued)**Magnus Lars Warbert**

President – Telecommunication Products, aged 51. Mr. Warbert joined the Group in December 1999. He is responsible for managing the day-to-day operations of the Telecommunication Products business of the Group operated separately under the Singapore listed subsidiary, I-Comm Technology Limited, in which Mr. Warbert is a director of its key operating subsidiary, IDT Communication Technology Limited. Mr. Warbert holds a Master of Science degree obtained from the Royal Institute of Technology in Stockholm, Sweden. He has over 24 years' extensive management experience in the telecommunication industry. Prior to joining the Group, he was a partner and consultant of De Baker & Co., a management consulting company in Sweden.

**Chow Kit Man**

Executive Vice President – Electronic Personal Information Products, aged 39. Mr. Chow joined the Group in July 2000. He is responsible for managing the day-to-day operations of the Electronic Personal Information Products business of the Group. Mr. Chow holds a Bachelor of Engineering (Honours) degree in Electronic Computer Systems and a Master of Science degree in Electronic and Electrical Engineering from the University of Salford in England, and a Ph.D. degree in Engineering Management from the California Coast University. He is a Chartered Engineer of the Institution of Electrical Engineers of the U.K.. Mr. Chow has over 11 years of progressive experience in engineering with different local and multinational companies in Hong Kong. Prior to joining the Group, Mr. Chow was the research and development manager of Group Sense Limited.



(top to bottom)
Mr. Magnus L. Warbert
Mr. Chow Kit Man
Mr. Raymond C.F. Ling

Ling Cheuk Fai, Raymond

Executive Vice President – Electronic Learning Products, aged 44. Mr. Ling joined the Group in February 1998. He is responsible for managing the day-to-day operations of the Electronic Learning Products business of the Group. Mr. Ling holds a degree in Marketing from Concordia University of Canada. He has over 18 years of managing experience in toy and electronic products. Prior to joining the Group, he was the Managing Director of RJP International Limited.

Regional Management

(top to bottom)
Mr. Giuseppe Finocchiaro
President – Europe
Mr. James D. Boyle
President – North America
Mr. Vincent Peña
Vice President – Asia Pacific



Achievements

built on solid foundations

Operations Review



(top to bottom)
Our flagship store in Milan; franchise shop in Rome; and HKEIA Award for Outstanding Innovation And Technology Products.

Solid Foundation for the Next 25 Years

The Group managed to keep growing its Oregon Scientific ("OS") branded sales through its global sales and distribution networks despite a challenging economic environment. The OS brand continues to sustain a prominent position in Europe. The Group has adapted the European success formula to the U.S. as well as newly developing markets. This will continue to create a solid base for the future business growth as well as value and security for its stakeholders.

The OEM supplier and ODM manufacturing parts of the business had a more challenging year due to the economic slowdown. However, the strength of IDT's reputation as an OEM/ODM manufacturer coupled with its customer satisfaction culture, which has been built up over the past 25 years, allowed the Group to sustain its existing customer base and cultivate new ones.

Making Improvements in Difficult Times

Whilst facing a difficult year, IDT has shown remarkable resilience in this economic downturn. The financial year ended March 31, 2002 was certainly not an easy year for many industries and economies around the world, but the Group was able to improve profitability and strengthen its balance sheet during the year.

- Turnover of the Group was HK\$2,233.5 million which is HK\$651.0 million lower than last year. Sales growth of 10% for the Group's OS business and 9% for the electronic learning products business were not enough to compensate for the fall in the turnover of the other businesses.
- Gross margin recorded a remarkable 7 point increase to reach 35% of sales.
- Profit from operations was HK\$214.0 million, which is only marginally lower than the HK\$222.4 million recorded last year despite the drop in turnover of 23%.
- The Group also exercised tight control on operating expenses which were HK\$28.6 million lower compared with the previous year.
- Profit attributable to shareholders was HK\$138.8 million, an increase of 5% compared with last year.
- EBITDA was HK\$287.8 million compared with HK\$279.8 million in financial year 2001. The EBITDA to sales ratio improved from 10% to 13%.
- Net cash balances and deposits have increased by HK\$247.8 million to HK\$653.0 million.
- Shareholders' funds stood at HK\$1,121.7 million which is HK\$65.7 million higher than last year.
- Average return on shareholders' funds decreased slightly from 12.9% to 12.7%.

This combination of improved margins and strengthened financial position has demonstrated the significance of the Group's focus on profitability and cash generation and its tight controls on working capital and operating expenses. These attributes will stand the Group in good stead for facing the challenges ahead.

Focus on Profit

Although turnover has dropped by 23% to HK\$2,233.5 million due to slackening consumer demand and competitive prices, the Group managed to improve its overall gross profit margin from 28% to 35%. At the same time, net profit also increased by 5% to HK\$138.8 million with net profit margin having improved from last year's 4.6% to 6.2%.

Whilst the global economic downturn was outside the control of the Group, it reacted quickly in making changes and stepping up internal controls. The improved profitability was achieved by the following factors:

- Sales of the OS branded products, which attract higher profit margins compared to the OEM/ODM business of the Group, increased by 10%. This was made possible due to the Group's continued investments in expanding its sales and distribution networks and its increase in controls over its overseas subsidiaries.
- The Group stepped up its control on operating expenses through a continuous streamlining programme and implementation of a number of cost containing policies.
- Manufacturing costs have been reduced from improved efficiencies following the consolidation and vertical integration of certain production facilities and processes.
- As the Group's inventory level has gone down substantially in the second half, related logistic and stock holding costs have also decreased.

Disciplined Financial Management

The Group generally finances its operations from internal cash flow. Net cash balances and deposits at March 31, 2002 stood at HK\$653.0 million, an increase of HK\$247.8 million over last year. This remarkable result was achieved due to the Group's tight control on credit and an aggressive sales promotion programme carried out in the second half of the financial year.

Attributable to its tight control on credit and increased efforts on debt collection in the second half of the year, receivables of the Group decreased by 17% to HK\$315.4 million over the year and by 35% during the second half whilst turnover increased by 7% from the first half. As part of the Group's credit policy, terms of trade are normally on letter of credit with the exception of sales between member companies of the Group or to selected customers with long established business relationships and strong financial positions.

Having been hit by sluggish consumer demand in the first half of the year, the Group had an unusually high level of inventories of HK\$467.3 million at the end of the period. The situation prompted the Group to implement an aggressive sales promotion programme, which resulted in a 31% drop in inventories from last year.

The Group has sufficient financial resources to fund its operations, current investment needs and development plans. It is funded entirely by equity and does not have any secured or unsecured long-term debt. Short-term bank borrowings of HK\$15.1 million at March 31, 2002 were in relation to bills payable, import loans, a revolving bank loan and bank overdrafts.

Compared with last year, the Group has adopted a more aggressive attitude to managing its cash reserves and is actively seeking yield enhancement opportunities. Strict criteria have been laid down whereby the Group will only invest in yield enhancing instruments issued by institutions with a minimum of a double A rating and with maturity of less than three years. At the end of the year, the Group has placed a sum of US\$18.0 million (HK\$140.4 million) on this type of instruments yielding an average interest of 5.3% per annum. These instruments do carry a level of risk where interest earned could be nil if certain conditions are met.

The Group's exposure to foreign currency translation is mainly in Euro and Sterling arising from trading transactions between local and overseas member companies. The Group actively hedges its foreign currency exposures through natural hedges, forward contracts and options. To minimise its exposure to the currency translation of inter-company balances, the Group has capitalised part of the receivables due from its overseas subsidiaries. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the Group's headquarter in Hong Kong.

At March 31, 2002, the Group had contingent liabilities of HK\$0.4 million (2001: HK\$3.9 million).



(top to bottom)
Trade shows in the U.S., France,
U.K. and Germany.

Oregon Scientific Galloping Ahead

Ever since Oregon Scientific, Inc. became a wholly owned subsidiary in 1997, the Group has been capitalising on the creative and innovative designs associated with the brand. Through a marketing strategy which is geared towards increasing the visibility of the OS brand, the Group's worldwide marketing offices have been increasing points of sales with the placement of labelled cabinets and corners, shops in shop as well as custom made display units. Increasingly the visibility of the OS name is a key ingredient in positioning OS as a high value brand in the hearts and minds of consumers looking for innovative consumer electronic products.

Today, the Group has established a global network of 15 sales and distribution offices across the region in Europe (U.K., France, Germany, Italy, Spain, Poland, Denmark), the U.S. (Portland, Stamford, New York) and Asia Pacific (Australia, Japan, China, Hong Kong, Brazil). Each of these offices is specifically charged with the mission to sell and promote the OS branded products. In addition, these offices will also serve the OEM/ODM customers located in their respective countries. This allows the Group to strategically segment the market channels by having differentiated products to gain maximum coverage and market share. The OS business and private label business are therefore complementary.

For the year ended March 31, 2002, total sales of the OS products increased by 10% to reach HK\$885.2 million, which represents a significant 40% of the Group's turnover. For individual divisions, the OS sales accounted for 62%, 44% and 47% of the sales of LCD Consumer Electronic Products, Electronic Personal Information Products and Electronic Learning Products divisions respectively.

The OS sales and distribution subsidiaries provide the necessary support to the Group to successfully open new channels of distribution in the market and to achieve better margins for the Group. As an example, Oregon Scientific, Inc., which covers the North American market, started e-commerce sales in November 2001. This also provides the Group with invaluable information about the profile of its customers and the ability to build a direct relationship with the customers. The information gathered has already shown that many are repeat customers. This interaction with users of the products will help us understand and meet customers' needs.

In the year under review, the largest market for our OS products was Italy where we made OS branded sales of HK\$244.3 million, up 13% from last year. The remarkable performance in Italy was attributable to the successful implementation of our visibility concept capped by a flagship store in Milan and a franchise shop in Rome. Since the Italian operation had become profitable soon after inception, the Group managed to invest aggressively on TV advertising and sponsoring sports events.

Having achieved a growth rate of 36% in sales to reach HK\$64.5 million, Spain was the fastest growing market for OS products for the year. U.K. and France were another two very important European markets for OS with sales of HK\$88.7 million and HK\$75.7 million respectively. Sales growth in U.K. and France was 3% and 16% respectively.

For financial year 2002, the U.S. was OS's second largest market with HK\$229.4 million of sales and a growth rate of 9%. By comparing the demographic data of the U.S. and Italy, the Group believes that the U.S. possesses substantial potential for further growth.

The OS brand will be further developed in new markets through appointed national distributors who have the ability to cover the sales channels in their respective markets and the resources to invest in the promotional and marketing activities that are needed to grow the business successfully.

In Brazil, where we estimated to have about 36.8 million potential customers from its total population of 160 million, we have incorporated a subsidiary in April 2002. Market response to the OS products to date has been very positive. This follows the success we have been enjoying over the last few years of our export sales from Hong Kong. Recognising the relatively high currency exchange risk, we have made appropriate hedging arrangements including the use of bonded warehousing and hedging instruments.

For the China market, we will step up our presence by investing on points of sales and promotions in line with our visibility concept. In April 2002, a new general manager was appointed to lead and expand our existing team in Shanghai.

The Group plans further flagship stores for key cities in the U.S., Europe and Asia. These stores will further enhance the visibility of the OS brand worldwide.

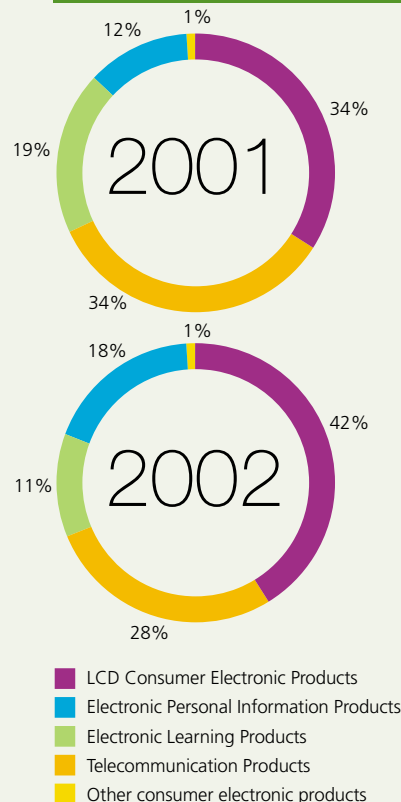
Although running our own sales and distribution network for the OS branded products will enhance the overall profit margin for the Group, we are fully aware that such operation requires a different set of skills to our traditional OEM/ODM manufacturing business. In particular, distribution business requires careful working capital management due to the need to hold inventories of finished goods and to offer credit facilities to local distributors and dealers. The Group's ability to manage this operation well has been demonstrated by the fact that both inventories and receivables have dropped by 31% and 17% respectively over the year. To further enhance its management, the Group has already earmarked to spend about HK\$10.0 million over two years on an advanced Enterprise Resources Planning system to integrate its global sales and distribution networks. To further improve cost efficiency of the operation, the Group is in the process of setting up a centralised warehouse and a logistics centre in Europe.

LCD Consumer Electronic Products

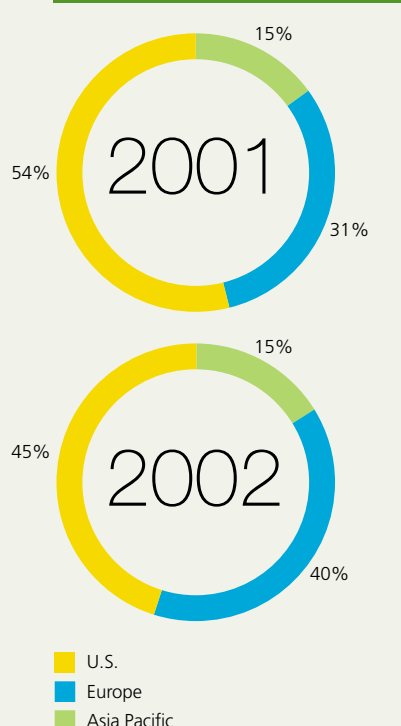
During the financial year, the **LCD Consumer Electronic Products** ("LCD") business achieved HK\$931.6 million of sales, down 4% from last year's HK\$975.3 million. It accounted for approximately 42% of the Group's turnover and remains the largest business segment of the Group. Sales of OS branded products grew by 13% to reach HK\$574.5 million whilst Huger branded sales decreased by 50% to HK\$39.5 million. OS branded sales accounted for 62% of the business segment's total sales for the year, compared with 52% last year.

During the year under review, the division introduced a new line of Health Care and Sports Products, leveraging on the Group's LCD and RF technologies coupled with the avant-garde design and quality that typifies the Group's products. The strategy to expand the LCD division's product offerings in this expanding market segment resulted in an impressive growth of 39% based on division sales.

Sales Segmentation by Product Group



Sales Segmentation by Market





(top to bottom)
Projection Clock with Weather Station; Wrist Type Blood Pressure Meter; Wireless Weather Station; and Altimeter Watch.

Environmental Monitoring and Timing Devices recorded lower sales due mainly to a combination of increased competition, sluggish economic activity and an inventory overhang at the beginning of the year. The Group introduced a sales promotion program with aggressive pricing for slow moving items in the 3rd quarter of the financial year, which helped reduce the inventory to a more satisfactory level.

During the year, the LCD division has launched 118 new products, which accounted for 37% of its total sales on a divisional basis. This division currently has 114 new products under development. It is also working with OEM/ODM customers to develop and manufacture non-core products such as smartcard readers.

Telecommunication Products

The **Telecommunication Products** ("TEL") business continues to depend substantially on the U.S. market, which accounted for 93% of sales. As a result, it suffered from the annualised impact of the pricing pressure which began to take place in September 2000. This was then further exacerbated by excess inventories in the U.S. market and continued price pressure. This resulted in a decline in sales of HK\$357.4 million to HK\$623.7 million for the year under review.

The business is also faced with the fast pace of changing technology. The 46/49MHz platform phones, which dominated the product mix three years ago, have already been entirely replaced by the 900MHz analogue standard which in turn is being superseded by the 2.4GHz analogue standard. Therefore, keeping ahead of technology and shortening time to market of new products are essential pre-requisites to ensure success in this volume driven business.

In addition to launching its 2.4GHz analogue phones to the market during the year, the TEL division's 1.8GHz Digitally Enhanced Cordless Telephone (DECT) has now been extensively tested in Europe and will help the division to promote sales in new markets. The product range will be extended in the new financial year after the favourable reaction of the market and the request for a range of product to help address a larger spectrum of the market.

The Electronic Manufacturing Services (EMS) which the business is building up, have enjoyed some success during the year, gaining new projects from telco groups – thanks to the technological capabilities within the Group and advanced manufacturing facilities. The division will continue to devote resources to developing this line of business in order to move into the higher margin value added services segment.

The division has about 23 new products currently under development.

Electronic Personal Information Products

The **Electronic Personal Information Products** ("PIP") business achieved HK\$260.4 million of sales for the year, representing 11% of the Group's turnover. Sales under the OS brand were HK\$113.9 million, which accounted for 44% of the total. When compared with the previous year, sales dropped by 52%, which is largely accountable for by the one-off project enjoyed last year linked with the short lived internet boom. Eliminating the income from this project, sales of the business have actually dropped by 17% over the year.

The PIP business continues to enjoy tremendous growth of the digital camera market and is investing in engineering and manufacturing resources to move into higher specification products in line with the market trends. In collaboration with a number of partners, it produced the world's slimmest digital camera measuring just 6mm in thickness, which also has earned a place in the Guinness Book of World Records. The division is upgrading its production capabilities to make digital cameras with higher resolution. In addition, it will introduce to the market digital cameras with more features such as TFT viewer and optical zoom in the financial year 2003.

Whilst digital imaging is now the division's main focus, it still continues to develop its digital voice recorder, personal digital assistant (PDA) and databank line of products. Capitalising on its technical know-how and production facilities, it is currently working on a number of innovative turnkey projects with customers.

Electronic Learning Products

The Group's **Electronic Learning Products** ("ELP") business had a successful year recording an overall growth of 9% over last year. Total sales have reached HK\$402.7 million, whilst the OS and licensed products enjoyed a 53% increase in sales to HK\$187.3 million.

The OEM side of the business fared less well and suffered a 13% drop in sales. It was mainly due to its heavy dependence on the Japanese market, which is still confronting a very tough economic environment.

IDT, in partnership with Mattel Inc., introduced three Barbie™ electronic learning products in 2001. The Barbie™ learning aids were an instant hit with consumers, resulting in outstanding sales performance. In recognition of IDT's accomplishments, Mattel awarded IDT the "Best Hardlines Design Execution Award" for exceptional design achievement and creativity for the 2001 Oregon Scientific Barbie™ electronic learning products.

Going forward, the division will focus on developing character based products, with characters being either created in-house or licensed. Moreover, it will be working closely with its OEM partners to bring more innovative products to the market.

Committed to Research and Development

This year, the Group has further increased its investment in research and development ("R&D") from 3.5% of sales last year to 4.0% of sales. As part of its progressive plan to capture talent in Mainland China, the number of engineers at its R&D centre in Shekou reached 53 at the end of the year. The Group has planned to increase the number of engineers in Shekou to 200 by the end of December 2002, thus bringing the total number of engineers for the Group to 500. The two R&D centres work very closely together with staff in Hong Kong being responsible for product planning and specification, architectural design and feasibility study as well as documentation, whereas their Shekou counterparts concentrate on design and laboratory work.



(top to bottom)
2.4GHz Dual Key Pad; Conference Telephone; Mini Headset Cordless Telephone; and Transceiver.



(top to bottom)
6mm Card Size Digital Camera; 1.3
Mega Pixel Digital Camera; Credit
Card Touch Screen PDA; and Digital
Voice Recorder with PC Link.

To organise the Group R&D function in a more centralised and cost effective manner, there have been transfers of engineers from the product development department in each product division to the Shekou R&D centre. The Group's R&D division has also established links with certain universities and leading institutions in joint collaboration to develop new technologies and applications.

The Group R&D function is also driving the implementation of improved process in product development. The "Toll-gate" system of new product development has been implemented aiming at the achievement of systemic and strategic development of new products to reach the market on time.

Manufacturing

During the year, the Group has made total capital expenditure of HK\$37.2 million on enhancing the manufacturing facilities and mould production. Whilst mould production accounted for 43% of the total, 17% was expansionary in nature and 11% was for ordinary replacement. The balance was represented by leasehold improvements relating to the relocation of certain production facilities for cost saving purposes.

As the Group has expanded its manufacturing facilities in the year ended March 31, 2001, it did not make any significant capital expenditure during the financial year under review, nor does it expect to incur further expansionary capital expenditure in the next two years. The Group expects to spend about the same level of capital expenditure on manufacturing facilities in financial year 2003. This will include the upgrading of the clean room and related facilities for the PIP division so as to enable it to produce more sophisticated and technologically advanced digital imaging products.

	No. of assembly lines	Maximum output per month (units)
LCD	19	750,000
TEL	16	600,000
PIP	6	200,000
ELP	5	250,000

	Maximum output per month (units)
Plastic mould injection machines	9 million
Surface mount technology machines	3 million
Mould making facilities	40-60
Wire-bonding facilities	1 million

In order to achieve higher utilisation of factory floor space, the Group has relocated the production and assembly facilities of the ELP division to its main manufacturing base at Xixian, Shenzhen. The factory consolidation process will continue in the current year with the relocation of the PIP division's production facilities. This will streamline the logistic flow of materials, improve the production process and reduce fixed overheads by approximately HK\$1.8 million a year.

Financial year 2002 was the first year in which the Group's in-house facilities in surface mount technology, wire-bonding, precision plastic moulding, mould making and plastic injection were fully integrated and operational for the whole year. This vertical integration of production processes allows the factory to have better control on production lead time, quality and costs.

The Group's production lines are at different phases in adapting the cell-based assembly line configuration. Unlike the traditional straight line set up where workers at different points along the assembly line are only responsible for a finite part of the whole process, the cell-based approach requires each team member within a cell to complete the whole assembly process. The cell-based line approach has the advantage of reducing turnaround time of products, and thus improves efficiency as well as reducing the level of work in progress.

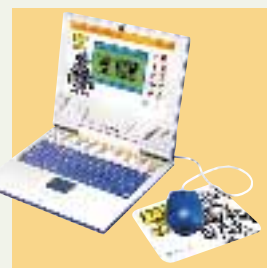
Kyosha is Better Equipped for Growth

Whilst significant slowdown in the world economy has resulted in excess capacity in the printed circuit board ("PCB") industry, profit contribution from the Group's 37% owned Kyosha Holdings (Singapore) Limited ("Kyosha") has dropped to HK\$3.8 million for the financial year, down from HK\$8.0 million the year before. Nevertheless, Kyosha has successfully installed double-sided silver through-hole PCB manufacturing capability during the year to extend its product offerings. Kyosha is now in a much stronger position to benefit from the increasing numbers of Japanese manufacturers relocating their production facilities to China and a stabilising worldwide economy.

Maintaining a Committed and Capable Workforce

At March 31, 2002, the Group had a total number of approximately 6,700 employees (2001: approximately 8,700 employees) which is about 23% less than last year. The reduction is in line with the Group's strategy to leverage its subcontracting partnerships and the improved efficiency gains from the consolidation of its facilities. The Group has continued to provide staff training to enhance employees' skills and knowledge. Furthermore, the Group has introduced Balanced Score Card approach to goal setting and measuring performance. Key management staff has remained stable and committed throughout the year.

The Group recognises the importance of its employees who contribute to the success of its business. The Group offers remuneration package in line with industry practice, which is subject to annual review. Bonuses may be awarded to employees based on individual performance and the Group's performance. Other staff benefits include medical insurance and mandatory provident fund. In Xixian, Shenzhen, The People's Republic of China where the Group centres its production facilities and at Shekou where the Group maintains its research and development resources, staff welfare was paid with reference to the prevailing labour law in China. The Company and its two Singapore listed subsidiaries, IDT Holdings (Singapore) Limited and I-Comm Technology Limited, each has an employees' share option scheme to allow granting of share options to selected eligible employees with reference to their contributions and to align their interests with that of the shareholders'.



(top to bottom)
Accelerator X18; Zip the Robot Plus; Wav DJ; and Best Hardlines Design Execution Award.



(from top to bottom)
Factory facilities and our employees.

Optimistic for Another Profitable Year

The Group is seeing a satisfactory start to the new financial year with order books currently ahead of the same period last year.

The Group believes that there are still many opportunities for growth that can be leveraged from new markets and new products, which are being launched in the new financial year.

The Group is investing for the future and is expanding its R&D resources. It is also planning to invest in systems to improve the operational efficiency and knowledge sharing within the Group.

Although the Group has been proud to present a set of satisfactory results for this year of very difficult business environment, it is still constantly working on ways to further improve its operating performance. On the sales and distribution front, the Group will focus on increasing the number of points of sales for its OS brand. At the same time, it will continue to explore new opportunities, new markets and new technologies. On the cost front, the Group will further strengthen its proactive stance in making operational changes and implementing aggressive cost efficiency measures. However, as both the speed and strength of a worldwide economic recovery are still uncertain, the Group is cautiously hoping to prove itself once again in its ability to sail through uncertain times with satisfactory results for the new financial year.

Barring unforeseen circumstances, the directors are optimistic that the Group will record increased profits for the new financial year.

Alain J.G. Li
Executive Director & Chief Financial Officer

June 18, 2002
Hong Kong

The directors are pleased to present to shareholders their report and audited financial statements of the Company and of the Group for the financial year ended March 31, 2002.

Principal Activities

The Company acts as an investment holding company.

Its principal subsidiaries are engaged in the design, development, manufacture, and sale and marketing of various consumer electronic products.

Segment Information

Details of segment information are set out in note 36 to the financial statements.

Results

The results of the Group for the year ended March 31, 2002 are set out in the consolidated income statement on page 39 and further analysis is given in the accompanying notes to the financial statements.

Dividends

An interim dividend of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option) was paid to the shareholders of the Company on January 3, 2002.

The directors of the Company have decided to recommend at the forthcoming annual general meeting of the Company to be held on August 28, 2002 a final dividend of 3.5 HK cents per share in cash (2001: 2.5 HK cents per share in cash) and an additional proposed special dividend of 2.5 HK cents per share in cash to commemorate IDT's 25th anniversary. Subject to shareholders' approval, both dividends will be paid on or about September 25, 2002 to shareholders whose names appear on the register of members of the Company on August 28, 2002.

The proposed final and special dividends, together with the interim dividend already paid, will amount to total dividends of 7.0 HK cents per share for the year (2001: 4.5 HK cents per share).

Group Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

Subsidiaries and Associate

Details of the Company's principal subsidiaries at March 31, 2002 are set out in note 14 to the financial statements.

Details of the Company's interest in an associate at March 31, 2002 are set out in note 15 to the financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 24 to the financial statements.

Reserves

Details of movements in reserves of the Group and of the Company during the year are set out in note 25 to the financial statements.

Investment Properties

Details of the investment properties of the Group during the year are set out in note 12 to the financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group and of the Company during the year are set out in note 13 to the financial statements.

Donations

During the year, the Group made charitable and other donations of HK\$211,000 (2001: HK\$250,000).

Borrowings

Details of the Group's borrowings are set out in notes 22 and 23 to the financial statements. No interest was capitalised by the Group during the year.

Major Customers and Suppliers

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was, as last year, less than 30% of the Group's purchases.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 37% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 20% of the Group's turnover for the year.

None of the directors, their associates or shareholders, who to the knowledge of the directors own more than 5% of the Company's share capital, had any interest in any of the five largest customers.

Connected Transactions

The following transactions, which constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, were entered into by members of the Group during the year:

- (1) Pursuant to a management services agreement ("IDTS Management Services Agreement") dated December 31, 1996 entered into between Integrated Display Technology Limited ("IDTL"), a wholly owned subsidiary of the Company, and IDT Holdings (Singapore) Limited ("IDTS"), a non-wholly owned subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group (excluding IDTS and its subsidiaries ("IDTS Group")) has provided general corporate functions and logistic support (sales and marketing, personnel and administration, corporate services, financial and accounting, electronic data processing, research and development) to the IDTS Group and has distributed products manufactured by the IDTS Group through the marketing and distribution network of the Group (excluding the IDTS Group). During the year ended March 31, 2002, management service fee of HK\$45,320,150 was received by the Group (excluding the IDTS Group) from the IDTS Group under the IDTS Management Services Agreement.
- (2) Pursuant to a licence agreement ("Licence Agreement") dated December 31, 1996 entered into between the Company and IDTL as licensors and IDTS as licensee, the IDTS Group was granted the rights to use certain trademarks on their products for a period of 5 years which should have remained valid up till December 30, 2001. On November 29, 2001, the parties to the Licence Agreement signed, in accordance with the provision of the Licence Agreement, a supplemental letter ("Supplemental Letter") pursuant to which the parties have agreed to renew the term of the Licence Agreement for a further period of 12 months commencing on December 31, 2001 and thereafter subject to further renewal at the option of the parties. During the year ended March 31, 2002, no licence fee was received by the Company or IDTL under the Licence Agreement (as renewed).

Connected Transactions (continued)

- (3) Pursuant to a management services agreement ("I-Comm Management Services Agreement") dated January 15, 2000 entered into between IDTL and I-Comm Technology Limited ("I-Comm"), a non-wholly owned subsidiary of the Company listed on the SGX-ST, the Group (excluding I-Comm and its subsidiaries ("I-Comm Group")) has provided to the I-Comm Group management services in respect of sales and marketing, personnel and administration, corporate services, electronic data processing and research and development as well as certain office, factory, staff quarter and dormitory space. During the year ended March 31, 2002, management service fee of HK\$27,097,858 was received by the Group (excluding the I-Comm Group) from the I-Comm Group under the I-Comm Management Services Agreement.

The independent non-executive directors of the Company have confirmed that the above transactions entered into with the IDTS Group and the I-Comm Group during the year were conducted in the ordinary and usual course of business of the Company and in accordance with the terms of the relevant agreements governing the transactions and were fair and reasonable so far as the shareholders of the Company were concerned. The total consideration received under the IDTS Management Services Agreement and the Licence Agreement had not exceeded 10% of the total turnover of the Group for the year ended March 31, 2002. The consideration received under the I-Comm Management Services Agreement had not exceeded 10% of the total turnover of the I-Comm Group for the year ended March 31, 2002.

The auditors of the Company have provided a letter to the directors (including the independent non-executive directors) of the Company stating that the above transactions have received the approval of the board of directors of the Company, the transactions were conducted in accordance with the terms of the relevant agreements governing the transactions, and total considerations of the transactions had not exceeded the respective limits as stated above for the year ended March 31, 2002.

Directors

The directors of the Company who held office during the year and up to the date of this report are:

Executive:

Raymond Chan, *Chairman & Chief Executive Officer*

Alain Jacques Gilbert Li, *Chief Financial Officer*

(appointed on April 25, 2001)

Chan Pau Shiu Yeng, Shirley

Shigenobu Morita

Non-Executive:

Jack William Edouard Heuer

Lo Kai Yiu, Anthony*

Kao Ying Lun*

Jack Schmuckli*

Kenichi Ohmae*

(appointed on August 23, 2001)

Woo Chia Wei

(appointed on June 8, 2002)

* Independent Non-Executive Directors

At the forthcoming annual general meeting of the Company, Mr. Shigenobu Morita, Mr. Jack William Edouard Heuer and Mr. Lo Kai Yiu, Anthony will retire as directors by rotation in accordance with Bye-law 97 and Professor Woo Chia Wei will retire as a director in accordance with Bye-law 89 of the Company's Bye-laws. Being eligible, all of them offer themselves for re-election.

The term of office of each independent non-executive director is subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Securities

At March 31, 2002, the interests of the directors of the Company and their associates in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) as recorded in the register kept under Section 29 of the SDI Ordinance were as follows:

Company

Name	Number of ordinary shares of HK\$0.10 each held		
	Personal interests	Family interests	Corporate interests
Raymond Chan	59,132,919	241,516,920 (Note 1)	842,275,225 (Note 3)
Alain Jacques Gilbert Li	2,000,000	—	—
Chan Pau Shiu Yeng, Shirley	70,524,526	901,408,144 (Note 2)	170,992,394 (Note 3)
Shigenobu Morita	2,527,476	—	—
Jack William Edouard Heuer	4,000,000	—	—
Lo Kai Yiu, Anthony	1,424,439	—	—
Kao Ying Lun	—	—	—
Jack Schmuckli	—	—	—
Kenichi Ohmae	—	—	—
Woo Chia Wei	—	—	—

Subsidiaries

I-Comm Technology Limited

Name	Number of ordinary shares of US\$0.05 each held		
	Personal interests	Family interests	Corporate interests
Shigenobu Morita	100,000	—	—
Jack William Edouard Heuer	200,000	—	—
Lo Kai Yiu, Anthony	300,000	—	—
Jack Schmuckli	100,000	—	—

IDT-Tech Limited

Name	Number of ordinary shares of HK\$1.00 each held		
	Personal interests	Family interests	Corporate interests
Shigenobu Morita	78,000	—	—

Notes:

- Mr. Raymond Chan is the husband of Mrs. Chan Pau Shiu Yeng, Shirley whose personal and corporate interests are also the family interests of Mr. Raymond Chan.
- Mrs. Chan Pau Shiu Yeng, Shirley is the wife of Mr. Raymond Chan whose personal and corporate interests are also the family interests of Mrs. Chan Pau Shiu Yeng, Shirley.
- 842,275,225 ordinary shares were held by Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, and were beneficially owned by Mr. Raymond Chan. 170,992,394 ordinary shares were held by Raymax Time Company Limited, a company incorporated in the British Virgin Islands, and were beneficially owned by Mrs. Chan Pau Shiu Yeng, Shirley.

Directors' Interests in Securities (continued)

The interests of the directors of the Company in share options are disclosed in the sub-section titled "Share Option Schemes" of this report.

Save as disclosed above and the details of share options set out in the sub-section titled "Share Option Schemes" below and also certain nominee shares in subsidiaries held by the directors in trust for the Group, none of the directors or their associates had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance at March 31, 2002, and none of the directors or their spouse or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

Share Option Schemes

The Company and two of its non-wholly owned subsidiaries, IDT Holdings (Singapore) Limited ("IDTS") and I-Comm Technology Limited ("I-Comm"), each operates an employees' share option scheme (referred to hereinafter as the "IDT International Option Scheme", "IDTS Option Scheme" and "I-Comm Option Scheme" respectively) to motivate employees' performance and retain key employees who contribute to the growth of the Group.

(1) IDT International Option Scheme

The IDT International Option Scheme was adopted on September 28, 1993 and will continue in force until the tenth anniversary of such date.

The board of directors of the Company shall, at its absolute discretion, offer to grant options under the IDT International Option Scheme to selected eligible participants. Eligible participants include full-time employees (including full-time executive directors) of the Company or any of its subsidiaries.

The maximum number of the Company's shares in respect of which options may be granted under the IDT International Option Scheme (together with any shares of the Company in respect of which options are outstanding) shall not, when aggregated with any of the Company's shares subject to any other share option schemes, exceed 10% of the issued share capital of the Company (excluding any shares of the Company issued upon the exercise of options granted) from time to time. The maximum number of the Company's shares in respect of which options may be granted to an eligible participant shall not exceed 25% of the maximum aggregate number of the Company's shares subject to the IDT International Option Scheme, and the aggregate exercise price in respect of all options granted to an eligible participant shall not exceed an amount equal to 6 times the amount of the then current gross basic annual salary of such participant.

The exercise price payable for an option granted under the IDT International Option Scheme shall be 85% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the five trading days immediately preceding the date of offer of such option or the nominal value of a Company's share, whichever is the higher. With effect from September 1, 2001, pursuant to the new requirements under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange ("Hong Kong Listing Rules"), the exercise price of an option shall be the highest of (i) the nominal value of a share, (ii) the closing price of the shares on the Stock Exchange on the date of offer of an option, and (iii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of an option. In compliance with the new requirements of the Hong Kong Listing Rules, the Company is preparing a new employees' share option scheme for adoption by the shareholders of the Company.

An offer for grant of an option under the IDT International Option Scheme must be accepted not later than 28 days after the date of offer, and HK\$1.00 is payable as consideration on acceptance. A granted option may be exercised during the period commencing on the expiry of 6 calendar months after the commencement date (which means the date upon which such option is deemed to be granted and accepted) and expiring on the expiry date (which means ten years after the date of offer of such option).

Share Option Schemes (continued)

At March 31, 2002, the directors of the Company and employees of the Group had the following interests granted under the IDT International Option Scheme:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Exercise price per share	Lapsed / cancelled during the year	Outstanding at 3.31.2002	Closing price per share immediately before date of grant
Directors									
Raymond Chan	8.30.2001	3.13.2002 to 8.30.2011	–	7,000,000	–	HK\$0.453	–	7,000,000	HK\$0.52
Chan Pau Shiu Yeng, Shirley	8.30.2001	3.13.2002 to 8.30.2011	–	2,000,000	–	HK\$0.453	–	2,000,000	HK\$0.52
Shigenobu Morita	12.29.1998 *	12.30.1999 to 12.29.2008	218,750	–	–	HK\$0.509	–	218,750	–
	12.29.1998 *	12.30.2000 to 12.29.2008	218,750	–	–	HK\$0.509	–	218,750	–
Employees									
	12.29.1998 *	12.30.1999 to 12.29.2008	2,759,750	–	1,028,250	HK\$0.509	220,500	1,511,000	–
	12.29.1998 *	12.30.2000 to 12.29.2008	6,738,500	–	3,327,250	HK\$0.509	1,006,250	2,405,000	–
	10.23.1999	10.24.2001 to 10.23.2009	1,000,000	–	–	HK\$0.713	1,000,000	–	–
		10.24.2002 to 10.23.2009	750,000	–	–	HK\$0.713	750,000	–	–
	1.12.2001	1.13.2003 to 1.12.2011	150,000	–	–	HK\$0.525	–	150,000	–
	1.12.2001	1.13.2005 to 1.12.2011	150,000	–	–	HK\$0.525	–	150,000	–
			11,985,750	9,000,000	4,355,500		2,976,750	13,653,500	

* Share options granted on December 29, 1998 had been adjusted in terms of number and exercise price owing to the two-for-one bonus issue of shares and three-for-four bonus issue of shares made by the Company in October 1997 and August 1999 respectively.

The weighted average price of the shares of the Company issued in respect of options exercised under the IDT International Option Scheme is HK\$0.74 per share.

Share Option Schemes (continued)

(2) IDTS Option Scheme

The IDTS Option Scheme was adopted on August 12, 1998 and will continue in operation for a maximum of ten years from such date. The committee ("IDTS Committee") appointed by the board of directors of IDTS to administer the IDTS Option Scheme shall, at its absolute discretion, offer to grant options under the IDTS Option Scheme to selected eligible participants. Eligible participants include confirmed full-time employees of IDTS and its subsidiaries ("IDTS Group") and confirmed full-time employees of the Company and its subsidiaries not employed under the IDTS Group but who are involved in providing management services to the IDTS Group; and in both cases, the participants must have been in full-time employment for at least one year on or prior to the date of the grant of an option and are of the rank of supervisor (or equivalent rank) or above. A director of IDTS who satisfies the aforesaid criteria may only be granted an option under the IDTS Option Scheme if such grant of option and the related issue and allotment of shares of IDTS ("IDTS Shares") are approved by the shareholders of IDTS. Substantial shareholders of IDTS (as defined in the Companies Act of Singapore) are not eligible to participate in the IDTS Option Scheme.

The maximum number of IDTS Shares in respect of which options may be granted under the IDTS Option Scheme, when aggregated with any IDTS Shares subject to any other share option schemes of IDTS, shall not exceed 10% of the total issued share capital of IDTS from time to time. The total number of IDTS Shares in respect of which options may be granted to an eligible participant shall not exceed 25% of the total number of IDTS Shares in respect of which options may be granted under the IDTS Option Scheme. Not more than 50% of the total number of IDTS Shares in respect of which options may be granted under the IDTS Option Scheme may be granted to the executive directors of IDTS, general managers and staff of equivalent rank and above.

The subscription price payable for an option granted under the IDTS Option Scheme shall be the higher of (i) a price to be determined by the IDTS Committee, such price being not less than 85% of the average of the last dealt prices of the IDTS Shares ("IDTS Market Price") on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive trading days immediately preceding the date of grant; or (ii) the nominal value of a IDTS Share. With effect from September 1, 2001, in compliance with the new requirements of the Hong Kong Listing Rules, the subscription price payable for an option granted under the IDTS Option Scheme shall not be fixed at a discount to the IDTS Market Price.

An offer for grant of an option under the IDTS Option Scheme must be accepted within 30 days from the date of offer, and HK\$1.00 is payable as consideration on acceptance. A granted option shall be exercisable during the period commencing after the first anniversary of the date of grant (or such later date as the IDTS Committee may determine at its absolute discretion) and expiring on the date immediately preceding the fifth anniversary of the date of such grant.

Share Option Schemes (continued)

At March 31, 2002, the directors of the Company and employees of the Group had the following interests granted under the IDTS Option Scheme:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Subscription price per share	Lapsed / cancelled during the year	Outstanding at 3.31.2002	Closing price per share immediately before date of grant
Director									
Shigenobu Morita	12.29.1998 **	12.30.1999 to 12.28.2003	125,000	–	–	US\$0.616	–	125,000	–
	12.29.1998 **	12.30.2000 to 12.28.2003	125,000	–	–	US\$0.616	–	125,000	–
Employees									
	12.29.1998 **	12.30.1999 to 12.28.2003	466,500	–	105,250	US\$0.616	–	361,250	–
	12.29.1998 **	12.30.2000 to 12.28.2003	2,418,750	–	502,750	US\$0.616	62,500	1,853,500	–
	8.14.2000	8.15.2001 to 8.13.2005	100,000	–	–	S\$2.149	–	100,000	–
			1,060,000	–	–	S\$2.149	150,000	910,000	–
			300,000	–	–	S\$2.149	100,000	200,000	–
			860,000	–	–	S\$2.149	50,000	810,000	–
	1.12.2001	1.13.2003 to 1.11.2006	155,000	–	–	S\$1.424	–	155,000	–
			155,000	–	–	S\$1.424	–	155,000	–
	1.4.2002	1.5.2003 to 1.3.2007	–	125,000	–	S\$1.132	–	125,000	S\$1.19
	1.4.2002	1.5.2005 to 1.3.2007	–	125,000	–	S\$1.132	–	125,000	S\$1.19
			5,765,250	250,000	608,000		362,500	5,044,750	

** Share options granted on December 29, 1998 had been adjusted in terms of number and subscription price owing to the one-for-four bonus issue of shares made by IDTS in August 1999.

The weighted average price of the IDTS Shares issued in respect of options exercised under the IDTS Option Scheme is S\$1.46 per share.

(3) I-Comm Option Scheme

The I-Comm Option Scheme was adopted on January 17, 2000 and will continue in operation for a maximum of 10 years from such date. The Committee ("I-Comm Committee") appointed by the board of directors of I-Comm to administer the I-Comm Option Scheme shall, at its absolute discretion, offer to grant options under the I-Comm Option Scheme to selected eligible participants. Eligible participants include (i) executive and non-executive directors and confirmed full-time employees of I-Comm and its subsidiaries ("I-Comm Group"); (ii) executive and non-executive directors and confirmed full-time employees of the Company and its subsidiaries other than the I-Comm Group ("Parent Group Employees"); and (iii) executive and non-executive directors and confirmed full-time employees of any associated company of I-Comm over which the I-Comm Group has operational control. I-Comm's controlling shareholders or their associates who satisfy the aforesaid criteria may only be granted options under the I-Comm Option Scheme if their participation and the number of shares of I-Comm ("I-Comm Shares") and terms of options to be granted are approved by the independent shareholders of I-Comm in separate resolutions for each of such participants.

Share Option Schemes (continued)

The maximum number of I-Comm Shares in respect of which options may be granted under the I-Comm Option Scheme, when aggregated with any I-Comm Shares subject to any other share option schemes of I-Comm, shall not exceed 10% of the total issued share capital of I-Comm from time to time. The maximum number of I-Comm Shares in respect of which options may be granted to an eligible participant shall not exceed 25% of the aggregate number of I-Comm Shares issued and issuable under the I-Comm Option Scheme. The aggregate number of I-Comm Shares in respect of which options may be granted to Parent Group Employees shall not exceed 20% of the aggregate number of I-Comm Shares available under the I-Comm Option Scheme, and any option to be granted to a Parent Group Employee which, together with options already granted to such Parent Group Employee under the I-Comm Option Scheme, represents 5% or more of the aggregate number of I-Comm Shares available to Parent Group Employees collectively, shall be approved by the independent shareholders of I-Comm in a separate resolution. In addition, the aggregate number of I-Comm Shares available for grant of options to controlling shareholders of I-Comm or their associates shall not exceed 25% of the I-Comm Shares available under the I-Comm Option Scheme and no more than 10% shall be granted to each of such participants.

The subscription price payable for an option granted under the I-Comm Option Scheme shall, at the I-Comm Committee's discretion, be set at a price (i) equal to the average of the last dealt prices of the I-Comm Shares ("I-Comm Market Price") on the SGX-ST for the five consecutive trading days immediately preceding the date of grant; or (ii) at a discount not exceeding 15% of the I-Comm Market Price; given that in both cases, the subscription price shall not be less than the nominal value of a I-Comm Share. With effect from September 1, 2001, in compliance with the new requirements of the Hong Kong Listing Rules, the subscription price for an option granted under the I-Comm Option Scheme shall not be fixed at a discount to the I-Comm Market Price.

An offer for grant of an option under the I-Comm Option Scheme must be accepted within 30 days from the date of offer, and HK\$1.00 is payable as consideration on acceptance. A granted option with a subscription price fixed at the I-Comm Market Price shall be exercisable during the period commencing after the first anniversary of the date of grant (and any other conditions as may be introduced by the I-Comm Committee from time to time) and expiring on the tenth anniversary of the date of such grant.

At March 31, 2002, the directors of the Company and employees of the Group had the following interests granted under the I-Comm Option Scheme:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Subscription price per share	Lapsed / cancelled during the year	Outstanding at 3.31.2002	Closing price per share immediately before date of grant
Employees	10.30.2000	10.31.2002 to 10.29.2010	3,500,000	–	–	S\$0.37	350,000	3,150,000	–
		10.31.2004 to 10.29.2010	3,500,000	–	–	S\$0.37	350,000	3,150,000	–
	5.25.2001	5.26.2003 to 5.24.2011	–	300,000	–	S\$0.25	–	300,000	S\$0.26
		5.26.2005 to 5.24.2011	–	300,000	–	S\$0.25	–	300,000	S\$0.26
			7,000,000	600,000	–	700,000	6,900,000		

Share Option Schemes (continued)

No charge is recognised in the income statement of the Company, the profit and loss statement of IDTS and the profit and loss statement of I-Comm in respect of options granted under the IDT International Option Scheme, the IDTS Option Scheme and the I-Comm Option Scheme respectively. Share options granted under the three option schemes are not recognised in the financial statements of the respective companies until such options are exercised. Upon exercise of options, the shares issued by the Company, IDTS or I-Comm are recorded as the relevant company's additional share capital at nominal value of such shares and the excess of the exercise price/subscription price over the nominal value of the shares issued is recorded in the relevant company's share premium account.

The directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted during the year under the IDT International Option Scheme, IDTS Option Scheme and the I-Comm Option Scheme because the value of share options calculated using theoretical models is subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the models and certain inherent limitations of the models.

Where the IDTS Option Scheme and I-Comm Option Scheme are subject to their respective scheme rules and the listing rules of the SGX-ST, the new requirements under Chapter 17 of the Hong Kong Listing Rules, if more onerous, shall apply.

Arrangement to enable Directors to acquire Shares or Debentures

Details of share options granted to or exercised by the directors of the Company during the year and their outstanding balances at March 31, 2002 are set out in the sub-section titled "Share Option Schemes" above.

Save as disclosed, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Convertible Securities, Options, Warrants or Similar Rights

Save for the details of share options set out in the sub-section titled "Share Option Schemes" above, the Company had no outstanding convertible securities, options, warrants or similar rights at March 31, 2002. Other than the issue and exercise of share options pursuant to the employees' share option scheme of the Company as explained above, there was no issue or exercise of any convertible securities, options, warrants or similar rights of the Company during the year.

Substantial Shareholders

At March 31, 2002, the register of substantial shareholders kept under Section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that, other than the interests disclosed above in respect of the directors, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital.

Compliance with Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended March 31, 2002.

The Company has established an audit committee comprising Mr. Lo Kai Yiu, Anthony (Chairman of the audit committee) and Mr. Kao Ying Lun, independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda although there are no restrictions against such rights under the laws in Bermuda.

Auditors

Messrs. Deloitte Touche Tohmatsu have acted as the auditors of the Company for the past three financial years. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors.

On behalf of the board of directors



Raymond Chan

Group Chairman & Chief Executive Officer



Alain J.G. Li

Executive Director & Chief Financial Officer

Hong Kong
June 18, 2002

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永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF IDT INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 39 to 85 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

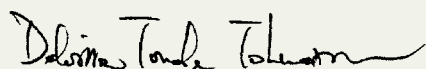
Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at March 31, 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, June 18, 2002

Consolidated Income Statement

For the year ended March 31, 2002

IDT International Limited Annual Report 2002 39

	Notes	2002 HK\$'m	2001 HK\$'m
Turnover		2,233.5	2,884.5
Cost of sales		(1,451.5)	(2,077.0)
Gross profit		782.0	807.5
Other revenue	4	50.1	61.6
Selling expenses		(267.3)	(254.6)
Administrative expenses		(262.2)	(290.7)
Research and development expenses		(88.6)	(101.4)
Profit from operations	5	214.0	222.4
Finance costs	7	(1.5)	(4.3)
Other non-operating income	8	0.5	2.6
Share of results of an associate		4.1	8.5
Profit before taxation		217.1	229.2
Taxation	9	(24.7)	(27.6)
Profit after taxation		192.4	201.6
Minority interests		(53.6)	(68.8)
Profit attributable to shareholders		138.8	132.8
Dividends	10	(145.0)	(92.9)
Earnings per share	11		
– Basic (HK cents)		6.7	6.6
– Diluted (HK cents)		6.7	6.5

The accompanying notes on pages 45 to 85 form an integral part of these financial statements.

Balance Sheets

At March 31, 2002

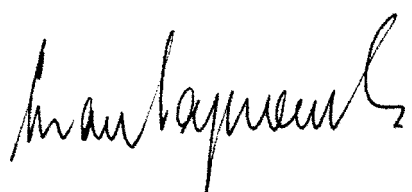
	Notes	The Group		The Company	
		2002 HK\$'m	2001 HK\$'m (As restated)	2002 HK\$'m	2001 HK\$'m (As restated)
Non-current assets					
Investment properties	12	6.6	6.6	–	–
Property, plant and equipment	13	347.3	377.1	–	–
Investments in subsidiaries	14	–	–	204.8	204.8
Amounts due from subsidiaries		–	–	345.5	317.6
Interest in an associate	15	54.8	53.0	–	–
Intangible assets	16	50.0	32.6	–	0.1
Long-term bank deposits	17	140.4	–	–	–
		599.1	469.3	550.3	522.5
Current assets					
Inventories	18	300.9	434.5	–	–
Property held for resale	19	1.6	1.6	–	–
Trade and other receivables	20	315.4	379.3	–	–
Dividend receivable		–	–	68.8	100.0
Bank balances and cash		528.0	445.2	–	–
		1,145.9	1,260.6	68.8	100.0
Current liabilities					
Trade and other payables	21	254.1	294.5	1.0	0.9
Amount due to an associate		0.1	0.1	–	–
Obligations under finance leases – due within one year	22	0.1	0.2	–	–
Taxation		14.5	20.5	–	–
Bank borrowings - unsecured	23	15.1	39.7	–	–
		283.9	355.0	1.0	0.9
Net current assets					
		862.0	905.6	67.8	99.1
		1,461.1	1,374.9	618.1	621.6

At March 31, 2002

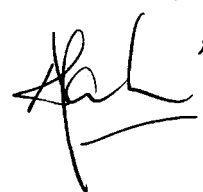
	Notes	The Group		The Company	
		2002 HK\$'m	2001 HK\$'m (As restated)	2002 HK\$'m	2001 HK\$'m (As restated)
Capital and reserves					
Share capital	24	207.0	206.6	207.0	206.6
Reserves	25	914.7	849.4	317.6	320.0
Shareholders' funds		1,121.7	1,056.0	524.6	526.6
Minority interests		328.2	311.3	–	–
Non-current liabilities					
Amounts due to subsidiaries		–	–	93.5	95.0
Obligations under finance leases – due after one year	22	0.2	0.1	–	–
Deferred taxation	26	11.0	7.5	–	–
		11.2	7.6	93.5	95.0
		1,461.1	1,374.9	618.1	621.6

The accompanying notes on pages 45 to 85 form an integral part of these financial statements.

Approved and authorised for issue by the board of directors on June 18, 2002.



Raymond Chan
Group Chairman & Chief Executive Officer



Alain J.G. Li
Executive Director & Chief Financial Officer

Consolidated Statement of Recognised Gains and Losses

For the year ended March 31, 2002

	2002 HK\$m	2001 HK\$m
Exchange differences arising on translation of overseas operations	(2.9)	(2.3)
Write down of leasehold land and buildings against asset revaluation reserve	-	(5.2)
Net losses not recognised in the income statement	(2.9)	(7.5)
Net profit for the year	138.8	132.8
Total recognised gains and losses	135.9	125.3
Prior period adjustments arising from the effects of changes of accounting policies:		
- increase in revenue reserve at April 1, 2000 as a result of derecognition of liability for final dividend for the year ended March 31, 2000		98.6
- decrease in revenue reserve at April 1, 2000 as a result of retrospective recognition of impairment of goodwill held in reserves		(11.2)
- increase in capital reserve at April 1, 2000 as a result of retrospective recognition of impairment of goodwill held in reserves		11.2
		98.6

The accompanying notes on pages 45 to 85 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended March 31, 2002

	Note	2002 HK\$'m	2001 HK\$'m
Net cash inflow from operating activities	27	446.9	232.9
Returns on investments and servicing of finance			
Dividends paid by			
– the Company		(72.4)	(73.1)
– subsidiaries to minority shareholders		(38.1)	(45.7)
Interest paid		(1.5)	(4.3)
Interest received		15.0	24.3
Dividend received from an associate		2.0	0.7
Net cash outflow from returns on investments and servicing of finance		(95.0)	(98.1)
Taxation			
Hong Kong Profits Tax paid		(19.9)	(38.8)
Tax paid in other jurisdictions		(7.0)	(2.5)
Cash outflow from taxation		(26.9)	(41.3)
Investing activities			
Increase in bank deposits		(108.4)	(32.0)
Development costs incurred		(45.6)	(35.1)
Acquisition of property, plant and equipment		(43.9)	(174.8)
Proceeds from disposal of property, plant and equipment		7.6	4.6
Decrease in pledged bank deposit		–	1.6
Net cash outflow from investing activities		(190.3)	(235.7)
Net cash inflow (outflow) before financing		134.7	(142.2)

	Notes	2002 HK\$'m	2001 HK\$'m
Financing	29		
New bills payable and import loans raised		117.7	377.5
New bank loans raised		95.9	95.3
Capital contributed from minority shareholders of a subsidiary		2.9	11.3
Issue of shares as a result of the exercise of share options		2.2	1.7
Repayment of bills payable and import loans		(150.2)	(388.1)
Repayment of bank loans		(84.9)	(101.9)
Repayment of obligations under finance leases		(0.3)	(0.8)
Net cash outflow from financing		(16.7)	(5.0)
Increase (decrease) in cash and cash equivalents		118.0	(147.2)
Cash and cash equivalents at beginning of the year		409.9	560.3
Effect of foreign exchange rate changes		(0.1)	(3.2)
Cash and cash equivalents at end of the year	30	527.8	409.9

The accompanying notes on pages 45 to 85 form an integral part of these financial statements.

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company.

Its subsidiaries are engaged principally in the design, development, manufacture, and sale and marketing of various consumer electronic products. Its associate is engaged in the manufacture and sale of printed circuit boards.

2. Adoption of New and Revised Statements of Standard Accounting Practice

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events After the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior year adjustment. The proposed final dividend of HK\$98.6 million and HK\$51.6 million for the two years ended March 31, 2000 and March 31, 2001 has been reversed and recognised in the years ended March 31, 2001 and March 31, 2002 respectively. The effect of this change was to increase the Group's and the Company's revenue reserve as at April 1, 2000 and April 1, 2001 of HK\$98.6 million and HK\$51.6 million respectively.

As a result of the adoption of SSAP 9 (Revised), the dividends proposed or declared after the balance sheet date by subsidiaries are not recognised as a liability at the balance sheet date. The effect of this change is to decrease the dividend payable by subsidiaries to minority shareholders and to increase the minority interests of the Group at March 31, 2000 and March 31, 2001 of HK\$32.0 million and HK\$28.7 million respectively.

Segment reporting

In the current year, the Group has followed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended March 31, 2001 have been amended so that they are presented on a consistent basis.

2. Adoption of New and Revised Statements of Standard Accounting Practice (continued)

Goodwill (negative goodwill)

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. However, impairment losses in respect of goodwill that arose between the date of acquisition of the relevant subsidiary and associate and the date of adoption of SSAP 30 have been recognised retrospectively. The effect of this change was to decrease the revenue reserve and to increase the capital reserve of the Group as at March 31, 2000 and March 31, 2001 by HK\$11.2 million.

Goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary and associate, or at such time as further impairment losses are identified. Goodwill arising on acquisitions after April 1, 2001 is capitalised and amortised over its estimated useful life of not more than 20 years.

Negative goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary and associate. Negative goodwill arising on acquisitions after April 1, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Leases

The adoption of SSAP 14 (Revised) "Leases" has not resulted in any significant changes to the accounting treatment adopted for leases. Disclosures relating to the Group's operating leasing arrangements as set out in note 33 have been modified so as to comply with the new requirements of SSAP 14 (Revised). Comparative disclosures have been restated to achieve a consistent presentation.

3. Principal Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties. The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal respectively, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

3. Principal Accounting Policies (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisition prior to April 1, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired. Goodwill arising on acquisitions after April 1, 2001 is recognised as an asset and amortised on a straight line basis over its useful economic life of not more than 20 years.

On disposal of a subsidiary or associate, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary or associate. Negative goodwill arising on acquisitions after April 1, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant leases is twenty years or less.

3. Principal Accounting Policies (continued)**Property, plant and equipment**

Property, plant and equipment other than construction in progress are stated at cost or valuation less depreciation and accumulated impairment loss.

Certain of the Group's land and buildings were revalued in previous accounting periods. Advantage has been taken of the transitional relief provided by paragraph 80 of SSAP 17 (Revised) "Property, plant and equipment" from the requirement to make revaluation on a regular basis of the Group's land and buildings revalued prior to September 30, 1995 and accordingly no further revaluation of land and buildings will be carried out.

The surplus arising on revaluation of property, plant and equipment in previous years was credited to the asset revaluation reserve. Any future decrease in net carrying amount of these assets will be charged to the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to previous revaluation of that particular asset. On the subsequent sale of assets, the attributable revaluation surplus not yet transferred to revenue reserve in prior years will be transferred to revenue reserve.

The cost or valuation of leasehold buildings is depreciated over twenty-five years by equal annual instalments. The cost or valuation of leasehold land is amortised over the remaining period of the leases, or over a period of fifty years if shorter, by equal annual instalments. Freehold land is not amortised.

Depreciation is provided to write off the depreciable amount of other property, plant and equipment, other than construction in progress, over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Furniture, fixtures and equipment	15 - 30%
Plant and machinery	15 - 25%
Motor vehicles	20%

In previous years, computers included in furniture, fixtures and equipment were depreciated at 15% per annum. The directors have re-assessed the depreciation rate applicable to computers due to the rapid technological changes. With effect from April 1, 2001, computers are depreciated at 30% per annum, which reflects the Group's recent experience of the average useful lives of the assets. Such change in depreciation rate on computers has increased the depreciation charge for the year by approximately HK\$4.8 million.

Construction in progress is stated at cost. Cost includes all development expenditure and other direct costs attributable to such projects. It is not depreciated until completion of construction. Cost on completed construction works is transferred to other categories of property, plant and equipment.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Income from investments in subsidiaries is accounted for when the Company's right to receive the dividend payment has been established.

3. Principal Accounting Policies (continued)

Interest in an associate

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised over the life of the project from the date of commencement of commercial operation subject to a maximum period of two years.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Patents and trademarks

Patents and trademarks are originally stated at cost and amortised over their estimated useful lives or, where shorter, a maximum period of five years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Property held for resale

Property held for resale is stated at the lower of cost and net realisable value. Cost represents the net carrying value of the property at the time when it was reclassified from property, plant and equipment. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. The finance costs, which represent the difference between the total leasing commitments and the outstanding principal amount at the inception of the finance leases, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases. The rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the leases.

3. Principal Accounting Policies (continued)

Turnover

Turnover represents the total amounts received and receivable for goods sold, less returns, to outside customers during the year.

Revenue recognition

Sale of goods is recognised when goods are delivered and title has been passed.

Dividend income is recognised when the Group's right to receive dividends has been established.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Mould construction income is recognised when construction is completed and the mould is delivered.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

The Group enters into foreign currency forward contracts to hedge specific foreign currency commitments and foreign currency monetary assets and liabilities. Profits and losses on contracts that hedge specific foreign currency commitments are deferred and recognised as part of the specific transaction hedged. Any gain or loss arising on other forward contracts is taken to the income statement.

On consolidation, the financial statements of overseas subsidiaries and operations are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the currency translation reserve.

Retirement scheme

The amount of the Group's contributions payable in respect of the Group's defined contribution schemes is charged to the income statement.

For the year ended March 31, 2002

4. Other Revenue

	2002 HK\$'m	2001 HK\$'m
Other revenue includes the following items:		
Bank interest income	15.0	24.3
Mould construction income	8.5	8.3
Forfeiture of payments from customers for certain product development projects terminated	7.0	–
Rental income under operating leases, net of outgoings	0.8	0.7
(Adjustment for) insurance recovery of damages to inventories and property, plant and equipment due to flooding	(4.0)	19.3

5. Profit from Operations

	2002 HK\$'m	2001 HK\$'m
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 6)	19.9	17.3
Other staff costs	305.9	352.3
Retirement benefits scheme contributions, net of forfeited contributions of HK\$0.5 million (2001: HK\$1.1 million)	10.1	3.2
Total staff costs	335.9	372.8
Less: amount capitalised in development costs	(24.4)	(21.7)
	311.5	351.1
Amortisation of intangible assets		
– development costs (included under research and development expenses)	23.5	21.9
– patents and trademarks (included under administrative expenses)	0.1	0.1
Auditors' remuneration	3.2	4.2
Depreciation and amortisation of property, plant and equipment		
– owned assets	60.5	48.2
– assets held under finance leases	0.1	0.4
Development costs written off	4.6	6.7
Loss arising from properties		
– impairment loss recognised in respect of leasehold land and buildings	–	4.3
– deficit on revaluation of investment properties	–	0.9
Loss on disposal of property, plant and equipment	5.8	17.6
Minimum lease payments paid under operating leases in respect of		
– land and buildings	33.7	27.3
– others	0.2	1.8

6. Directors' and Employees' Emoluments

	2002 HK\$m	2001 HK\$m
Directors' fees	1.3	1.3
Other emoluments		
– Salaries and other benefits	11.5	9.1
– Performance related incentive payments	6.8	6.7
– Retirement scheme contributions	0.3	0.2
	19.9	17.3

The amounts for the year ended March 31, 2002 disclosed above included directors' fee of HK\$0.6 million and other emoluments of HK\$0.3 million, representing consultancy fee included in salaries and other benefits, paid and payable to independent non-executive directors. The amounts for the year ended March 31, 2001 included directors' fees of HK\$0.5 million payable to independent non-executive directors.

The directors' other emoluments above for the year ended March 31, 2002 included operating lease rentals of HK\$1.2 million (2001: Nil) paid in respect of the accommodation provided to a director.

Emoluments of the directors were within the following bands:

	Number of director(s)	
	2002	2001
Nil up to HK\$1,000,000	5	5
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	1	1
HK\$8,000,001 to HK\$8,500,000	1	–
HK\$8,500,001 to HK\$9,000,000	–	1

For the year ended March 31, 2002

6. Directors' and Employees' Emoluments (continued)

Of the five highest paid employees of the Group, four (2001: three) were directors of the Company whose emoluments are included in above. The emoluments of the remaining one (2001: two) highest paid individuals are as follows:

	2002 HK\$'m	2001 HK\$'m
Salaries and other benefits	2.3	4.4
Performance related incentive payments	0.2	0.4
	2.5	4.8

Their emoluments were within the following bands:

	Number of employee(s)	
	2002	2001
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	–	1

7. Finance Costs

	2002 HK\$'m	2001 HK\$'m
Finance lease charges	–	(0.1)
Interest on bank and other borrowings wholly repayable within five years	(1.5)	(4.2)
Total finance costs	(1.5)	(4.3)

8. Other Non-operating Income

	2002 HK\$m	2001 HK\$m
Gain on deemed disposal arising from dilution of interest in a subsidiary listed on the Singapore Exchange Securities Trading Limited as a result of the exercise of share options	0.5	2.6

9. Taxation

	2002 HK\$m	2001 HK\$m
The charge consists of:		
Hong Kong Profits Tax calculated at 16% (2001: 16%) of the estimated assessable profit for the year		
– current year	(17.1)	(29.6)
– overprovision in prior years	1.4	5.9
Tax in other jurisdictions calculated at rates ruling in the respective jurisdictions		
– current year	(5.6)	(6.2)
– overprovision in prior years	0.4	0.5
Deferred taxation (charge) credit (note 26)	(3.5)	2.3
	(24.4)	(27.1)
Share of taxation of an associate		
– Hong Kong Profits Tax	(0.3)	(0.5)
	(24.7)	(27.6)

Certain of the Group's subsidiaries in the People's Republic of China (the "PRC") other than in Hong Kong are entitled to exemption from PRC income tax in their first two years of profitable operation, and thereafter are entitled to a relief of 50% on the normal income tax rate in the following three years.

For the year ended March 31, 2002

9. Taxation (continued)

The deferred taxation (charge) credit for the year is in respect of the following timing differences:

	2002 HK\$'m	2001 HK\$'m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	(1.3)	(2.1)
Deferred development costs allowable on an incurred basis for tax purposes	(2.7)	(1.0)
Taxation losses arising during the year	0.5	5.4
	(3.5)	2.3

10. Dividends

	2002 HK\$'m	2001 HK\$'m
Additional prior year's final dividend paid as a result of the exercise of employees' share options	(0.1)	(0.1)
Interim dividend paid of 1.0 HK cent per share in cash (2001: 2.0 HK cents per share in cash with scrip option) on 2,070,288,407 shares (2001: 2,058,512,481 shares)	(20.7)	(41.2)
Final dividend proposed of 3.5 HK cents per share in cash (2001: 2.5 HK cents per share in cash) on 2,070,288,407 shares (2001: 2,065,932,907 shares)	(72.5)	(51.6)
Special dividend proposed of 2.5 HK cents per share in cash on 2,070,288,407 shares	(51.7)	-
	(145.0)	(92.9)

- (a) The previously recorded final dividend proposed and declared after the balance sheet date but accrued in the financial statements for the years ended March 31, 2000 and March 31, 2001 was approximately HK\$98.6 million and HK\$51.6 million respectively. Under the Group's revised accounting policy as stated in note 2, these are now charged in the period in which they were approved.
- (b) At the meeting held on June 18, 2002, the directors proposed a final dividend and special dividend of 3.5 HK cents and 2.5 HK cents per share respectively. These proposed dividends, which are calculated on the Company's number of ordinary shares as at the balance sheet date are not recognised as liabilities in the financial statements.

11. Earnings per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2002 HK\$m	2001 HK\$m
Net profit for the year for the purpose of basic earnings per share	138.8	132.8
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(0.2)	(1.5)
Net profit for the purpose of diluted earnings per share	138.6	131.3

Number of ordinary shares:

	2002	2001
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,069,611,312	2,018,262,662
Effect of dilutive potential ordinary shares: Options	1,739,230	4,942,317
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,071,350,542	2,023,204,979

12. Investment Properties

	HK\$m
Valuation At March 31, 2002 and 2001	6.6

The investment properties of the Group were revalued at March 31, 2002 on an open market value basis by Vigers Hong Kong Limited, an independent firm of professional valuers.

The investment properties are situated in Hong Kong and are held under medium-term leases. They are rented out under operating leases.

For the year ended March 31, 2002

13. Property, Plant and Equipment

	Land and buildings HK\$'m	Construction in progress HK\$'m	Furniture, fixtures and equipment HK\$'m	Plant and machinery HK\$'m	Motor vehicles HK\$'m	Total HK\$'m
The Group						
Cost or valuation						
At April 1, 2001	73.3	12.2	188.2	260.4	14.3	548.4
Additions	–	2.8	18.9	21.4	1.1	44.2
Disposals	(7.4)	–	(5.8)	(3.3)	(1.8)	(18.3)
Transfer	–	(15.0)	15.0	–	–	–
At March 31, 2002	65.9	–	216.3	278.5	13.6	574.3
Comprising:						
At cost	8.5	–	216.3	278.5	13.6	516.9
At valuation						
– 1993	49.3	–	–	–	–	49.3
– 1994	8.1	–	–	–	–	8.1
	65.9	–	216.3	278.5	13.6	574.3
Depreciation and amortisation						
At April 1, 2001	14.7	–	58.8	91.6	6.2	171.3
Provided for the year	2.1	–	29.5	27.3	1.7	60.6
Eliminated on disposals	(2.0)	–	(1.2)	(0.9)	(0.8)	(4.9)
At March 31, 2002	14.8	–	87.1	118.0	7.1	227.0
Net book values						
At March 31, 2002	51.1	–	129.2	160.5	6.5	347.3
At March 31, 2001	58.6	12.2	129.4	168.8	8.1	377.1

At March 31, 2002, the net book value of assets held under finance leases amounted to HK\$0.3 million (2001: HK\$0.4 million).

The valuation of land and buildings in 1993 was made by Vigers Hong Kong Limited, a firm of professional property valuers, at March 31, 1993, on an open market value and existing use basis.

13. Property, Plant and Equipment (continued)

The valuation of land and buildings in 1994 was made by Erwin Foos, a firm of architects in Germany, at May 6, 1993 on the average of gross rental basis and current market values basis, which are generally accepted valuation bases in Germany.

The net book value of land and buildings of the Group includes land held under:

	2002 HK\$'m	2001 HK\$'m
Long leases situated in Hong Kong	–	5.1
Medium term leases situated in Hong Kong	39.9	41.8
Freehold situated outside Hong Kong	11.2	11.7
	51.1	58.6

Had all the land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of the land and buildings would have been stated at approximately HK\$25.4 million (2001: HK\$28.3 million).

14. Investments in Subsidiaries

	The Company	
	2002 HK\$'m	2001 HK\$'m
Unlisted investments, at deemed cost	204.8	204.8

The deemed cost of the unlisted investments is based on the underlying net assets of the subsidiaries attributable to the Group at the date of acquisition of the interest in the relevant subsidiaries.

For the year ended March 31, 2002

14. Investments in Subsidiaries (continued)

Details of the principal subsidiaries of the Company at March 31, 2002 are as follows:

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Directly held					
Integrated Display Technology (Holdings) Limited	Hong Kong	HK\$1,000	100	100	Investment holding
Indirectly held					
Exact-Time Company Limited	Hong Kong	HK\$2	100	63	Manufacture of consumer electronic products and plastic parts and provision of surface mount technology assembly services
Huger Electronics GmbH	Germany	DM3,500,000*	100	63	Marketing and distribution of consumer electronic products
I-Comm Technology Limited	Bermuda	US\$15,486,900	75	75	Investment holding
IDT (Japan) Limited	Japan	JPY30,000,000	100	100	Trading of consumer electronic products
IDT (U.K.) Limited	United Kingdom	GBP2	100	100	Trading of consumer electronic products
IDT Communication Technology Limited	Hong Kong	HK\$2	100	75	Trading of telecommunication products
IDT Data System Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
IDT Electronic Products Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
IDT Enterprise (Shanghai) Ltd.	PRC	US\$680,000	100	100	Trading of consumer electronic products
IDT Holdings (Singapore) Limited	Singapore	S\$35,471,425	63	63	Investment holding
IDT Italia S.r.l.	Italy	EUR26,000	100	100	Trading of consumer electronic products
IDT Information Products (Holdings) Limited	British Virgin Islands	US\$80	100	100	Investment holding
IDT Technology Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Innovative Products Manufacturing Company Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
Integrated Display Technology France S.A.R.L.	France	EUR15,244.9	100	100	Trading of consumer electronic products
Integrated Display Technology Ibérica, S.L.	Spain	EUR6,012.12	100	100	Trading of consumer electronic products
Integrated Display Technology Limited	Hong Kong	HK\$6,000,000	100	100	Provision of group administrative services
Integrated Display Technology Telecommunications (Shenzhen) Co., Ltd.	PRC	RMB11,000,000	100	75	Manufacture and sale of telecommunication products
King Win Electronics Limited	Hong Kong	HK\$20	100	100	Manufacture of consumer electronic products
Ming Win Electronics Limited	Hong Kong	HK\$2	100	100	Manufacture of consumer electronic products

For the year ended March 31, 2002

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Oregon Scientific Asia Pacific Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Australia Pty Limited	Australia	A\$2,010,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (Cook Islands) Limited	Cook Islands	US\$1	100	100	Trading of consumer electronic products
Oregon Scientific (Deutschland) GmbH	Germany	DM2,550,000*	100	100	Trading of consumer electronic products
Oregon Scientific France S.A.R.L.	France	EUR3,500,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Global Distribution Limited	Hong Kong	HK\$2	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Holdings (Europe) Limited	United Kingdom	GBP2	100	100	Investment holding
Oregon Scientific Ibérica, S.A.	Spain	EUR300,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific, Inc.	United States of America	US\$2,060,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Italia S.p.A.	Italy	EUR2,156,000	100	100	Marketing and distribution of consumer electronic products

14. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation / establishment	Nominal value of issued ordinary share / registered capital	Proportion of nominal value of issued ordinary capital / registered capital		Principal activities
			Held by the Company and subsidiaries %	Attributable to the Group %	
Oregon Scientific (U.K.) Limited	United Kingdom	GBP2,400,002	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific (Japan) Limited	Japan	JPY10,000,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Polska Sp. z o.o.	Poland	PLN504,000	100	100	Marketing and distribution of consumer electronic products
Rich Win Electronics Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Tekom Industries Limited	Hong Kong	HK\$10,000	100	75	Trading of telecommunication products
Super Win Electronics Limited	Hong Kong	HK\$2	100	75	Manufacture of telecommunication products
萬威科技開發(深圳)有限公司	PRC	US\$420,000	100	100	Provision of group research and development services
展科電子(深圳)有限公司	PRC	US\$70,000	100	63	Manufacture and sale of consumer electronic products

* Huger Electronics GmbH and Oregon Scientific (Deutschland) GmbH have paid-up surplus of DM1,800,000 and DM450,000 respectively.

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14. Investments in Subsidiaries (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Exact-Time Company Limited, King Win Electronics Limited, Ming Win Electronics Limited and Super Win Electronics Limited which operate in the PRC other than Hong Kong and the investment holding companies which have no definite place of operation, all of the above subsidiaries operate principally in their respective place of incorporation / establishment.

None of the subsidiaries had any loan capital outstanding at March 31, 2002 or at any time during the year.

15. Interest in an Associate

	The Group	
	2002 HK\$'m	2001 HK\$'m
Share of net assets	54.8	53.0
Market value at the balance sheet date	52.8	40.9

Details of the Group's associate at March 31, 2002 are as follows:

Name of associate	Place of incorporation	Proportion of nominal value of issued ordinary share capital held indirectly by the Company	Principal activities
Kyosha Holdings (Singapore) Limited	Bermuda	37%	Manufacture and sale of printed circuit boards

Kyosha Holdings (Singapore) Limited is a company listed on the Singapore Exchange Securities Trading Limited and has a December 31 financial year end date. For the purpose of accounting for the result of the associate in the Group's financial statements, the latest audited financial statements of the associate have been used.

16. Intangible Assets

	The Group		The Company	
	Development costs HK\$m	Patents and trademarks HK\$m	Total HK\$m	Patents and trademarks HK\$m
Cost				
At April 1, 2001	81.8	1.7	83.5	1.7
Additional costs incurred	45.6	–	45.6	–
Write-off	(7.0)	–	(7.0)	–
At March 31, 2002	120.4	1.7	122.1	1.7
Amortisation				
At April 1, 2001	49.3	1.6	50.9	1.6
Provided for the year	23.5	0.1	23.6	0.1
Eliminated on write-off	(2.4)	–	(2.4)	–
At March 31, 2002	70.4	1.7	72.1	1.7
Net book values				
At March 31, 2002	50.0	–	50.0	–
At March 31, 2001	32.5	0.1	32.6	0.1

17. Long-term Bank Deposits

The amounts represent bank deposits with variable interest based on a formula linked to London Inter-bank Offered Rate.

18. Inventories

	The Group	
	2002 HK\$m	2001 HK\$m
Raw materials	69.2	116.9
Work in progress	17.2	34.0
Finished goods	214.5	283.6
	300.9	434.5

Included above are raw materials of HK\$6.4 million (2001: HK\$23.4 million), work in progress of HK\$0.6 million (2001: HK\$0.6 million) and finished goods of HK\$45.2 million (2001: HK\$32.1 million) which are carried at net realisable value.

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19. Property Held for Resale

The property held for resale is stated at cost. It is situated in the PRC other than Hong Kong, and is held under a long lease of not less than fifty years. In the opinion of the directors, the property held for resale is worth at least of its carrying value. It is temporarily rented out under an operating lease.

20. Trade and Other Receivables

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 30 days. A longer credit period of 45 to 60 days is granted to a few customers with long business relationship and strong financial position.

	The Group	
	2002	2001
	HK\$'m	HK\$'m
The following is an aged analysis of trade receivables at the balance sheet date:		
Not yet due	201.5	236.7
Overdue less than 30 days	24.8	38.3
Overdue 31 to 90 days	14.8	13.8
Overdue more than 90 days	7.6	3.1
	248.7	291.9
Other receivables	66.7	87.4
	315.4	379.3

21. Trade and Other Payables

	The Group	
	2002	2001
	HK\$'m	HK\$'m
The following is an aged analysis of trade payables at the balance sheet date:		
Not yet due	96.0	111.1
Overdue less than 30 days	35.5	56.4
Overdue 31 to 90 days	10.6	3.8
Overdue more than 90 days	1.3	0.8
	143.4	172.1
Other payables	110.7	122.4
	254.1	294.5

22. Obligations under Finance Leases**The Group**

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
Amounts payable under finance leases:				
Within one year	0.1	0.2	0.1	0.2
Between one and two years	0.2	0.1	0.2	0.1
	0.3	0.3	0.3	0.3
Less: Future finance charges	–	–	N/A	N/A
Present value of lease obligations	0.3	0.3	0.3	0.3
Less: Amount due within one year included under current liabilities			(0.1)	(0.2)
Amount due after one year			0.2	0.1

23. Bank Borrowings – Unsecured**The Group**

	2002 HK\$'m	2001 HK\$'m
Bills payable and import loans	3.9	36.4
Bank loans	11.0	–
Bank overdrafts	0.2	3.3
	15.1	39.7

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24. Share Capital

	2002 \$'m	2001 \$'m
Authorised:		
3,500,000,000 (2001: 2,500,000,000) ordinary shares of HK\$0.10 each	HK\$350.0	HK\$250.0
10,000 (2001: 10,000) ordinary shares of US\$0.10 each	–	–
Issued and fully paid:		
2,070,288,407 (2001: 2,065,932,907) ordinary shares of HK\$0.10 each	HK\$207.0	HK\$206.6

The movements in the share capital of the Company are summarised as follows:

Authorised:

	Ordinary shares of HK\$0.10 each		Ordinary shares of US\$0.10 each	
	Number of shares	Amount HK\$'m	Number of shares	Amount HK\$'m
At April 1, 2000 and March 31, 2001	2,500,000,000	250.0	10,000	–
Increase in share capital	1,000,000,000	100.0	–	–
At March 31, 2002	3,500,000,000	350.0	10,000	–

24. Share Capital (continued)

Issued and fully paid:

	Number of shares	Amount HK\$m
At April 1, 2000	1,972,609,872	197.3
Issue of shares to satisfy 2000 final dividend in scrip form	83,442,859	8.3
Issue of shares to satisfy 2001 interim dividend in scrip form	6,195,426	0.6
Issue of shares on the exercise of share options	3,684,750	0.4
At March 31, 2001	2,065,932,907	206.6
Issue of shares on the exercise of share options	4,355,500	0.4
At March 31, 2002	2,070,288,407	207.0

Changes in the share capital of the Company in the year ended March 31, 2001 are as follows:

- (a) At the Company's annual general meeting held on August 28, 2000, a final dividend of 5.0 HK cents per share in cash with scrip option was approved. On September 25, 2000, 83,442,859 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue price of HK\$0.756 per share to the shareholders who elected to receive the dividend in scrip form.
- (b) At a board meeting held on December 6, 2000, an interim dividend of 2.0 HK cents per share in cash with scrip option was declared. On February 2, 2001, 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue price of HK\$0.612 per share to the shareholders who elected to receive the dividend in scrip form.
- (c) During the year ended March 31, 2001, the Company allotted and issued a total of 3,212,250 and 472,500 ordinary shares of HK\$0.10 each for cash at the exercise prices of HK\$0.509 and HK\$0.186 per share respectively as a result of the exercise of employees' share options.

All shares issued during the year ended March 31, 2001 above rank pari passu in all respects with the then existing shares in issue.

Changes in the share capital of the Company during the year are as follows:

- (d) Pursuant to an ordinary resolution passed in the annual general meeting of the Company held on August 28, 2001, the authorised share capital of the Company was increased from HK\$250,000,000 and US\$1,000 divided into 2,500,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively to HK\$350,000,000 and US\$1,000 divided into 3,500,000,000 ordinary shares of HK\$0.10 each and 10,000 ordinary shares of US\$0.10 each respectively by the creation of 1,000,000,000 additional ordinary shares of HK\$0.10 each. Such new shares rank pari passu in all respects with the then existing shares in the share capital of the Company.
- (e) During the year, the Company allotted and issued a total of 4,355,500 ordinary shares of HK\$0.10 each for cash at the exercise price of HK\$0.509 per share as a result of the exercise of employees' share options.

All shares issued during the year rank pari passu in all respects with the then existing shares in issue.

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24. Share Capital (continued)**Share options**

At March 31, 2002, the following options to subscribe for shares were outstanding under the employees' share option scheme of the Company:

Exercisable period	Exercise price per share HK\$	Number of share options outstanding at 3.31.2002
December 30, 1999 to December 29, 2008	0.509	1,729,750
December 30, 2000 to December 29, 2008	0.509	2,623,750
March 13, 2002 to August 30, 2011	0.453	9,000,000
January 13, 2003 to January 12, 2011	0.525	150,000
January 13, 2005 to January 12, 2011	0.525	150,000
		13,653,500

25. Reserves

	Asset revaluation reserve HK\$'m	Currency translation reserve HK\$'m	Capital reserve HK\$'m	Share premium HK\$'m	Revenue reserve HK\$'m	Total HK\$'m
The Group						
At April 1, 2000						
– as originally stated	43.8	(5.3)	(7.5)	1.9	673.2	706.1
– prior period adjustments (note 2)	–	–	11.2	–	87.4	98.6
– as restated	43.8	(5.3)	3.7	1.9	760.6	804.7
Currency realignment	–	(2.3)	–	–	–	(2.3)
Premium on issue of shares as a result of the exercise of share options	–	–	–	1.3	–	1.3
Premium on issue of shares to satisfy dividends in scrip form	–	–	–	57.9	–	57.9
Impairment loss recognised in respect of leasehold land and buildings	(5.2)	–	–	–	–	(5.2)
Realised on dilution of interest in a subsidiary	(0.1)	0.2	–	–	–	0.1
Transfer to revenue reserve upon disposal of leasehold land and buildings	(0.2)	–	–	–	0.2	–
Net profit for the year	–	–	–	–	132.8	132.8
Dividends paid	–	–	–	–	(139.9)	(139.9)
At March 31, 2001, as restated	38.3	(7.4)	3.7	61.1	753.7	849.4
Currency realignment	–	(2.9)	–	–	–	(2.9)
Premium on issue of shares as a result of the exercise of share options	–	–	–	1.8	–	1.8
Realised on dilution of interest in a subsidiary	(0.1)	0.1	–	–	–	–
Transfer to revenue reserve upon disposal of leasehold land and buildings	(4.4)	–	–	–	4.4	–
Net profit for the year	–	–	–	–	138.8	138.8
Dividends paid	–	–	–	–	(72.4)	(72.4)
At March 31, 2002	33.8	(10.2)	3.7	62.9	824.5	914.7
Attributable to an associate:						
At March 31, 2002	–	(0.5)	(0.5)	–	27.7	26.7
At March 31, 2001	–	(0.5)	(0.5)	–	25.9	24.9

For the year ended March 31, 2002

25. Reserves (continued)

	Contributed surplus HK\$'m	Share premium HK\$'m	Accumulated profits HK\$'m	Total HK\$'m
The Company				
At April 1, 2000				
– as originally stated	126.2	1.9	74.1	202.2
– prior period adjustment (note 2)	–	–	98.6	98.6
– as restated	126.2	1.9	172.7	300.8
Premium on issue of shares as a result of the exercise of share options	–	1.3	–	1.3
Premium on issue of shares to satisfy dividends in scrip form	–	57.9	–	57.9
Net profit for the year	–	–	99.9	99.9
Dividends paid	–	–	(139.9)	(139.9)
At March 31, 2001, as restated	126.2	61.1	132.7	320.0
Premium on issue of shares as a result of the exercise of share options	–	1.8	–	1.8
Net profit for the year	–	–	68.2	68.2
Dividends paid	–	–	(72.4)	(72.4)
At March 31, 2002	126.2	62.9	128.5	317.6

The capital reserve of the Group comprises HK\$14.0 million (2001: HK\$14.0 million) in respect of goodwill and HK\$17.7 million (2001: HK\$17.7 million) in respect of negative goodwill.

The contributed surplus of the Company arises from the difference between the nominal amount of the share capital issued by the Company and the book value of the underlying net assets of Integrated Display Technology (Holdings) Limited acquired as a result of a group reorganisation in 1990, less amount subsequently capitalised as a result of the bonus issue of shares in 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

25. Reserves (continued)

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the balance sheet date are as follows:

	2002 HK\$m	2001 HK\$m (As restated)
Contributed surplus	126.2	126.2
Accumulated profits	128.5	132.7
	254.7	258.9

26. Deferred Taxation**The Group**

	2002 HK\$m	2001 HK\$m
At beginning of the year	7.5	9.8
Charge (credit) for the year (note 9)	3.5	(2.3)
At end of the year	11.0	7.5

At the balance sheet date, the components of the deferred taxation liabilities (assets) provided for in the financial statements are as follows:

The Group

	2002 HK\$m	2001 HK\$m
Tax effect on timing differences in respect of:		
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	9.0	7.7
Deferred development costs allowable on an incurred basis for tax purpose	7.9	5.2
Unutilised estimated taxation losses carried forward	(5.9)	(5.4)
	11.0	7.5

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26. Deferred Taxation (continued)

At the balance sheet date, the major components of the net potential deferred taxation liabilities not provided for in the financial statements are as follows:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	8.3	8.8
Deferred development costs allowable on an incurred basis for tax purpose	–	0.1
Unutilised estimated taxation losses carried forward	–	(5.3)
Other timing differences	(1.1)	–
	7.2	3.6

The major components of the net potential deferred taxation charge not provided for in the financial statements during the year are as follows:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Difference between depreciation allowance claimed for tax purpose and depreciation charged in the financial statements	(0.5)	6.0
Deferred development costs allowable on an incurred basis for tax purpose	(0.1)	0.1
Taxation losses utilised during the year	5.3	5.6
Other timing differences	(1.1)	–
	3.6	11.7

The net potential deferred taxation liabilities have not been provided in the financial statements as it is not expected that the timing differences will reverse in the foreseeable future after taking into account of the Group's medium term financial plans and projections.

Deferred taxation has not been provided on the valuation surplus arising from the revaluation of the leasehold land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation surplus does not constitute a timing difference for taxation purposes.

The Company did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

27. Reconciliation of Profit before Taxation to Net Cash Inflow from Operating Activities

	2002 HK\$'m	2001 HK\$'m
Profit before taxation	217.1	229.2
Interest income	(15.0)	(24.3)
Finance costs	1.5	4.3
Share of results of an associate	(4.1)	(8.5)
Amortisation of intangible assets	23.6	22.0
Depreciation and amortisation of property, plant and equipment	60.6	48.6
Development costs written off	4.6	6.7
Gain on deemed disposal of interest in a subsidiary	(0.5)	(2.6)
Loss on disposal of property, plant and equipment	5.8	17.6
Impairment loss recognised in respect of leasehold land and buildings	–	4.3
Deficit arising on revaluation of investment properties	–	0.9
Decrease (increase) in inventories	135.4	(19.7)
Decrease in trade and other receivables	64.0	82.9
Decrease in trade and other payables	(40.7)	(149.5)
Decrease in amount due to an associate	–	(0.4)
Effect of foreign exchange rate changes in intercompany balances	(5.4)	21.4
Net cash inflow from operating activities	446.9	232.9

28. Major Non-cash Transactions

- (a) During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value of HK\$0.3 million (2001: HK\$0.2 million) at the inception of the leases.
- (b) In 2001, 83,442,859 and 6,195,426 new ordinary shares of HK\$0.10 each of the Company were issued, credited as fully paid, at the issue prices of HK\$0.756 and HK\$0.612 per share respectively to satisfy 2000 final dividend and 2001 interim dividend in scrip form.

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29. Analysis of Changes in Financing during the Year

	Share capital and premium HK\$'m	Bank loans HK\$'m	Bills payable and import loans HK\$'m	Obligations under finance leases HK\$'m	Minority interests HK\$'m
At April 1, 2000					
– as originally stated	199.2	6.6	47.0	1.0	250.2
– prior period adjustment (note 2)	–	–	–	–	32.0
– as restated	199.2	6.6	47.0	1.0	282.2
Issue of shares as a result of the exercise of share options	1.7	–	–	–	–
Issue of shares to satisfy dividends in scrip form	66.8	–	–	–	–
New finance raised	–	95.3	377.5	0.2	–
Repayment of loans	–	(101.9)	(388.1)	(0.8)	–
Capital contributed from minority shareholders of a subsidiary	–	–	–	–	11.3
Decrease due to the Group's share of capital contribution from minority shareholders	–	–	–	–	(2.7)
Minority's share of profit	–	–	–	–	68.8
Dividends to minority shareholders	–	–	–	–	(45.7)
Share of currency translation reserve	–	–	–	–	(2.6)
Currency realignment	–	–	–	(0.1)	–
At March 31, 2001, as restated	267.7	–	36.4	0.3	311.3
Issue of shares as a result of the exercise of share options	2.2	–	–	–	–
New finance raised	–	95.9	117.7	0.3	–
Repayment of loans	–	(84.9)	(150.2)	(0.3)	–
Capital contributed from minority shareholders of a subsidiary	–	–	–	–	2.9
Decrease due to the Group's share of capital contribution from minority shareholders	–	–	–	–	(0.5)
Minority's share of profit	–	–	–	–	53.6
Dividends to minority shareholders	–	–	–	–	(38.1)
Share of currency translation reserve	–	–	–	–	(1.0)
At March 31, 2002	269.9	11.0	3.9	0.3	328.2

30. Analysis of the Balances of Cash and Cash Equivalents

	2002 HK\$m	2001 HK\$m
Bank balances and cash	528.0	413.2
Bank overdrafts	(0.2)	(3.3)
	527.8	409.9

The bank balances and cash as at March 31, 2001 shown above excluded bank deposits of HK\$32.0 million which had a maturity period in excess of three months.

31. Contingent Liabilities**The Group**

	2002 HK\$m	2001 HK\$m
Bills discounted with recourse	0.4	3.9

The Company

	2002 HK\$m	2001 HK\$m
Guarantees given to banks to secure general banking facilities granted to subsidiaries - extent of facilities utilised	12.7	25.8

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32. Capital Commitments

	The Group	
	2002 HK\$'m	2001 HK\$'m
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of property, plant and equipment	2.6	12.1
– development costs	0.2	2.5
– investment in a subsidiary	2.7	3.3
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	26.0	16.6
	31.5	34.5

The Company did not have any significant capital commitments at the balance sheet date.

33. Operating Lease Arrangements

The Group as lessee:

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Land and buildings:		
Operating leases which expire:		
– Within one year	28.4	32.7
– In the second to fifth year inclusive	56.5	69.3
– Over five years	29.5	42.1
	114.4	144.1
Others:		
Operating leases which expire:		
– Within one year	0.1	0.2
– In the second to fifth year inclusive	0.2	0.2
	0.3	0.4

Operating lease payments represent rentals payable by the Group for certain rented premises. Leases are negotiated for terms of two to ten years.

The Group as lessor:

	The Group	
	2002	2001
	HK\$'m	HK\$'m
Within one year	0.1	0.7
In the second to fifth year inclusive	–	0.1
	0.1	0.8

The properties held have committed a tenant for the next two months.

The Company did not have any operating lease commitments at the balance sheet date.

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34. Forward Contract Commitments

At the balance sheet date, the Group had the following outstanding forward contract commitments:

	The Group	
	2002	2001
Principal amounts of forward contracts held for hedging purposes against trading transactions and monetary assets and liabilities:		
Sales of Euro	EUR2,335,000	EUR11,000,000
Sales of Great Britain Pounds	–	GBP500,000
Sales of United States Dollars	US\$14,000,000	–
Purchases of Hong Kong Dollars	HK\$109,235,000	–
Purchases of United States Dollars	US\$2,043,000	US\$10,825,500

In addition, at the balance sheet date, the Group had outstanding options given to certain financial institutions which may require the Group to sell to the financial institutions the following foreign currencies:

	Amount	Strike price US\$	Exercisable period
At 31 March, 2002			
Euro	EUR25,000,000	0.865 - 0.880	April, 2002
Great Britain Pounds	GBP5,000,000	1.410	April, 2002
Australian Dollars	A\$10,000,000	0.507 - 0.512	April, 2002 to June, 2002
At March 31, 2001			
Euro	EUR75,209,000	0.890 - 1.000	April, 2001 to October, 2001
Great Britain Pounds	GBP5,250,000	1.463 - 1.545	April, 2001 to September, 2001

35. Retirement Benefits Scheme

The Group operates defined contribution retirement schemes for all qualifying employees, including directors. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

The retirement scheme cost represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

With the introduction of the Mandatory Provident Fund ("MPF") Scheme in the December 2000 in Hong Kong, the Group has restructured its retirement arrangements for its employees in Hong Kong to comply with the MPF legislation. The Group has set up a MPF Scheme on December 1, 2000 by participating in a master trust scheme provided by an independent MPF service provider. All qualifying employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

36. Segment Information

(A) Business segments

The Group is principally engaged in the design, development, manufacture, and sale and marketing of various consumer electronic products and is organised into five operating divisions:

- Design, development, manufacture, and sale and marketing of LCD consumer electronic products
- Design, development, manufacture, and sale and marketing of telecommunication products
- Design, development, manufacture, and sale and marketing of electronic personal information products
- Design, development, manufacture, and sale and marketing of electronic learning products
- Design, development, manufacture, and sale and marketing of other consumer electronic products

These operating divisions are the basis on which the Group reports its primary segment information.

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36. Segment Information (continued)**(A) Business segments** (continued)

(i) An analysis of the Group's turnover and results by business segments is as follows:

	LCD consumer electronic products HK\$'m	Tele- communication products HK\$'m	Electronic personal information products HK\$'m	Electronic learning products HK\$'m	Other consumer electronic products HK\$'m	Total HK\$'m
Year ended March 31, 2002						
Turnover						
Branded sales	614.0	–	113.9	187.3	9.6	924.8
OEM/ODM sales	317.6	623.7	146.5	215.4	5.5	1,308.7
Total	931.6	623.7	260.4	402.7	15.1	2,233.5
Result						
Segment result	162.6	16.1	4.9	27.0	(2.8)	207.8
Interest income						15.0
Unallocated corporate expenses						(8.8)
Profit from operations						214.0
Finance costs						(1.5)
Other non-operating income						0.5
Share of results of an associate						4.1
Profit before taxation						217.1
Taxation						(24.7)
Profit after taxation						192.4
Minority interests						(53.6)
Net profit for the year						138.8

36. Segment Information (continued)**(A) Business segments** (continued)

(i) (continued)

	LCD consumer electronic products HK\$'m	Tele- communication products HK\$'m	Electronic personal information products HK\$'m	Electronic learning products HK\$'m	Other consumer electronic products HK\$'m	Total HK\$'m
Year ended March 31, 2001						
Turnover						
Branded sales	585.4	–	165.6	122.4	11.1	884.5
OEM/ODM sales	389.9	981.1	376.8	246.2	6.0	2,000.0
Total	975.3	981.1	542.4	368.6	17.1	2,884.5
Result						
Segment result	123.1	26.3	58.6	7.9	3.4	219.3
Interest income						24.3
Unallocated corporate expenses						(21.2)
Profit from operations						222.4
Finance costs						(4.3)
Other non-operating income						2.6
Share of results of an associate						8.5
Profit before taxation						229.2
Taxation						(27.6)
Profit after taxation						201.6
Minority interests						(68.8)
Net profit for the year						132.8

For the year ended March 31, 2002

36. Segment Information (continued)**(A) Business segments** (continued)

(ii) Other information

	LCD consumer electronic products HK\$'m	Tele- communication products HK\$'m	Electronic personal information products HK\$'m	Electronic learning products HK\$'m	Other consumer electronic products HK\$'m	Total HK\$'m
Year ended March 31, 2002						
Capital additions						
– Property, plant and equipment	21.6	10.6	4.1	4.6	3.3	44.2
– Development costs	12.9	13.9	6.2	12.6	–	45.6
Depreciation and amortisation						
– Property, plant and equipment						
– Business segments	27.1	17.7	3.8	4.6	0.2	53.4
– Unallocated corporate item						7.2
– Development costs	9.0	5.2	2.9	6.4	–	23.5
Development costs written off	–	3.0	1.6	–	–	4.6
Year ended March 31, 2001						
Capital additions						
– Property, plant and equipment	79.4	72.0	7.1	5.4	11.1	175.0
– Development costs	8.0	12.3	4.8	10.0	–	35.1
Depreciation and amortisation						
– Property, plant and equipment						
– Business segments	20.0	13.3	4.5	4.0	0.2	42.0
– Unallocated corporate item						6.6
– Development costs	5.3	7.1	6.0	3.5	–	21.9
Development costs written off	–	3.0	3.7	–	–	6.7

36. Segment Information (continued)**(A) Business segments** (continued)

(iii) An analysis of the Group's balance sheet by principal activities is as follows:

	LCD consumer electronic products HK\$'m	Tele- communication products HK\$'m	Electronic personal information products HK\$'m	Electronic learning products HK\$'m	Other consumer electronic products HK\$'m	Total HK\$'m
At March 31, 2002						
Assets						
Segment assets	883.8	443.1	122.3	147.0	14.5	1,610.7
Interest in an associate						54.8
Unallocated corporate assets						79.5
Consolidated total assets						1,745.0
Liabilities						
Segment liabilities	108.2	81.7	25.5	41.4	1.4	258.2
Amount due to an associate						0.1
Unallocated corporate liabilities						36.8
Consolidated total liabilities						295.1
At March 31, 2001						
Assets						
Segment assets	821.5	453.5	177.5	111.4	21.7	1,585.6
Interest in an associate						53.0
Unallocated corporate assets						91.3
Consolidated total assets						1,729.9
Liabilities						
Segment liabilities	134.2	84.9	52.2	35.4	9.8	316.5
Amount due to an associate						0.1
Unallocated corporate liabilities						46.0
Consolidated total liabilities						362.6

For the year ended March 31, 2002

36. Segment Information (continued)**(B) Geographical segments**

The Group's operations are located in Hong Kong and other parts of the PRC, Europe, United States of America and other Far East countries. In Hong Kong and other parts of the PRC, the Group carried out its manufacturing and trading operations. The Group also operates marketing offices in Europe, United States of America and other Far East countries.

- (i) An analysis of the Group's turnover and contribution to profit from operations by geographical market of its customers is as follows:

	Turnover		Contribution to profit from operations	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
United States of America	1,010.9	1,549.7	77.5	100.6
Europe	879.4	887.2	114.1	110.4
Asia Pacific	343.2	447.6	16.2	8.3
	2,233.5	2,884.5	207.8	219.3
Interest income			15.0	24.3
Unallocated corporate expenses			(8.8)	(21.2)
Profit from operations			214.0	222.4

- (ii) An analysis of the carrying amount of segment assets analysed by the geographical locations in which the assets are located is as follows:

	Segment assets		Additions to property, plant and equipment and development costs	
	2002 HK\$'m	2001 HK\$'m	2002 HK\$'m	2001 HK\$'m
Hong Kong and other parts of the PRC	1,353.0	1,310.9	85.8	199.1
Europe	295.5	330.6	2.3	9.3
United States of America	74.4	71.7	1.2	1.7
Other Far East countries	22.1	16.7	0.5	–
	1,745.0	1,729.9	89.8	210.1

Summary of Investment Properties

Investment properties held for rental purposes	Gross floor area (sq. ft.)	Nature of property	Attributable interest to the Group	Category of lease
Room 1801-3, and 1805-12 Metro Centre, 32 Lam Hing Street, Kowloon Bay, Kowloon, Hong Kong	8,239	Industrial	100%	Medium term leases

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at the Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, August 28, 2002 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended March 31, 2002.
2. To declare a final and a special dividend for the year ended March 31, 2002.
3. To re-elect directors and fix the remuneration of directors.
4. To appoint auditors and authorise the directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company with or without modifications:

(1) "THAT:

- (a) subject to paragraph (c) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and warrants carrying the right to subscribe for shares, which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors during the Relevant Period to make or grant offers, agreements, options and warrants carrying the right to subscribe for shares, which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any Share Option Scheme (as hereinafter defined) of the Company; or (iii) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the sum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-laws or any applicable laws of Bermuda to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company thereof on its register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); and

“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to executive directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company.”

- (2) “THAT:
- (a) subject to paragraph (b) of this resolution, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of the share capital of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-laws or any applicable laws of Bermuda to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (3) “THAT the exercise by the directors of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company in accordance with the general mandate granted pursuant to resolution numbered 5(1) set out in the notice convening this meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of shares of the Company purchased by the Company under the authority granted pursuant to resolution numbered 5(2) set out in the notice convening this meeting provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”

6. To transact any other business.

By order of the board of directors

Leung Wai Yee

Company Secretary

Hong Kong
June 18, 2002

Notes:

- (i) The register of members of the Company will be closed from August 23, 2002 to August 28, 2002, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final and special dividends, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on August 22, 2002.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (iii) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the principal place of business of the Company in Hong Kong at Block C, 9/F., Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong not less than forty-eight hours before the time for holding the annual general meeting or any adjourned meeting thereof.
- (iv) Resolutions numbered 5(1), 5(2) and 5(3) set out in the notice convening this meeting are the renewal of the present general mandates given by shareholders to the directors which will expire at the forthcoming annual general meeting. An explanatory statement giving further details of the repurchase mandate will be sent to shareholders together with the Company's 2002 annual report.

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