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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				
	2003 HK\$'m	2002 HK\$'m	2001 HK\$'m	2000 HK\$'m	1999 HK\$'m
Turnover	2,410.2	2,233.5	2,884.5	2,631.2	1,790.6
Profit from operations	212.1	214.0	222.4	275.1	259.8
Finance costs	(3.4)	(1.5)	(4.3)	(4.0)	(4.1)
Other non-operating income	–	0.5	2.6	211.1	69.4
Other non-operating expenses	–	–	–	–	(6.5)
Share of results of associates	3.3	4.1	8.5	9.3	5.9
Profit before taxation	212.0	217.1	229.2	491.5	324.5
Taxation	(19.8)	(24.7)	(27.6)	(58.0)	(29.9)
Profit after taxation	192.2	192.4	201.6	433.5	294.6
Minority interests	(42.2)	(53.6)	(68.8)	(80.9)	(48.5)
Net profit for the year	150.0	138.8	132.8	352.6	246.1
Dividends	145.1	145.0	92.9	138.6	119.4

ASSETS AND LIABILITIES

		At March 31			
		(As restated)*	(As restated)*	(As restated)*	
Investment properties	6.4	6.6	6.6	–	–
Property, plant and equipment	308.7	347.3	377.1	292.2	260.2
Interest in associates	56.6	54.8	53.0	45.7	30.6
Intangible assets	62.7	50.0	32.6	26.2	26.8
Goodwill	19.0	–	–	–	–
Long-term bank deposits	237.9	140.4	–	–	–
Current assets	1,067.6	1,145.9	1,260.6	1,464.4	889.2
Current liabilities	(383.5)	(283.9)	(355.0)	(533.9)	(281.3)
Employment of capital	1,375.4	1,461.1	1,374.9	1,294.6	925.5
Minority interests	(244.1)	(328.2)	(311.3)	(282.2)	(148.5)
Obligations under finance leases due after one year	(0.1)	(0.2)	(0.1)	(0.6)	(0.2)
Deferred taxation	(8.4)	(11.0)	(7.5)	(9.8)	(5.3)
Shareholders' funds	1,122.8	1,121.7	1,056.0	1,002.0	771.5

PERFORMANCE DATA

Recurring profit attributable to shareholders (HK\$'m)	150.0	138.3	130.2	141.5	183.2
Earnings per share – basic (HK cents)	7.2	6.7	6.6	18.0	13.2#
Dividends per share (HK cents)	7.0	7.0	4.5	7.0	5.7#
Dividend cover (times)	1.0	1.0	1.4	2.5	2.1
Average return on shareholders' funds (%)	13.4	12.7	12.9*	39.8*	36.9*
Net assets per share (HK cents)	54.2	54.2	51.1*	50.8*	39.6*#

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

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

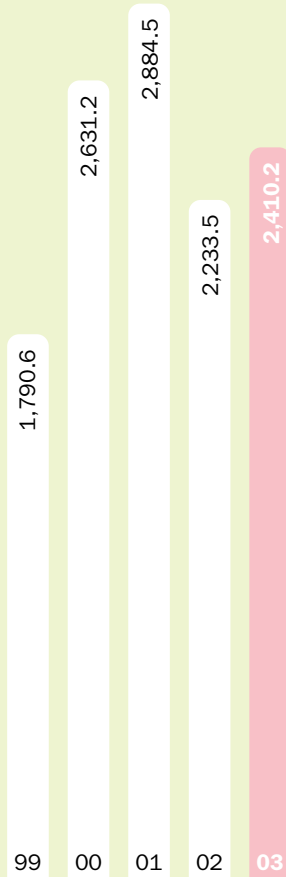
GROUP FINANCIAL SUMMARY

TURNOVER

(HK\$m)

4-Year
compound
growth

8% p.a.

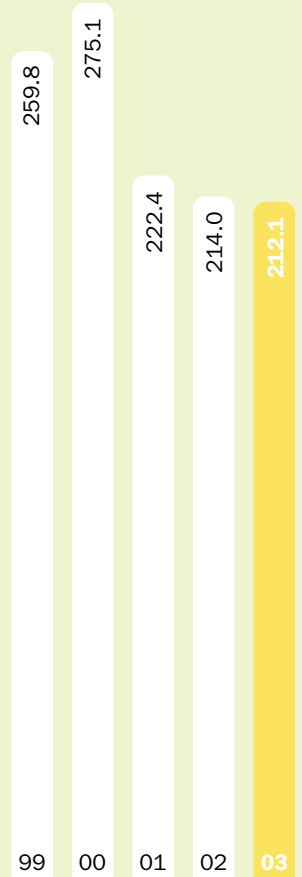


PROFIT FROM OPERATIONS

(HK\$m)

4-Year
compound
drop

5% p.a.



RECURRING PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(HK\$m)

4-Year
compound
drop

5% p.a.

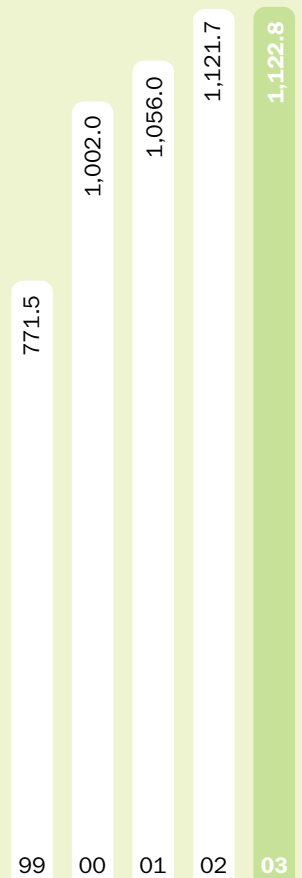


SHAREHOLDERS' FUNDS

(HK\$m)

4-Year
compound
growth

10% p.a.



CORPORATE INFORMATION

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 Director

AUDIT COMMITTEE

Lo Kai Yiu, Anthony, *Chairman*

Kao Ying Lun

COMPANY SECRETARY

Matthew Pau

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

Ground Floor

BEA Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

BERMUDA REGISTERED OFFICE

Clarendon House, Church Street

Hamilton HM 11

Bermuda

HONG KONG PRINCIPAL PLACE OF BUSINESS

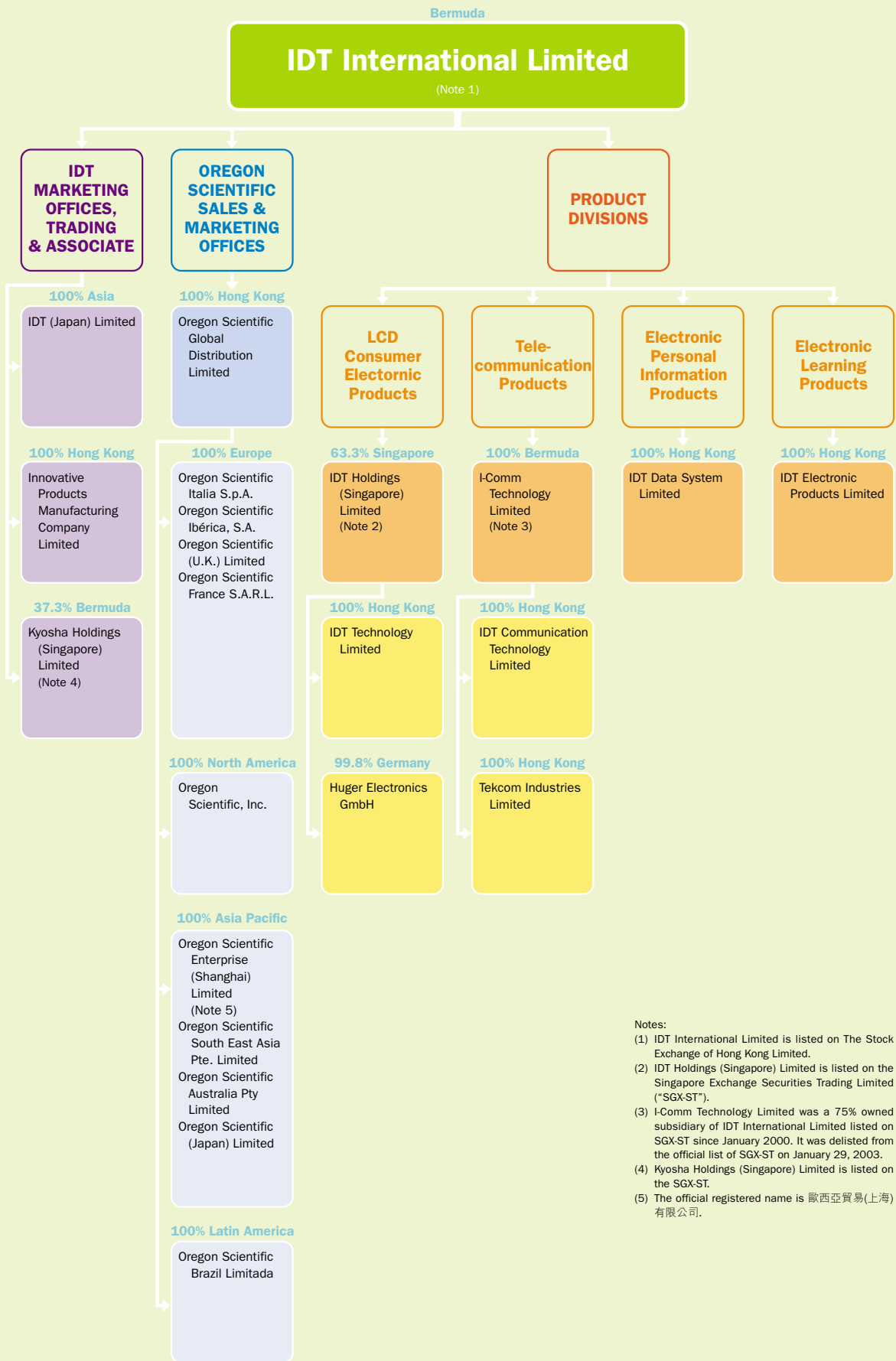
Block C, 9th Floor, Kaiser Estate

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 ("SGX-ST").
 - (3) I-Comm Technology Limited was a 75% owned subsidiary of IDT International Limited listed on SGX-ST since January 2000. It was delisted from the official list of SGX-ST on January 29, 2003.
 - (4) Kyosha Holdings (Singapore) Limited is listed on the SGX-ST.
 - (5) The official registered name is 歐西亞貿易(上海)有限公司.

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Raymond Chan

Group Chairman & Chief Executive Officer



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, 2003.

THE KEY NUMBERS FOR THE YEAR

Whilst the general market situation has been challenging over the last year, our Group recorded an increase in turnover of 8% to HK\$2,410.2 million in the year ended March 31, 2003 (2002: HK\$2,233.5 million). The ODM/OEM business grew by 4% whilst our Oregon Scientific business continued to power ahead recording an increase of 16%.

Net profit for the year increased by 8% to HK\$150.0 million translating to an earnings per share of HK 7.2 cents.

PURSUING OUR VISION – MAKER AND BRAND

During the year, the Group's four product divisions vigorously developed and introduced a host of new products to the market, in fact over 180 in total. The Group's ethos for innovation and the consumer's demand for new products are constantly challenging us to reach beyond the current boundaries. We welcome and rise to that challenge by focusing ourselves on creating products that we can claim to be "world's firsts" and which fit into our stated vision of innovative products that enhance people's daily lives.

The LCD Consumer Electronic Products division can claim world leadership position in Weather and Timing Products featuring Atomic and Projection functions for which IDT is renowned. This position will be further strengthened through new products and new markets. With the same passion for innovation, we are developing products aimed at making IDT a significant force in the Sports and Health Care devices market.

CHAIRMAN'S STATEMENT

The Telecommunication Products division continues to face a challenging market in the US. Our strategy to develop other markets and products has begun to show results with more than 10% of our sales now coming from outside the US. The division will grow the business in new untapped markets by utilising its existing technology and platforms, extending the range of products, leveraging on the brand positioning and European distribution channels of Oregon Scientific and developing value added EMS (Electronic Manufacturing Services) for global telecommunication groups.

The Electronic Personal Information Products division has successfully made the transition from products at the end of their product life cycles such as databanks and translators to high growth products groups such as digital voice and digital imaging products. It is our aim to bring innovation to this category to demonstrate our technological as well as design expertise and carve a growing share for the Group in this fast growing segment. The “world’s slimmest” digital camera that was launched last year is a clear demonstration of that aim.

The Electronic Learning Products division registered significant achievements not only in terms of sales but also in terms of the many prestigious rewards bestowed upon it which are described fully in the operations review section. However, not resting on our laurels, we have further enhanced the product offering under our existing licences as well as pursuing new ones to create innovative platforms that allow for even more fun ways for children to learn.

Oregon Scientific has now passed an important milestone by breaking through the billion dollar mark in sales. However, much work remains to be done to fully exploit the potential of the brand and our distribution channels through our 15 sales and marketing offices worldwide. Europe remains the largest market with sales of HK\$609.9 million which represents 59% of total Oregon Scientific sales. The US had a stellar year recording an increase of 50% to reach HK\$344.0 million. Asia Pacific region has embarked on a solid start to fulfil the Group’s aim to “bring Oregon Scientific to Asia”.

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 technical and people skills and to become effective team players and contributors to the fulfilment of our obligations to all our stakeholders.

We have been further enhancing the Balanced Scorecard system introduced last year 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 last year.

CHAIRMAN'S STATEMENT

CORPORATE GOVERNANCE AND VOLUNTARY QUARTERLY REPORTING

The Group's reputation for maintaining the highest levels of Corporate Governance was further underlined during the year when the Asset magazine's survey on the subject recognised the Group's listed division, IDT Holdings (Singapore) Limited as a "rising star" in its list of the best companies in corporate governance standards in Singapore.


The Directors have considered the guidelines on best practice and the benefits of greater transparency and disclosure and have decided to provide quarterly financial results for the new financial year.

DIVIDENDS

Subject to approval by our shareholders at the Annual General Meeting on August 28, 2003, the Directors recommend a final dividend of 5.0 HK cents per share for the year (2002: 3.5 HK cents per share). In addition to the interim dividend of 2.0 HK cents per share in cash which was paid on January 27, 2003 (2002: 1.0 HK cent), the total dividend for the year amounts to 7.0 HK cents per share (2002: 4.5 HK cents plus a special dividend of 2.5 HK cents).

In response to shareholders' need for a clear and defined dividend policy, the Group will distribute a minimum of 50% of its net profit in the future. Furthermore, for the foreseeable future, barring unforeseen adverse circumstances, we expect to maintain the annual total dividend at a minimum equivalent to the previous year's amount.

On behalf of the board of directors, I would like to thank all our stakeholders for their support throughout the year.



Raymond Chan

Group Chairman & Chief Executive Officer

June 18, 2003

Hong Kong

DIRECTORS & SENIOR MANAGEMENT



DIRECTORS & SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

RAYMOND CHAN

Group Chairman & Chief Executive Officer, aged 54. 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 Singapore listed subsidiary, IDT Holdings (Singapore) 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 33 years' experience in the consumer electronics industry and before establishing the IDT business, he worked for several multi-national semi-conductor companies in the US 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, Life Patron of the Professional Validation Council of Hong Kong Industry, a member of the Steering Group on the Promotion of Innovation and Design of Innovation and Technology Commission and a member of the Board of Directors of The Applied Research Council, Commerce, Industry and Technology Bureau.



Raymond Chan

Chan Pau Shiu Yeng, Shirley

Alain Jacques
Gilbert Li

ALAIN JACQUES GILBERT LI

Executive Director and Chief Financial Officer, aged 43. 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 Singapore listed subsidiary, IDT Holdings (Singapore) 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 and has lived and worked in the UK, Japan and France with Bristol-Myers Squibb and GEC. Mr. Li is a member of the Institute of Directors in the UK.

CHAN PAU SHIU YENG, SHIRLEY

Executive Director, aged 54. 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 Singapore listed subsidiary, IDT Holdings (Singapore) Limited. Mrs. Chan holds a Diploma in Legal Studies from the University of Hong Kong and a MBA degree from the University of Hull, UK.

DIRECTORS & SENIOR MANAGEMENT

SHIGENOBU MORITA

Executive Director, aged 64. 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 70. 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, 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. He holds an electrical engineering degree from the Swiss Federal Institute of Technology.

WOO CHIA WEI

Non-Executive Director, aged 65. Professor Woo was appointed in June 2002. He is 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 US and taught at Northwestern University and the University of California at San Diego, and was 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 ethnic origin to head a major university in the US. 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.

DIRECTORS & SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

LO KAI YIU,
ANTHONY

Independent Non-Executive Director and Chairman of the Audit Committee, aged 54. 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 23 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 50. Mr. Kao was appointed in June 1997. He has over 24 years' business and professional experience of which about 20 years have been gained in investment banking, corporate finance and financial advisory fields. He sits on the board of a number of private/listed companies. Mr. Kao holds an HBA Degree (Honours Business Administration Degree) from Richard Ivey School of Business, The University of Western Ontario and is a Chartered Accountant qualified in Canada.

JACK SCHMUCKLI

Independent Non-Executive Director, aged 63. 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 60. 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.

DIRECTORS & SENIOR MANAGEMENT

SENIOR MANAGEMENT

YAU SZE FONG, MARK

Executive Vice President – Group Research and Development, aged 40. 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.



CHENG CHING

Executive Vice President – Group Manufacturing, aged 61. 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 42. 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 US and a Master degree in Business Administration from the University of Warwick in the UK. Prior to joining the Group, he was the Managing Director of Strombecker (HK) Ltd.

DIRECTORS & SENIOR MANAGEMENT



Dennis Enrique Chan Ibarra

Ling Cheuk Fai,
Raymond

Giuseppe Finocchiaro

DENNIS ENRIQUE CHAN IBARRA

President – Electronic Personal Information Products (“PIP”) and Electronic Learning Products (“ELP”), aged 43. Mr. Ibarra joined the Group in August 2002. He assumes full responsibilities for the performance of the PIP and ELP businesses and provides strategic direction, daily operational leadership, and organisational development of these two product divisions. He holds a Bachelor Degree in Chemistry & Biochemistry from the Rice University of Houston, Texas in the US and has over 20 years’ extensive experience in operational and global business management. Prior to joining the Group, Mr. Ibarra was with Johnson Electric Holdings Limited where he held the positions of Director – Corporate Manufacturing Operations and Group Director – Commercial Motors Group. Previously he was Partner and Resultant with the Thomas Group Inc. and also held production and engineering management positions with Philips Electronics in the US and Europe.

LING CHEUK FAI, RAYMOND

Executive Vice President – Electronic Learning Products, aged 45. 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 Bachelor degree in Marketing from Concordia University of Canada. He has over 19 years of managing experience in toy and electronic products. Prior to joining the Group, he was the Managing Director of RJP International Limited.

GIUSEPPE FINOCCHIARO

President – EMEA (Europe, Middle East and Africa), aged 46. Mr. Finocchiaro joined the Group in 1993. In addition to being Managing Director of Oregon Scientific Italia S.p.A incorporated in Italy and Managing Director of Huger Electronics GmbH incorporated in Germany, he is now responsible for managing the Group’s business operations in EMEA. Mr. Finocchiaro holds an electronic diploma, and has over 25 years of experience in electronic business. Prior to joining the Group, he spent 15 years at Texas Instruments.

DIRECTORS & SENIOR MANAGEMENT

PAUL ZIMMERMAN

President – North America, aged 39. Mr. Zimmerman joined the Group in April 2003. He is responsible for managing the Group's business operations in the North American market, and is the President and director of Oregon Scientific, Inc.. Mr. Zimmerman graduated from the University of Toronto, Canada in Electrical Engineering and Computer Science and obtained his MBA degree from the International Institute of Management Development (IMD), Switzerland. He has over 17 years' experience in computing, communications and consumer electronics with leading corporations in the US, Canada, South Korea, Singapore and Hong Kong. Prior to joining the Group, he was in senior management roles with the Samsung Group in Korea and Cisco Systems in Singapore and Hong Kong.

Paul Zimmerman



Goh Lu Hong, John



Luciano Kubrusly



GOH LU HONG, JOHN

President – Asia, age 32. Mr. Goh joined the Group in April 2002. He is responsible for strategising, developing and executing the Group's Oregon Scientific business in the Asian region excluding Japan. He is based in Shanghai, China and is a director of Oregon Scientific Enterprise (Shanghai) Limited and Oregon Scientific South East Asia Pte Limited. Mr. Goh graduated from Boston University, US with Bachelor of Science in Business Administration (Finance) (summa cum laude) and Bachelor of Arts (Economics) (magna cum laude) degrees. He also holds a Master of Business Administration degree from Heriot-Watt University in the United Kingdom. Prior to joining the Group, he spent 8 years with the Corporate Finance arm of the BNP Paribas Peregrine Group covering a number of Asian markets with the last position as Director and Head of South East Asia Equity Capital Markets. He brings with him extensive experience in business origination, structuring, marketing and operating in various parts of Asia.

LUCIANO KUBRUSLY

President – Latin America, aged 33. Mr. Kubrusly joined the Group in December 2001, previously as General Manager of Oregon Scientific in Brazil. He is now responsible for managing the Group's business operations in the Latin American market, and is the officer in charge of the management of Oregon Scientific Brasil Limitada. Mr. Kubrusly holds a Bachelor degree in Business Administration from University FAAP in São Paulo, Brazil. He has over 10 years' experience in the sales and marketing of technology products. Prior to joining the Group, he was the General Manager of Apple Computer Brazil.

OPERATIONS REVIEW

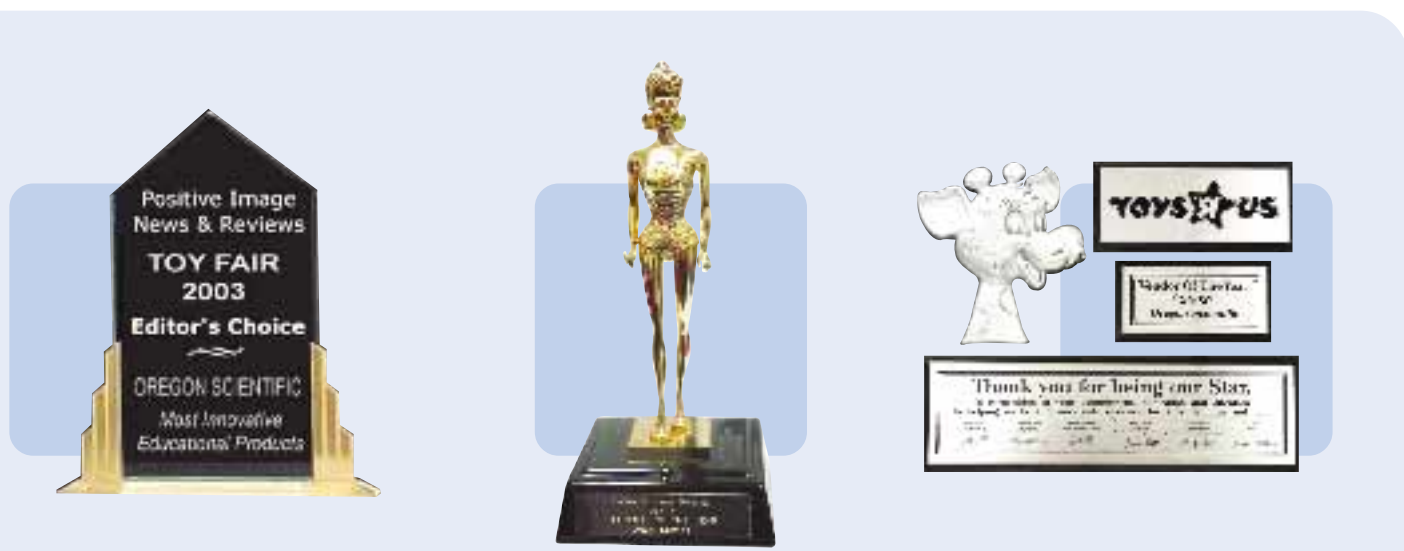


OPERATIONS REVIEW

FOCUSING ON OUR STRENGTHS AND OPPORTUNITIES TO GROW AND PROSPER

At the start of the financial year, both the US and Europe were showing signs of an economic recovery with the expected return of consumer confidence, which unfortunately proved to be a false dawn. The threat of war on Iraq which dominated the world's media in the latter half of the financial year dealt another blow to the already fragile recovery. Although economic conditions in the Group's major markets did not improve, the Group managed to increase sales and profits by focusing on our mission to launch innovative products and building on the strengths of our brands and global distribution network. The following highlights summarise the Group's exemplary results for the year.

- Turnover increased 8% to reach HK\$2,410.2 million for the year.
- Oregon Scientific brand sales recorded a 16% increase over the year to break the HK\$1 billion level.
- OEM/ODM sales grew by 4%.
- Gross margins were maintained at a healthy 34%.
- Profit from operations was HK\$212.1 million, compared to the HK\$214.0 million reported last year.
- To support the growth of our Oregon Scientific brand business, the Group's sales expenses increased to HK\$310.2 million. However, the sales expenses to sales ratio for the Oregon Scientific business was maintained at the same level as last year.
- Research and development ("R&D") expenses increased by 6% to HK\$93.8 million, representing 4% of turnover, which is in line with last year's figures.
- Net profit for the year was HK\$150.0 million, an increase of 8% when compared to last year.
- EBITDA was HK\$297.1 million for the year under review compared with HK\$287.8 million last year. The EBITDA to sales ratio was 12%.



(left to right) Most Innovative Educational Products Award; Licensee of the Year Award; Vendor of the Year Award

OPERATIONS REVIEW

- Net cash and deposits balances decreased by HK\$119.2 million to HK\$533.8 million over the year, mainly as a result of the privatisation of I-Comm Technology Limited.
- Shareholders' funds stood at HK\$1,122.8 million.
- Returns on capital employed increased from 12% to 13%.

THE POSITIONING OF THE GROUP'S TWO CORE BUSINESSES – THE TWO BRANDS

The Group's business continues to develop along two distinct but complementary paths. Our core ability as an innovator and manufacturer of many "world's first" products has facilitated our increasing success at building a global consumer brand based on user friendly and affordable consumer electronic products incorporating liquid crystal display and microprocessor technologies.

IDT is positioned as a B2B brand trusted by many world-class companies to take care of their design and manufacturing needs. The business is organised around four product divisions, each fielding its own dedicated product research and development, manufacturing, sales & marketing, logistics and finance teams.

Oregon Scientific is the Group's B2C brand which is gaining a high degree of recognition and consumer confidence for its innovative "lifestyle" consumer electronic products that enhance our customers' daily lives. The business is organised under Oregon Scientific Global Distribution together with its network of 15 sales offices grouped under 4 main regions and a network of authorised distributors. The focus of the sales offices is to develop the Oregon Scientific brand in their local markets with a team of sales and marketing professionals headed by a local Country Manager. The sales offices are supported by finance, logistics and customer service functions.

The IDT Product divisions and Oregon Scientific offices collaborate to determine product and market strategies. The market facing sales offices provide invaluable information on consumer needs and market trends in their local markets. The product divisions are charged with the task of developing and manufacturing innovative, top quality products, differentiated by their leading-edge technology and increasingly in the design and materials used to meet market needs. This collaborative effort makes effective use of all the knowledge available within the Group to further our vision and mission.



(left to right) Trade shows in Munich, Duesseldorf and Hong Kong

OPERATIONS REVIEW

The collaborative model also applies to how the product divisions work with OEM/ODM customers as they provide the best solutions to their needs. This is then backed by efficient and cost effective manufacturing operations.

OREGON SCIENTIFIC BREAKS THROUGH ONE BILLION DOLLARS

During the year ended March 31, 2003, the Oregon Scientific business grew by 16% to achieve record sales of HK\$1,028.8 million, which represents a significant 43% of the Group's turnover. In terms of individual divisions, Oregon Scientific sales accounted for 64%, 3%, 37% and 64% of the sales of the LCD Consumer Electronic Products ("LCD"), Telecommunication Products ("TEL"), Electronic Personal Information Products ("PIP") and Electronic Learning Products ("ELP") divisions respectively.

During the year, the Oregon Scientific business was organised into four key regions headed by Regional Presidents. The regions are:

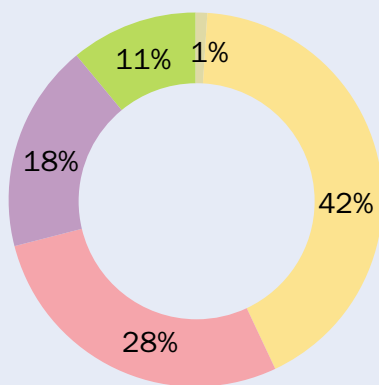
- "North America" to cover the US and Canada
- "EMEA" to cover Europe, the Middle East and Africa
- "Asia Pacific"
- "Latin America"

This year, the US became the largest market for our Oregon Scientific products with a sales turnover of HK\$344.0 million. The US was also the fastest growing major market with an impressive growth rate of 50% for the year. The main driver in the US market's growth was the substantial increase in ELP products sales, which increased by 138% to reach HK\$185.3 million for the year. The Group still sees tremendous opportunities to further increase our branded business in the US and we have taken steps to strengthen the management team to deliver on this belief.

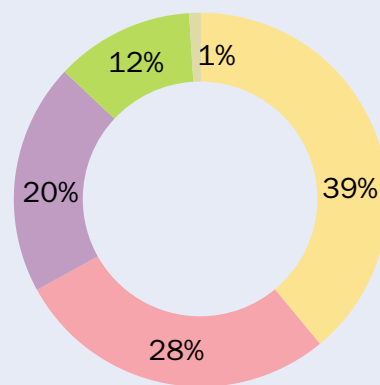
Spain was the second fastest growing major market for Oregon Scientific products during the year with a growth rate of 47% and a sales turnover of HK\$95.1 million. Equally impressive were the results in our UK and French markets where we grew 37% and 21% to record sales turnovers of HK\$121.1 million and HK\$91.9 million respectively.

SALES SEGMENTATION BY PRODUCT GROUP

- LCD Consumer Electronic Products
- Telecommunication Products
- Electronic Learning Products
- Electronic Personal Information Products
- Other Consumer Electronic Products



2002



2003

OPERATIONS REVIEW

In Germany, our total sales suffered a 4% decline to report a turnover of HK\$160.4 million due to the adverse economic conditions as well as competitive pressures. Italy, which remains the Group's largest market in Europe with sales of HK\$228.3 million, also faced difficult market conditions during the year. However, we believe that these conditions are only temporary and is working diligently to restore both operations to achieve growth as we move forward.

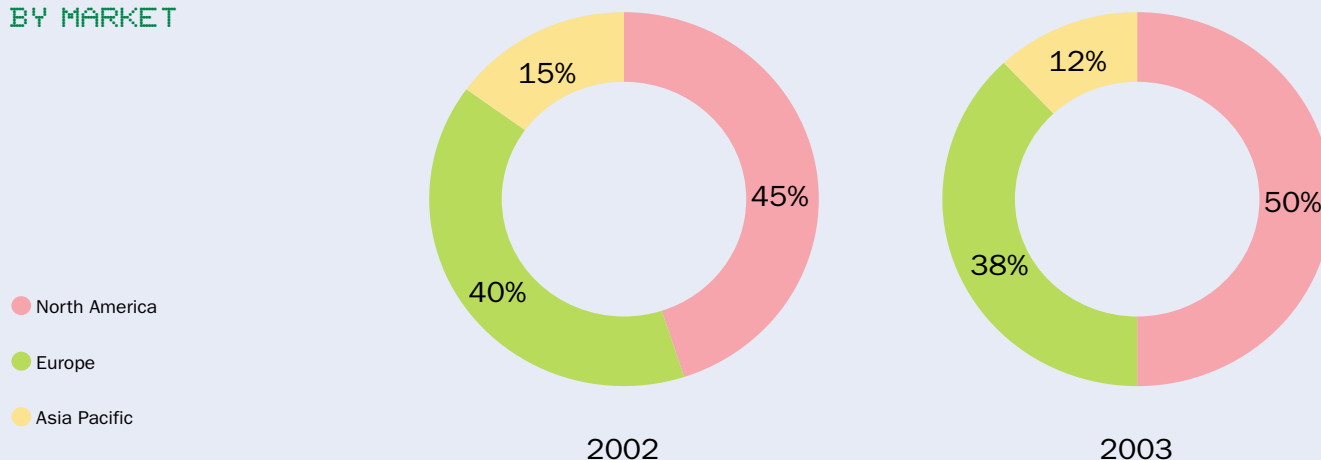
The Asian region and the new team charged with the mission to "bring Oregon Scientific to Asia" passed several important and strategic milestones during the year. First of all, sales in the region reached HK\$50.8 million. The Group established a new company to tap the China market under the name "Oregon Scientific Enterprise (Shanghai) Limited". The new team immediately set out to establish a strong identity for the brand through corporate premium opportunities and co-promotional activities.

The Group also set up a representative sales office in Singapore in September 2002 to support distributors in South East Asia. A number of distributors have been appointed and more are targeted over the next 12 months. In Hong Kong, we opened our first flagship image store in Asia. A second Asian store is planned for Shanghai in the second quarter of the 03/04 financial year. These initiatives are being supported by focused public relations activities to raise the awareness of Oregon Scientific products to the brand conscious Asian countries.

Outside these major markets, it is worth noting that the Oregon Scientific business in Australia has grown by more than 100% to achieve a sales figure of HK\$22.8 million. Although this is a solid step forward, the Group sees a much higher potential for the brand in Australia and the management team has been strengthened to materialise that potential.

Our subsidiary in Brazil, established last year, is now up and running after some initial delays in setting up the logistics and administrative operations. We have however seen a high level of consumer interest in the wide range of Oregon Scientific products and we expect to see good growth in the next year. The Brazilian office is also taking responsibility for the Latin American market and is working on the appointment of distributors in Mexico and Chile to further the reach of the Oregon Scientific brand.

SALES SEGMENTATION BY MARKET



OPERATIONS REVIEW

Reaffirming our proven distribution strategy and visibility concept, we have developed and grown the Oregon Scientific brand into a billion dollar business in less than six years since the Group acquired a 100% interest in the brand. We are both confident and determined to extend this success by increasing our dedicated points of sale cabinets. The Group believes that these will enhance brand visibility, which will in turn stimulate consumer demand with our dealers and distributors while also providing an excellent basis for gathering market information and gauging local consumer preferences.

To support the growth in Oregon Scientific sales which also yield higher margins, the Group continues to invest in sales and marketing activities. This accounts for the increase in sales expenses during the year. At the same time however, we have been able to maintain our administrative costs at the same level as last year.

One of the key challenges in operating a distribution business is the demand chain and working capital management. Aiming to improve logistics for Oregon Scientific operations in Europe, the Group set up a centralised European Distribution Centre in Duisburg, Germany to hold stock for subsidiaries in Italy, France, Germany, Spain and the UK. Major benefits include savings in inventory holdings through the sharing of buffer stocks, deferments in the payment of duties and VAT by using a bonded warehouse system and reductions in distribution costs through the consolidation of shipments, which also give us higher bargaining power for preferential rates.

OREGON SCIENTIFIC POINTS OF SALE ("POS")

Region	Number of POS	POS with Oregon Scientific display cabinets	% of POS with Oregon Scientific display cabinets
North America	12,000	250	2%
EMEA	31,330	2,761	9%
Asia Pacific	265	97	37%
Latin America	1,100	200	18%
Total	44,695	3,308	7%



(left to right) Oregon Scientific flagship store in Milan and Hong Kong respectively; franchise shop in Rome

OPERATIONS REVIEW

LCD CONSUMER ELECTRONIC PRODUCTS DIVISION

During the financial year, the LCD division achieved HK\$930.3 million in sales, which is in line with last year's sales of HK\$931.6 million. This accounted for approximately 39% (2002: 42%) of the Group's total turnover and remains the largest business segment for the Group. Sales of Oregon Scientific brand products grew by 3% to reach HK\$591.8 million, whilst sales of the Huger brand decreased by 53% to HK\$18.8 million. Oregon Scientific sales accounted for 64% of the LCD division's sales for the year, compared to 62% last year.

This year, the LCD division launched 115 new products, which accounted for 27% of its total sales on a divisional basis. The division currently has 102 new products under development, including two co-branded product lines to be launched in 2004. The co-branding strategy will provide the Group with a competitive advantage and higher margins. As the division recently entered into a significant OEM contract with an existing customer, we expect our OEM business to report growth in the 03/04 financial year.

TELECOMMUNICATION PRODUCTS DIVISION

The TEL division saw sales increase by 13% to HK\$705.1 million over the financial year. Owing to the increase in sales to Europe, the division reduced its dependence on the North American market, with the sales contribution dropping from 93% of total sales last year to 89% this year.

During the year, the division began to capitalise on the Oregon Scientific brand and its extensive European distribution network. Sales under the Oregon Scientific brand rose to HK\$21.8 million which accounted for 3% of the division's total sales. These sales mainly came from two product lines. One is an indoor cordless phone known as the Weather DECT, which is an 1.8GHz Digitally Enhanced Cordless Telephone ("DECT") equipped with a weather forecast station. The second leading Oregon Scientific telecommunication product is the Private Marine Radio.

Whilst sales of the 900MHz analogue phones have fallen, the division managed to increase the sale of more advanced phones, such as the 2.4GHz analogue and 1.8GHz digital cordless phones. Sales of these products at the division level increased by HK\$265.4 million to HK\$297.9 million over the year.

The division extended its product range to cover conference phones through a partnership arrangement with a European technology development company. During the year, it sold conference



(left to right) RF Projection Clock with Light-Torch; Body Weight Monitor with Body Fat Index; Outbreaker – Multifunctional Watch with Altimeter, Bike Computer and Heart Rate Monitor

OPERATIONS REVIEW

phones under an OEM arrangement for this European developer and plans to produce more such products under private customer labels.

In January 2003, this division was successfully privatised and de-listed from the Singapore Exchange Securities Trading Limited. It is now able to benefit fully from the economies of scale and the cost efficiencies that have arisen from being fully integrated within the Group. On administrative and legal fees alone, we estimate that we will save about HK\$3 to 4 million per annum.

The division has about 43 new products currently under development.

ELECTRONIC PERSONAL INFORMATION PRODUCTS DIVISION

The PIP business grew 8% in the face of volatile economic consumer demand, tight supply conditions, and tough competition to achieve sales of HK\$281.0 million. Of its total sales, the Oregon Scientific brand accounted for 37%, down from last year's 44%. The year saw significant increases in the sale of digital cameras, a product which has been supported by investments in R&D, sales & marketing and clean room facilities. To some extent, this increase has offset the decline in volume and sales prices for the organisers and databank categories.

During the year, the division released its premium digital camera series with CCD sensors and more advanced features and continued to deliver its "slim" series including the award-winning card-size cameras in volume both for the Oregon Scientific and private label brands. The division has also introduced a new, more economically priced value series to the market.

In addition to the digital camera rollout, several new products in the digital voice recorder categories were released. All of them are equipped with PC connectivity and other features customised for executives and students. Led by sales of these new products, this product category continues to contribute significant revenues.

The division recorded a loss for the year in view of lower margins on end of life product categories, inventory disposals, factory relocation costs and start up costs related to the new clean room facility. The division is expected to return to profit in 03/04 financial year.



(left to right) Weather DECT Phone; Conference Telephone; Transceivers

OPERATIONS REVIEW

The PIP division is well positioned to expand rapidly with the launch of its next digital imaging products and numerous digital audio models developed for both private labels and the Oregon Scientific brand. Also in the pipeline are several ODM projects being undertaken for major worldwide consumer electronic brands.

ELECTRONIC LEARNING PRODUCTS DIVISION

The ELP division maintained its growth momentum to achieve an impressive increase of about 19% in sales to reach HK\$477.8 million. This was mainly attributable to the popularity of its Oregon Scientific and licensed products, which enjoyed a 63% increase in sales to HK\$304.4 million. Sales of these products accounted for 64% of the division's total sales, compared to 47% last year.

Once again, the division has proven its winning formula, fusing its ELP products with the appeal of popular licensed characters together with the innovative design and educational content created by our in-house team. Among its recent successes, the division won four significant awards – “Licensee of the Year” presented by Mattel, Inc.; “Vendor of the Year” presented by Toys “R” Us, Inc.; “Most Innovative Educational Products” by Positive Image News and Reviews and “Best Vacation Products for 2003” by Dr Toy.

On the other hand, because of its heavy dependence on the Japanese market, which is still suffering from the economic downturn, the OEM side of the business suffered a 20% drop in sales to HK\$173.4 million. The division has successfully cultivated new OEM customers in the second half of the financial year and expects to resume growth going forward.

In addition to the launch of the new Barbie™ and Hot Wheels™ products in partnership with Mattel Inc. during the year, the division introduced a unique platform that combines touch-sensitive books with TV-interactive activities. The Barbie™ licensed flagship product is a pen-touch driven electronic book that is connectable to TV to provide animated lessons. Under the Oregon Scientific brand, the division also entered into a development and licensing agreement with Flying Rhinoceros Inc., an educational content developer renowned for its high academic standards and unique illustrations catering to junior school age children. Focused on creating character-based products with a commitment to innovative design, the division is confident of achieving further successes into the future.



(left to right) 2 Mega Pixel Digital Camera; 2 Mega Pixel Slim Size Digital Camera; 6mm Card Size Digital Camera

OPERATIONS REVIEW

RESEARCH AND DEVELOPMENT

R&D expenses incurred by the Group increased from last year's HK\$88.6 million to HK\$93.8 million for the financial year. As a percentage of sales, this is equivalent to 4% in both years. The number of engineers at the R&D centre in Shekou, China increased from 53 last year to 130 as at March 31, 2003, whilst the Group's total number of R&D engineers reached 528.

MANUFACTURING

Manufacturing cost controls and operational efficiencies have always been key focuses for the Group and have become especially important under the prevailing business environment. The continued drive to improve cost efficiencies has led to the re-evaluation of our manufacturing operations on a regular basis.

Following the relocation of the PIP division's production facilities in Xixian, Shenzhen, China during the year, the Group completed the consolidation of manufacturing facilities which are now centralised in Xixian. Our total manufacturing facilities, including administration offices but excluding staff dormitories, occupy an area of approximately 98,000 square meters. To strengthen our digital imaging product manufacturing capabilities, a clean room facility was upgraded to Class 100 standards with air-shower chambers.

We see our relationships with vendors as being as important as our relationships with customers, since this is key to controlling material costs, timeliness and quality of supplies. As such, a strategic sourcing plan has been implemented to build up strategic partnerships with a selected group of vendors to optimise supply chain activities to achieve lower costs, greater availability and flexibility. This group of strategic vendors were selected based on a number of key attributes such as product quality and innovation, product pricing, timeliness of delivery and after sales services. We aim to create partnerships with strategic suppliers based on mutual interests and common values. These strategic partnerships have become powerful tools that enhance our capability to deliver quality, reliability and innovation to our ever growing and increasingly sophisticated customer base.

During the year, the Group invested a total of HK\$20.6 million in capital expenditure to enhance manufacturing facilities and support projects. This consisted of HK\$1.7 million for the replacement of computer equipment and factory renovations; HK\$5.3 million for the expansion and upgrading of production facilities; and HK\$13.6 million for tooling and mould making.



(left to right) Barbie™ B-Creative Education Centre; Hot Wheels™ Accelerator; The Big Brain Book - Interactive Encyclopedia

OPERATIONS REVIEW

PROACTIVE MEASURES TO PREVENT THE OUTBREAK OF SARS

Since the outbreak of the Severe Acute Respiratory Syndrome (“SARS”) epidemic in China and Hong Kong in early April 2003, the Group has been undertaking a series of preventive measures in the workshop areas. These include the setting up of anti-SARS guidelines; daily monitoring of employees’ health conditions; keeping medical doctors on duty 24 hours a day at the in-house clinic; sterilising the workplace on a more frequent basis and providing free facemasks to all employees. To date, there has not been a single case of SARS reported within the Group.

INFORMATION TECHNOLOGY

The Group regards and applies information technology (“IT”) as an important management tool. Our IT department consists of about 30 professionals based in Hong Kong and Xixian providing daily operations support as well as the development of management information systems. During the year under review, we rolled out a knowledge management system (“KMS”) to facilitate web-based exchanges of knowledge amongst all participants involved at every stage of a project, such as in the development of a product. This platform has greatly enhanced the control and effectiveness of project management.

We are in the process of selecting an advanced enterprise resources planning (“ERP”) system to be installed to manage all the different functions within the organisation. The initial phase system will roll out to integrate our global sales and distribution networks with a view to strengthening the control of inventories, production planning and time to market. As an organisation dedicated to continuous improvement, we continue to develop and make effective use of management information. Over the past few years, we have substantially increased the analytical work performed on our databases with the manual operation of standard software and simple programming. For example, we perform regular reviews of our inventories to identify possible over-stocking of buffer stocks. We also prepare rolling forecasts of customer orders to aid and improve stock replenishment schedules. The ERP system, when in place, will automate these processes to further increase efficiencies.

KYOSHA UPDATE

During the year under review, the printed circuit board (“PCB”) industry continued to face the problem of surplus production capacity, thus maintaining the downward pressure on PCB prices. As a result, the profit contribution from Kyosha Holdings (Singapore) Limited (“Kyosha”) dropped by 16% to HK\$3.2 million over the year. During its financial year ended December 31, 2002,



Factory facilities and production lines

OPERATIONS REVIEW

Kyosha saw the average sales price of its single-sided PCBs drop by 11%. As the production of silver through-hole double-sided PCBs only commenced in the latter half of 2002, the low utilisation of capacity could not fully absorb the increase in fixed overheads, resulting in the profit reductions for the year. With this enhanced capability in place and a stabilising worldwide economy, Kyosha is confident it will maintain its competitive position.

MAINTAINING A COMMITTED AND CAPABLE WORKFORCE

As at March 31, 2003, the Group had a total of approximately 7,750 employees, compared with 6,700 employees on the same day last year. The increase was mainly due to the increase in factory workers in line with increased production volumes.

We continue to maintain and upgrade the capabilities of our workforce by providing staff training. Following the introduction of the Balanced Scorecard approach in setting goals and measuring performances last year, we saw significant improvements in discipline and the quality of work.

We fully recognise the importance of our employees who contribute so significantly to the success of our business. We offer remuneration packages in line with industry practices, which are subject to annual review. Bonuses are awarded to employees based both on individual and Group performances. Other staff benefits include medical insurance and a mandatory provident fund. In Xixian where we centre our production facilities and at Shekou where we maintain our research and development resources, staff welfare is in line with prevailing labour laws in China. Both the Company and our Singapore listed subsidiary, IDT Holdings (Singapore) Limited, each have an employee share option scheme, which grant share options to selected eligible employees to reward them for their contributions and to align their interests with that of the shareholders.

DISCIPLINED FINANCIAL MANAGEMENT

The Group continues to finance operations from internal cash flows during the year. Net cash and deposits balances as at March 31, 2003 stood at HK\$533.8 million, compared to HK\$653.0 million last year. The reduction was mainly due to the cash used for the privatisation of I-Comm Technology Limited. Had the privatisation not taken place, the net cash balances would have been at around the same level as last year. The Group has sufficient financial resources to fund our operations, current investment needs and development plans. These are funded entirely by equity and we do not have any secured or unsecured long-term debt. Short-term bank borrowings



Factory premises and facilities



OPERATIONS REVIEW

of HK\$57.3 million as at March 31, 2003 were in relation to bills payable, import loans, revolving bank loans and bank overdrafts.

Trade receivables have increased by 18% to HK\$293.3 million due to the increased sales of Oregon Scientific products and the strengthening of the Euro. However, this represents a reduction of 38% from the balance reported at September 30, 2002 even though sales increased by 2% during the second half of the financial year. There have not been significant bad debt provisions and the increase in trade receivables over the year has come about in a well-controlled manner. Therefore, although balances overdue for less than 90 days have increased by 19% to HK\$288.0 million, those overdue for more than 90 days have decreased. The Group maintains a very stringent credit policy. Terms of trade are normally based on letters of credit with the exception of sales between member companies of the Group or to selected customers who have long established business relationships and strong financial positions.

The Group's inventory levels increased by 13% to HK\$338.9 million over the year due to the strengthening of the Euro. Stock turnover has only increased by 2 days to 78 days when compared with last year. This indicates the effectiveness of the Group's swift action to manage inventories in difficult times. From the interim reporting date of September 30, 2002, inventory levels have actually decreased by 34%.

At the same time, as we have been able to improve credit terms from our vendors through proactive negotiations and the establishment of strategic relationships, trade payables have increased by 13% to HK\$162.5 million.

Given the interest rate environment during the year and the expected trend for the foreseeable future, the Group has increased high yield deposits with financial institutions from last year's HK\$140.4 million to HK\$237.9 million at the end of March 2003. The average yield for these deposits has also increased from last year's 5.3% per annum to 6.8%. These deposits were placed with institutions with a minimum double A rating and with a tenor of five years. These instruments do carry a level of risk where interest earned could be nil if certain conditions are met.



(left to right) Production lines; electronical discharge machine; computer numeric control (CNC) machine

OPERATIONS REVIEW

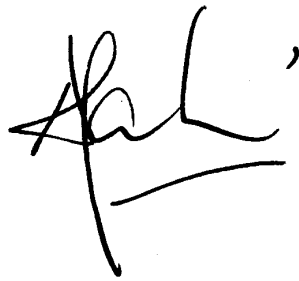
The Group's exposure to foreign currency mainly arises from the translation of inter-company balances between local manufacturing divisions and our sales and distribution subsidiaries overseas. We actively hedge our foreign currency exposures through natural hedges, forward contracts and options. As at March 31, 2003, we had forward contracts and options in place to hedge against possible exchange losses from the translation of intra-group balances. During the year, we also took out an Australian dollar denominated revolving loan amounting to A\$8.0 million (HK\$37.7 million) as a natural hedge against the balance receivable from our wholly owned subsidiary in Australia. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the Group's headquarters in Hong Kong.

Since the war on Iraq has ended and the SARS epidemic has been contained, the world economy should be heading for a recovery. However, both the strength and timing of such a recovery are still uncertain.

FUTURE PROSPECTS

To stay on track for further growth, the Group will continue to invest in expanding the Oregon Scientific business and our OEM/ODM customer base. To remain competitive in terms of innovation and pricing, we are committed to keeping our R&D capacity at the forefront of the latest technologies whilst maintaining tight controls on overall operating costs. The Group is also in the process of upgrading our information systems to further improve our operational efficiencies.

Having achieved earnings growth in the last two years despite adverse economic conditions, we are proud of our resilience and timely and proactive action which have improved the Group's prosperity. The Group is thus confident that, barring unforeseen circumstances, we will continue to deliver a satisfactory performance in the year ahead.



Alain Jacques Gilbert Li
Executive Director & Chief Financial Officer

June 18, 2003
Hong Kong

DIRECTORS' REPORT

The directors are pleased to present to the shareholders their report and audited financial statements of the Company and of the Group for the financial year ended March 31, 2003.

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, 2003 are set out in the consolidated income statement on page 44 and further analysis is given in the accompanying notes to the financial statements.

DIVIDENDS

An interim dividend of 2.0 HK cents per share in cash (2002: 1.0 HK cent per share in cash) was paid to the shareholders of the Company on January 27, 2003.

The directors of the Company have decided to recommend at the forthcoming annual general meeting of the Company to be held on August 28, 2003 a final dividend of 5.0 HK cents per share in cash (2002: 3.5 HK cents per share in cash) to be paid on or about September 19, 2003 to the shareholders whose names appear on the register of members of the Company on August 28, 2003. The proposed final dividend, together with the interim dividend already paid, will amount to total dividends of 7.0 HK cents per share for the year (2002: 7.0 HK cents per share which included a special cash dividend of 2.5 HK cents per share paid to commemorate IDT's 25th anniversary).

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, 2003 are set out in note 14 to the financial statements.

Details of the Company's interest in an associate at March 31, 2003 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 25 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 26 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 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\$78,449 (2002: HK\$211,000).

BORROWINGS

Details of the Group's borrowings are set out in notes 23 and 24 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 32% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 22% 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

(1) Voluntary Conditional Cash Offer for I-Comm Technology Limited

I-Comm Technology Limited ("I-Comm") is a company incorporated in Bermuda. It is now a wholly owned subsidiary of the Company and continues to hold the Telecommunication Products business. I-Comm was previously a 75% owned subsidiary listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") since January 2000.

In an announcement dated September 18, 2002, shareholders of the Company were advised that a voluntary conditional cash offer ("Offer") was made by Top Treasure Group Limited ("Offeror"), a wholly owned subsidiary of the Company incorporated in the British Virgin Islands, to acquire all the issued shares of US\$0.05 each ("I-Comm Shares") in the share capital of I-Comm at an offer price of S\$0.30 per I-Comm Share ("Offer Price"). The Offer was made to enable the Company to privatise I-Comm which, in the opinion of the directors of the Company, would give the Group (excluding I-Comm and its subsidiaries ("I-Comm Group")) more flexibility in deploying and managing the resources of the Group and would enable the I-Comm Group to benefit from the economies of scale and of cost efficiency from being integrated with other members of the Group.

In another announcement dated December 5, 2002 and the interim report for the six months ended September 30, 2002 of the Company, shareholders were further advised, inter alia, that the Offer had closed at 3:30 p.m. on December 5, 2002 (the "Close"). As at the Close, the Offeror and parties acting or deemed to be acting in concert with the Offeror in connection with the Offer owned, controlled and agreed to acquire (either before or during the Offer and pursuant to the Offer (included acceptances of the Offer) or otherwise) an aggregate of 280,746,302 I-Comm Shares, representing approximately 90.64% of the issued share capital of I-Comm as at December 5, 2002. Having fulfilled the conditions to the Offer, the Offeror declared that the Offer became unconditional in all respects and exercised its rights under Section 102(1) of the Companies Act 1981 of Bermuda to compulsorily acquire all the remaining I-Comm Shares not acquired pursuant to the Offer from the dissenting shareholders of I-Comm. Upon completion of the compulsory acquisition, I-Comm became a wholly owned subsidiary of the Company and was de-listed from the Official List of the SGX-ST on January 29, 2003.

Shareholders were also advised that five directors of the Company, namely Mrs. Chan Pau Shiu Yeng, Shirley, Mr. Jack William Edouard Heuer, Mr. Shigenobu Morita, Mr. Lo Kai Yiu, Anthony and Mr. Jack Schmuckli (collectively the "Accepting Directors"), and certain directors of certain subsidiaries of the Company, all of whom were connected persons of the Company under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), had tendered valid acceptances in respect of an aggregate of 3,403,000 I-Comm Shares pursuant to the Offer. The acceptances to the Offer tendered by these connected persons constituted connected transactions of the Company for the financial year ended March 31, 2003. Total aggregate Offer Price paid to these connected persons for their acceptances to the Offer was S\$1,020,900 which was less than 3% of the consolidated net tangible assets of the Company as at the date of the relevant transactions.

CONNECTED TRANSACTIONS (continued)

(1) Voluntary Conditional Cash Offer for I-Comm Technology Limited (continued)

The Accepting Directors, who held in aggregate 2,978,000 I-Comm Shares, representing approximately 0.96% of the issued and paid-up share capital of I-Comm, had given irrevocable undertakings to accept the Offer in respect of their entire shareholdings in I-Comm. These irrevocable undertakings would lapse if, for whatever reason, other than a breach by Integrated Communication Technology Enterprises Limited (a wholly-owned subsidiary of the Company, which was the owner of approximately 81.70% of the issued share capital of I-Comm as at October 17, 2002, being the latest practicable date as referred to in the Circular dated October 21, 2002 to the I-Comm shareholders, and had also given an irrevocable undertaking to accept the Offer in respect of its entire shareholdings in I-Comm) or any Accepting Director who had given an irrevocable undertaking to accept the Offer, the Offer was withdrawn, lapsed, or failed to become or be declared unconditional for any reason.

(2) Management Services and Licence Agreements

In addition, the following connected transactions were entered into by members of the Group during the year:

- (i) 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 SGX-ST, the Group (excluding IDTS and its subsidiaries ("IDTS Group")) has provided to the IDTS Group general corporate functions and logistic support (sales and marketing, personnel and administration, corporate services, financial and accounting, electronic data processing, research and development) 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, 2003, management service fee of HK\$49,326,377 was received under the IDTS Management Services Agreement.
- (ii) Pursuant to a licence agreement ("Licence Agreement") dated December 31, 1996 entered into between the Company and IDTL as licensors and IDTS as licensee, and as amended by two supplemental letters dated November 29, 2001 and December 17, 2002 respectively, the IDTS Group was granted the rights, inter alia, to use certain trademarks on their products on a royalty-free basis from the commencement of the Licence Agreement up to and including December 30, 2003 and such period is extendable at the option of the parties.
- (iii) Pursuant to the management services agreement ("I-Comm Management Services Agreement") dated January 15, 2000 entered into between IDTL and I-Comm, the Group (excluding I-Comm Group) had 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. I-Comm was previously a non-wholly owned subsidiary of the Company listed on the SGX-ST and such transactions with the I-Comm Group constituted connected transactions of the Company. During the year ended March 31, 2003, a management service fee of HK\$26,184,942 was received from the I-Comm Group under the I-Comm Management Services Agreement.

The independent non-executive directors of the Company have confirmed that the transactions described in (i), (ii) and (iii) above 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, 2003. 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, 2003.

The auditors of the Company have provided to the directors (including the independent non-executive directors) of the Company their letters 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, 2003.

DIRECTORS' REPORT

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*

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

(appointed on June 8, 2002)

* Independent Non-Executive Director

At the forthcoming annual general meeting of the Company, Mr. Kao Ying Lun, Mr. Alain Jacques Gilbert Li and Mr. Jack Schmuckli will retire as directors by rotation in accordance with Bye-law 97 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 OF SIGNIFICANCE

Save for those irrevocable undertakings given by the Accepting Directors as disclosed under the section "Connected Transactions" above, there were 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

As at March 31, 2003, the interests of the directors of the Company and their associates in the share capital of the Company as recorded in the register kept under Section 29 of the then prevailing Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

Name	Number of ordinary shares of HK\$0.10 each held		
	Personal interests	Family interests	Corporate interests
Raymond Chan	59,132,919	241,956,920 (Note 1)	842,275,225 (Note 2)
Alain Jacques Gilbert Li	3,068,000	–	–
Chan Pau Shiu Yeng, Shirley	70,964,526	901,408,144 (Note 1)	170,992,394 (Note 2)
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	–	–	–

Notes:

1. Mr. Raymond Chan is the husband of Mrs. Chan Pau Shiu Yeng, Shirley. The personal and corporate interests of Mr. Raymond Chan above are also disclosed as the family interests of Mr. Chan Pau Shiu Yeng, Shirley. The personal and corporate interests of Mrs. Chan Pau Shiu Yeng, Shirley above are also disclosed as the family interests of Mr. Raymond Chan.
2. 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.

The interests of the directors of the Company in share options are disclosed in the sub-section entitled “Share Option Schemes” of this report and in note 33 to the financial statements.

Save as disclosed above 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 as at March 31, 2003, 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 Group offers share options to attract, motivate and retain key employees who contribute to the growth of the Group.

At the special general meeting held on August 28, 2002, the Company adopted a new share option scheme (“2002 IDT International Option Scheme”) and terminated its old share option scheme adopted previously on September 28, 1993 (“1993 IDT International Option Scheme”).

The Company’s two subsidiaries, IDTS and I-Comm, have each operated a share option scheme (referred to as the “IDTS Option Scheme” and “I-Comm Option Scheme” respectively) during the year. The I-Comm Option Scheme was terminated on March 31, 2003 by the sole shareholder of I-Comm after the de-listing of I-Comm from the SGX-ST.

SHARE OPTION SCHEMES (continued)

Particulars of each option scheme are set out in note 33 to the financial statements. Details of movements in the share options to subscribe for shares under each scheme were as follows.

(1) 1993 IDT International Option Scheme

The movements of share options under the 1993 IDT International Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Exercise price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	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	
Chan Pau Shiu Yeng, Shirley	8.30.2001	3.13.2002 to 8.30.2011	2,000,000	-	-	HK\$0.453	-	2,000,000	
Alain Jacques Gilbert Li	4.11.2002	4.11.2004 to 4.10.2007	-	1,000,000	-	HK\$0.6545	-	1,000,000	HK\$0.75
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	1,511,000*	-	(544,500)	HK\$0.509	(2,500)	964,000*	
	12.29.1998*	12.30.2000 to 12.29.2008	2,405,000*	-	(1,065,500)	HK\$0.509	(262,500)	1,077,000*	
	1.12.2001	1.13.2003 to 1.12.2011	150,000	-	(150,000)	HK\$0.525	-	-	
	1.12.2001	1.13.2005 to 1.12.2011	150,000	-	-	HK\$0.525	-	150,000	
			13,653,500	1,000,000	(1,760,000)		(265,000)	12,628,500	

* Share options granted on December 29, 1998 were 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 during the year under the 1993 IDT International Option Scheme was HK\$0.737 per share.

SHARE OPTION SCHEMES (continued)

(2) 2002 IDT International Option Scheme

The movements of share options under the 2002 IDT International Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/ Cancelled during the year	Outstanding at 3.31.2003	Closing price
									per share immediately before date of grant
Directors									
Alain Jacques	3.17.2003	3.18.2005 to	-	500,000	-	HK\$0.780	-	500,000	HK\$0.780
Gilbert Li		3.16.2013							
	3.17.2003	3.18.2007 to	-	500,000	-	HK\$0.780	-	500,000	HK\$0.780
		3.16.2013							
Employees									
	8.30.2002	8.30.2004 to	-	1,000,000	-	HK\$0.730	-	1,000,000	HK\$0.720
		8.29.2012							
	10.18.2002	10.18.2003 to	-	250,000	-	HK\$0.730	-	250,000	HK\$0.720
		10.17.2012							
	10.18.2002	10.18.2005 to	-	250,000	-	HK\$0.730	-	250,000	HK\$0.720
		10.17.2012							
	2.28.2003	3.1.2005 to	-	500,000	-	HK\$0.798	-	500,000	HK\$0.780
		2.27.2013							
	2.28.2003	3.1.2007 to	-	500,000	-	HK\$0.798	-	500,000	HK\$0.780
		2.27.2013							
			-	3,500,000	-		-	3,500,000	

SHARE OPTION SCHEMES (continued)

(3) IDTS Option Scheme

The movements of the share options under the IDTS Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	Closing price
									per share immediately before date of grant
Directors									
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	361,250**	-	(65,000)	US\$0.616	(62,500)	233,750**	
	12.29.1998**	12.30.2000 to 12.28.2003	1,853,500**	-	-	US\$0.616	(406,250)	1,447,250**	
	8.14.2000	8.15.2001 to 8.13.2005	100,000	-	-	S\$2.149	(100,000)	-	
	8.14.2000	8.15.2002 to 8.13.2005	910,000	-	-	S\$2.149	(137,500)	772,500	
	8.14.2000	8.15.2003 to 8.13.2005	200,000	-	-	S\$2.149	-	200,000	
	8.14.2000	8.15.2004 to 8.13.2005	810,000	-	-	S\$2.149	(137,500)	672,500	
	1.12.2001	1.13.2003 to 1.11.2006	155,000	-	-	S\$1.424	-	155,000	
	1.12.2001	1.13.2005 to 1.11.2006	155,000	-	-	S\$1.424	-	155,000	
	1.4.2002	1.5.2003 to 1.3.2007	125,000	-	-	S\$1.132	(125,000)	-	
	1.4.2002	1.5.2005 to 1.3.2007	125,000	-	-	S\$1.132	(125,000)	-	
			5,044,750	-	(65,000)		(1,093,750)	3,886,000	

** 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 during the year under the IDTS Option Scheme was S\$1.34 per share.

Where the IDTS Option Scheme is subject to its scheme rules and the listing rules of the SGX-ST, the requirements under Chapter 17 of the Hong Kong Listing Rules, if more onerous, shall apply.

SHARE OPTION SCHEMES (continued)

(4) I-Comm Option Scheme

The movements of share options under the I-Comm Option Scheme during the year and the balances at March 31, 2003 are set out belows:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	Closing price per share immediately before date of grant
Employees	10.30.2000	10.31.2002 to 10.29.2010	3,150,000	-	-	\$0.370	(3,150,000)	-	
		10.31.2004 to 10.29.2010	3,150,000	-	-	\$0.370	(3,150,000)	-	
	5.25.2001	5.26.2003 to 5.24.2011	300,000	-	-	\$0.250	(300,000)	-	
		5.26.2005 to 5.24.2011	300,000	-	-	\$0.250	(300,000)	-	
			6,900,000	-	-		(6,900,000)	-	

The I-Comm Option Scheme was terminated on March 31, 2003 by the sole shareholder of I-Comm.

Share options granted under the above 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 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 1993 IDT International Option Scheme and the 2002 IDT International 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.

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, 2003 are set out in the sub-section entitled "Share Option Schemes" above and also in note 33 to the financial statements.

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 share options set out in the sub-section entitled "Share Option Schemes" above and also in note 33 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights at March 31, 2003.

Other than the issue and exercise of share options pursuant to the share option schemes 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.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2003, the register of substantial shareholders kept under Section 16(1) of the SDI 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 Listing Rules throughout the year ended March 31, 2003. 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 THE COMPANY'S LISTED SECURITIES

During the year under review, IDTS, a 63% owned subsidiary of the Company listed on the SGX-ST repurchased its shares on the SGX-ST as follows:

Date of purchases	No. of shares purchased	Highest price paid per share	Lowest price paid per share	Total consideration paid
January 7, 2003	436,000	S\$1.14	S\$1.14	S\$497,040.00
January 8, 2003	458,000	S\$1.15	S\$1.14	S\$526,516.80

Save as disclosed above, 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, 2003

CORPORATE GOVERNANCE

The Group is committed to the highest standards of corporate governance to preserve and enhance corporate value and the interests of all shareholders.

BOARD OF DIRECTORS

The Board of Directors (the “Board”) of the Group comprises ten members, of whom four are executive directors, two are non-executive directors and four are independent non-executive directors. The experience, knowledge and expertise of the existing directors are considered sufficient to effectively lead and control the Group, taking into account the scope and nature of its operations. The experience and qualifications of directors and senior management are set out on pages from 10 to 16 in the “Directors and Senior Management” section of this annual report.

The key role of the Board is to protect and enhance shareholders’ value. To fulfil this, the Board reviews and advises on the Group’s overall strategies and objectives, sets goals, supervises executive management, monitors business performance and assumes responsibility for corporate governance.

Commencing from the financial year ending March 31, 2004, the Board will meet at least 4 times a year to review and approve the quarterly, interim and annual results of the Group.

The Board is furnished with complete and adequate information in a timely manner to allow the directors to discharge their duties properly. The directors, in furtherance of their duties, are given access to independent advisers when necessary, and are provided with the names and contact details of the Group’s senior management and the company secretary, who is responsible for advising the Board on compliance matters.

AUDIT COMMITTEE

The audit committee was established in June 1999 to assume a range of responsibilities including but not limited to the review and approval of (i) management accounts of the Group; (ii) internal and external auditors’ reports; (iii) connected party transactions and (iv) material information to be published. The audit committee also evaluates the Group’s system of internal controls and the scope and results of the internal audit procedures.

The audit committee has explicit authority to investigate into any matter under the scope of its duties and the authority to obtain independent professional advice. It is given full access to and assistance from the management and reasonable resources to discharge its duties properly.

Starting from the 03/04 financial year, the audit committee will meet at least 4 times a year to review the quarterly, interim and annual results of the Group.

INTERNAL CONTROLS AND INTERNAL AUDIT

The Group’s internal auditors perform their audit work in accordance with the “Standards for the Professional Practice of Internal Auditing” issued by the Institute of Internal Auditors in the US. Its annual audit plan is formulated through the risk assessment reviewed and approved by the audit committee.

The internal auditors perform compliance tests on the Group’s systems of internal controls, in respect of financial as well as operational aspects and risk management to protect the Group’s assets and to ensure the effectiveness of its business operations.

INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Internal audit reports are issued to the audit committee to highlight the nature of relevant risks within each business function and recommend actions to be taken to minimise the risks identified with the aim to support continuous improvements in the Group's operations. The internal auditors will present their reports to the audit committee for their review at every audit committee meeting. Based on the findings and recommendations made by the internal auditors, the audit committee is satisfied with the controls of the financial risks relating to fixed assets, account receivables, treasury management and the operational risks relating to quality assurance, management information recovery plan and security.

CORPORATE TRANSPARENCY AND INVESTOR COMMUNICATIONS

The Board is mindful of its obligations to provide shareholders with timely and adequate disclosure of material information and performance results. In addition to the regular reports and announcements required by the relevant regulatory bodies, the shareholders are provided with opportunities to ask questions at the annual general meetings, where directors are pleased to give their response.

To further increase its transparency, the Group holds conferences with investment analysts and the press at least twice a year to present its interim and annual results. In these occasions, the directors will release financial as well as operational results of the Group and answer questions raised by the participants. The results presentation made by the directors are digitally recorded for the ease of review by the shareholders and other interested parties through webcast. The Group also arranges factory plant visits for investment professionals to update them on the status of our continuous improvements in production capabilities.

Furthermore, the Group regularly releases corporate information such as awards received and product launches on its corporate website (www.idthk.com) as well as the website of irasia.com Limited (www.irasia.com). The public are welcome to give their comments and make their enquires through the Group's website and the management will provide their prompt response.

VOLUNTARY QUARTERLY REPORTING

Extending beyond compliance with the mandatory requirements under the Companies Ordinance and those of the Stock Exchange of Hong Kong Limited, in June 2003, the Board approved the public release of quarterly reports to further increase the Group's transparency. This will enable shareholders, potential investors and the general public to receive information about the Group's financial and operational status more frequently.

The first quarterly report of the Group is scheduled to be released in August 2003 for the quarter ending June 30, 2003.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Group has fully complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited.

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

執業會計師
香港中環干諾道中111號
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 44 to 91 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, 2003 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, 2003

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2003

	Notes	2003 HK\$'m	2002 HK\$'m
Turnover		2,410.2	2,233.5
Cost of sales		(1,585.1)	(1,451.5)
Gross profit		825.1	782.0
Other operating income	4	58.1	50.1
Selling expenses		(310.2)	(267.3)
Administrative expenses		(267.1)	(262.2)
Research and development expenses		(93.8)	(88.6)
Profit from operations	5	212.1	214.0
Finance costs	7	(3.4)	(1.5)
Other non-operating income	8	-	0.5
Share of results of an associate		3.3	4.1
Profit before taxation		212.0	217.1
Taxation	9	(19.8)	(24.7)
Profit after taxation		192.2	192.4
Minority interests		(42.2)	(53.6)
Net profit for the year		150.0	138.8
Dividends	10	(145.1)	(145.0)
Earnings per share	11		
– Basic (HK cents)		7.2	6.7
– Diluted (HK cents)		7.2	6.7

The accompanying notes on pages 50 to 91 form an integral part of these financial statements.

BALANCE SHEETS

AS AT MARCH 31, 2003

	Notes	THE GROUP		THE COMPANY	
		2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Non-current assets					
Investment properties	12	6.4	6.6	-	-
Property, plant and equipment	13	308.7	347.3	-	-
Investments in subsidiaries	14	-	-	204.8	204.8
Amounts due from subsidiaries		-	-	313.0	345.5
Interest in an associate	15	56.6	54.8	-	-
Intangible assets	16	62.7	50.0	-	-
Goodwill	17	19.0	-	-	-
Long-term bank deposits	18	237.9	140.4	-	-
		691.3	599.1	517.8	550.3
Current assets					
Inventories	19	338.9	300.9	-	-
Property held for resale	20	1.6	1.6	-	-
Trade and other receivables	21	367.6	315.4	-	-
Taxation recoverable		6.1	-	-	-
Dividend receivable		-	-	215.0	68.8
Bank balances and cash		353.4	528.0	0.1	-
		1,067.6	1,145.9	215.1	68.8
Current liabilities					
Trade and other payables	22	306.6	254.1	1.6	1.0
Amount due to an associate		0.1	0.1	-	-
Obligations under finance leases					
– amount due within one year	23	0.1	0.1	-	-
Taxation payable		19.4	14.5	-	-
Unsecured bank borrowings	24	57.3	15.1	-	-
		383.5	283.9	1.6	1.0
Net current assets					
		684.1	862.0	213.5	67.8
		1,375.4	1,461.1	731.3	618.1

BALANCE SHEETS

AS AT MARCH 31, 2003

	Notes	THE GROUP		THE COMPANY	
		2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Capital and reserves					
Share capital	25	207.2	207.0	207.2	207.0
Reserves	26	915.6	914.7	430.6	317.6
Shareholders' funds		1,122.8	1,121.7	637.8	524.6
Minority interests		244.1	328.2	-	-
Non-current liabilities					
Amounts due to subsidiaries		-	-	93.5	93.5
Obligations under finance leases					
- amount due after one year	23	0.1	0.2	-	-
Deferred taxation	27	8.4	11.0	-	-
		8.5	11.2	93.5	93.5
		1,375.4	1,461.1	731.3	618.1

The accompanying notes on pages 50 to 91 form an integral part of these financial statements.

Approved and authorised for issue by the board of directors on June 18, 2003.



Raymond Chan

Group Chairman & Chief Executive Officer



Alain J.G. Li

Executive Director & Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2003

	Total equity HK\$m
At April 1, 2001	1,056.0
Exchange differences arising on translation of overseas operations not recognised in the consolidated income statement	(2.9)
Issue of shares as a result of the exercise of share options	2.2
Net profit for the year	138.8
Dividends paid	(72.4)
At March 31, 2002	1,121.7
Exchange differences arising on translation of overseas operations not recognised in the consolidated income statement	15.9
Issue of shares as a result of the exercise of share options	0.9
Net profit for the year	150.0
Dividends paid	(165.7)
At March 31, 2003	1,122.8

The accompanying notes on pages 50 to 91 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
	HK\$'m	HK\$'m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	212.0	217.1
Adjustments for:		
Interest income	(20.3)	(15.0)
Interest expense	3.4	1.5
Share of results of an associate	(3.3)	(4.1)
Amortisation of intangible assets	33.3	23.6
Amortisation of goodwill	0.1	–
Depreciation and amortisation of property, plant and equipment	68.6	60.6
Write off of development costs	6.9	4.6
Loss on disposal of property, plant and equipment	16.1	5.8
Deficit arising on revaluation of investment properties	0.2	–
Gain on deemed disposal arising from dilution of interest in a subsidiary	–	(0.5)
Operating profit before working capital changes	317.0	293.6
Decrease in inventories	0.7	135.4
(Increase) decrease in trade and other receivables	(22.4)	64.0
Increase (decrease) in trade and other payables	42.4	(40.7)
Effect of foreign exchange rate changes in intercompany balances	(48.6)	(5.4)
Net cash from operations	289.1	446.9
Interest paid	(3.4)	(1.5)
Hong Kong Profits Tax paid	(19.7)	(19.9)
Tax paid in other jurisdictions	(5.4)	(7.0)
NET CASH FROM OPERATING ACTIVITIES	260.6	418.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	20.3	15.0
Proceeds from disposal of property, plant and equipment	2.7	7.6
Dividend received from an associate	1.4	2.0
Acquisition of additional interest in a subsidiary	(103.1)	–
Increase in bank deposits	(97.5)	(108.4)
Development costs incurred	(52.9)	(45.6)
Acquisition of property, plant and equipment	(44.3)	(43.9)
Repurchase by a subsidiary of its own shares	(4.6)	–
NET CASH USED IN INVESTING ACTIVITIES	(278.0)	(173.3)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2003

	2003 HK\$'m	2002 HK\$'m
CASH FLOWS FROM FINANCING ACTIVITIES		
New bills payable and import loans raised	137.0	117.7
New bank loans raised	196.9	95.9
Issue of shares as a result of the exercise of share options	0.9	2.2
Capital contributed from minority shareholders of a subsidiary	0.3	2.9
Dividends paid by		
– the Company	(165.7)	(72.4)
– subsidiaries to minority shareholders	(41.5)	(38.1)
Repayment of bank loans	(158.2)	(84.9)
Repayment of bills payable and import loans	(133.3)	(150.2)
Repayment of obligations under finance leases	(0.1)	(0.3)
NET CASH USED IN FINANCING ACTIVITIES	(163.7)	(127.2)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(181.1)	118.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	527.8	409.9
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	6.7	(0.1)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	353.4	527.8
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank deposits, bank balances and cash	591.3	668.4
Bank overdrafts	–	(0.2)
	591.3	668.2
Less: Long-term bank deposits	(237.9)	(140.4)
	353.4	527.8

The accompanying notes on pages 50 to 91 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign currencies

The revision to SSAP 11 "Foreign Currency Translation" has eliminated the choice of translating the income statements of overseas operations at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statements

In the current year, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings, operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating, investing and financing cash flows (as appropriate). Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

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 as follows:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 acquisitions since April 1, 2001 is capitalised and amortised on a straight line basis over its useful economic life, generally not exceeding twenty years. 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.

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 or associate, or at such time as the goodwill is determined to be impaired.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill or goodwill previously eliminated against reserves at the time of acquisition is included in the determination of the gain or loss on disposal.

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 is released to income based on an analysis of the circumstances from which the balance resulted.

Negative goodwill arising on acquisitions since 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.

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.

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 on a portfolio basis, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation and amortisation and any accumulated impairment losses.

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 30 September 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 revalued 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 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 - 50%
Motor vehicles	20%

In previous years, plant and machinery included plastic injection moulds ("moulds") which were depreciated at 15% per annum. The directors have re-assessed the depreciation rate applicable to moulds in view of the change of product life cycles. With effect from April 1, 2002, moulds are depreciated at 30% - 50% per annum, which reflects the Group's recent experience of the useful lives of the relevant assets. Such change in depreciation rate of moulds has increased the depreciation charge for the year by approximately HK\$10.1 million.

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.

Interest in an associate

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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

The cost of patents and trademarks is 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 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 assets to determine whether there is any indication that those 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. An 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

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The principal portions of the corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. 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 respective lease 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 and the annual rentals are charged to the income statement on a straight line basis over the relevant lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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

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

Dividend income is recognised when the Group's right to receive payment 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 using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an 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. Gains 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 assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

4. OTHER OPERATING INCOME

	2003 HK\$'m	2002 HK\$'m
Other operating income includes the following items:		
Bank interest income	20.3	15.0
Exchange gain	13.3	–
Mould construction income	15.1	8.5
Rental income under operating leases, net of negligible outgoings	1.0	0.8
Forfeiture of payments from customers for certain product development projects terminated	–	7.0
Adjustment for insurance recovery of damages to inventories and property, plant and equipment due to flooding	–	(4.0)

5. PROFIT FROM OPERATIONS

	2003 HK\$'m	2002 HK\$'m
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 6)	22.4	19.9
Other staff costs	370.7	305.9
Retirement benefits scheme contributions, net of forfeited contributions of HK\$0.4 million (2002: HK\$0.5 million)	8.4	10.1
Total staff costs	401.5	335.9
Less: Amount capitalised in development costs	(17.6)	(24.4)
	383.9	311.5
Amortisation of intangible assets		
– development costs (included under research and development expenses)	33.3	23.5
– patents and trademarks (included under administrative expenses)	–	0.1
Amortisation of goodwill (included under administrative expenses)	0.1	–
Auditors' remuneration	3.3	3.2
Deficit arising on revaluation of investment properties	0.2	–
Depreciation and amortisation of property, plant and equipment		
– owned assets	68.5	60.5
– assets held under finance leases	0.1	0.1
Loss on disposal of property, plant and equipment (Note)	16.1	5.8
Minimum lease payments paid under operating leases in respect of		
– land and buildings	32.9	33.7
– others	0.3	0.2
Write off of development costs (included under research and development expenses)	6.9	4.6

Note: Included in the amount above is an amount of HK\$8.5 million (2002: HK\$0.6 million), representing loss on disposal of moulds included in plant and machinery as a result of discontinued products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2003 HK\$'m	2002 HK\$'m
Directors' fees	1.4	1.3
Other emoluments		
– Salaries and other benefits	12.3	11.5
– Performance related incentive payments	8.4	6.8
– Retirement benefits scheme contributions	0.3	0.3
	22.4	19.9

The amounts disclosed above included directors' fee of HK\$0.6 million (2002: HK\$0.6 million) and other emoluments of HK\$0.8 million (2002: HK\$0.3 million), representing consultancy fee included in salaries and other benefits, paid and payable to independent non-executive directors.

The directors' other emoluments above included operating lease rentals of HK\$1.0 million (2002: HK\$1.2 million) paid in respect of the accommodation provided to a director.

Emoluments of the directors were within the following bands:

	Number of director(s)	
	2003	2002
Nil up to HK\$1,000,000	6	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\$4,500,001 to HK\$5,000,000	1	–
HK\$8,000,001 to HK\$8,500,000	–	1
HK\$8,500,001 to HK\$9,000,000	1	–

Of the five highest paid employees of the Group, four (2002: four) were directors of the Company whose emoluments are included in above. The emoluments of the remaining one (2002: one) highest paid individual are as follows:

	2003 HK\$'m	2002 HK\$'m
Salaries and other benefits	1.7	2.3
Performance related incentive payments	0.8	0.2
Retirement benefits scheme contributions	–	–
	2.5	2.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

The emoluments of the remaining highest paid individual were within the following bands:

	Number of employee(s)	
	2003	2002
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–

7. FINANCE COSTS

	2003 HK\$'m	2002 HK\$'m
Interest on bank and other borrowings wholly repayable within five years	(3.4)	(1.5)

8. OTHER NON-OPERATING INCOME

	2003 HK\$'m	2002 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

9. TAXATION

	2003 HK\$'m	2002 HK\$'m
The charge comprises:		
The Company and subsidiaries:		
Hong Kong Profits Tax		
– current year	(18.0)	(17.1)
– overprovision in prior years	1.2	1.4
Tax in other jurisdictions		
– current year	(5.5)	(5.6)
– overprovision in prior years	–	0.4
Deferred taxation credit (charge) (note 27)	2.6	(3.5)
	(19.7)	(24.4)
Share of taxation of an associate:		
Hong Kong Profits Tax	(0.1)	(0.3)
	(19.8)	(24.7)

Hong Kong Profits Tax is calculated at 16% (2002: 16%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

9. TAXATION (continued)

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

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

	2003 HK\$'m	2002 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	(0.9)	(1.3)
Deferred development costs allowable on an incurred basis for tax purpose	(1.9)	(2.7)
Taxation losses arising during the year	5.7	0.5
Attributable to a change in tax rate	(0.3)	–
	2.6	(3.5)

10. DIVIDENDS

	2003 HK\$'m	2002 HK\$'m
Additional prior year's final and special dividend paid as a result of the exercise of employees' share options	(0.1)	(0.1)
Interim dividend paid of 2.0 HK cents (2002: 1.0 HK cent) per share on 2,071,898,407 shares (2002: 2,070,288,407 shares)	(41.4)	(20.7)
Final dividend proposed of 5.0 HK cents (2002: 3.5 HK cents) per share on 2,072,048,407 shares (2002: 2,070,288,407 shares)	(103.6)	(72.5)
Special dividend proposed of nil (2002: 2.5 HK cents per share on 2,070,288,407 shares)	–	(51.7)
	(145.1)	(145.0)

At the meeting held on June 18, 2003, the directors proposed a final dividend of 5.0 HK cents per share for the year ended March 31, 2003. These proposed dividends, which are calculated on the Company's number of ordinary shares as at the balance sheet date, are subject to approval by the shareholders at the forthcoming annual general meeting and are not recognised as liabilities.

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 for the year ended March 31, 2002.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

11. EARNINGS PER SHARE

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

	2003 HK\$m	2002 HK\$m
Net profit for the year for the purpose of basic earnings per share	150.0	138.8
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)	(0.2)
Net profit for the purpose of diluted earnings per share	149.8	138.6

Number of ordinary shares:

	2003	2002
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,071,671,243	2,069,611,312
Effect of dilutive potential ordinary shares:		
Options	4,785,890	1,739,230
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,076,457,133	2,071,350,542

12. INVESTMENT PROPERTIES

	THE GROUP HK\$m
VALUATION	
At April 1, 2002	6.6
Valuation deficit	(0.2)
At March 31, 2003	6.4

The investment properties of the Group were revalued at March 31, 2003 on an open market value basis by Vigers Hong Kong Ltd., an independent firm of professional valuers. The deficit arising on the revaluation amounting to HK\$0.2 million has been charged directly to the consolidated income statement.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
THE GROUP					
COST OR VALUATION					
At April 1, 2002	65.9	216.3	278.5	13.6	574.3
Currency realignment	3.6	3.7	–	0.8	8.1
Additions	0.7	26.4	13.6	3.6	44.3
Disposals	–	(11.0)	(31.9)	(1.2)	(44.1)
At March 31, 2003	70.2	235.4	260.2	16.8	582.6
Comprising:					
At cost	12.8	235.4	260.2	16.8	525.2
At valuation					
– 1993	49.3	–	–	–	49.3
– 1994	8.1	–	–	–	8.1
	70.2	235.4	260.2	16.8	582.6
DEPRECIATION AND AMORTISATION					
At April 1, 2002	14.8	87.1	118.0	7.1	227.0
Currency realignment	0.8	2.4	–	0.4	3.6
Provided for the year	2.3	29.7	34.5	2.1	68.6
Eliminated on disposals	–	(5.5)	(19.2)	(0.6)	(25.3)
At March 31, 2003	17.9	113.7	133.3	9.0	273.9
NET BOOK VALUE					
At March 31, 2003	52.3	121.7	126.9	7.8	308.7
At March 31, 2002	51.1	129.2	160.5	6.5	347.3

At March 31, 2003, the net book value of assets held under finance leases amounted to HK\$0.2 million (2002: HK\$0.3 million).

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2003 HK\$'m	2002 HK\$'m
Medium term leases situated in Hong Kong	38.3	39.9
Freehold situated outside Hong Kong	14.0	11.2
	52.3	51.1

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 HK\$27.6 million (2002: HK\$25.4 million).

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2003 HK\$'m	2002 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.

Details of the principal subsidiaries of the Company at March 31, 2003 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 %	
LCD consumer electronic products business					
IDT Holdings (Singapore) Limited ("IDTS")	Singapore	S\$35,305,625	63	63	Investment holding
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 %	
LCD consumer electronic products business (continued)					
展科電子(深圳)有限公司**	PRC	USD420,000	100	63	Manufacture and sale of consumer electronic products
Huger Electronics GmbH	Germany	DM3,500,000*	100	63	Marketing and distribution of consumer electronic products
IDT Technology Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Rich Win Electronics Limited	Hong Kong	HK\$2	100	63	Trading of consumer electronic products
Electronic personal information products business					
IDT Data System Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
King Win Electronics Limited	Hong Kong	HK\$20	100	100	Manufacture of consumer electronic products
Electronic learning products business					
IDT Electronic Products Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products
Ming Win Electronics Limited	Hong Kong	HK\$2	100	100	Manufacture of consumer electronic products
Telecommunication products business					
Top Treasure Group Limited	British Virgin Island	US\$1	100	100	Investment holding
I-Comm Technology Limited ("I-Comm")	Bermuda	US\$15,486,900	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 %	
Telecommunication products business (continued)					
Integrated Display Technology Telecommunications (Shenzhen) Co., Ltd.**	PRC	RMB11,000,000	100	100	Manufacture and sale of telecommunication products
Super Win Electronics Limited	Hong Kong	HK\$2	100	100	Manufacture of telecommunication products
IDT Communication Technology Limited	Hong Kong	HK\$2	100	100	Trading of telecommunication products
Tekom Industries Limited	Hong Kong	HK\$10,000	100	100	Trading of telecommunication products
Sales and distribution business					
Oregon Scientific Australia Pty Limited	Australia	A\$2,010,000	100	100	Marketing and distribution of consumer electronic products
Oregon Scientific Brasil Ltda.	Brazil	BRL48,000	100	100	Marketing and distribution 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 %	
Sales and distribution business (continued)					
Oregon Scientific Italia S.p.A.	Italy	EUR2,156,000	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 (U.K.) Limited	United Kingdom	GBP2,400,002	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
歐西亞貿易(上海)有限公司**	PRC	US\$200,000	100	100	Marketing and distribution of consumer electronic products
歐西亞電子(深圳)有限公司**	PRC	US\$420,000	100	100	Manufacture of consumer electronic products
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 Enterprise (Shanghai) Ltd.**	PRC	US\$680,000	100	100	Trading of consumer electronic products
Innovative Products Manufacturing Company Limited	Hong Kong	HK\$2	100	100	Trading of consumer electronic products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 %	
Corporate					
Integrated Display Technology (Holdings) Limited	Hong Kong	HK\$1,000	100	100	Investment holding
Integrated Display Technology Limited	Hong Kong	HK\$6,000,000	100	100	Provision of group administrative services
萬威科技開發(深圳)有限公司**	PRC	USD420,000	100	100	Provision of group research and development services

* Huger Electronics GmbH has paid-up surplus of DM1,800,000 in addition to the issued share capital of DM3,500,000.

** Companies established in the PRC with limited liability.

Only Integrated Display Technology (Holdings) Limited is directly held by the Company.

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 debt securities outstanding as at March 31, 2003 or at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

15. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Share of net assets	56.6	54.8
Market value at the balance sheet date	37.4	52.8

Details of the Group's associate as at March 31, 2003 are as follows:

Name of associate	Form of business structure	Place of incorporation	Principal place of operation	Proportion of nominal value of issued ordinary share capital held indirectly by the Company	Principal activities
Kyosha Holdings (Singapore) Limited	Incorporated	Bermuda	PRC (including Hong Kong)	37%	Manufacture and sale of printed circuit boards

Kyosha Holdings (Singapore) Limited is a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") with financial year end date of December 31. For the purposes of accounting for the results of the associate in the Group's financial statements, the latest audited financial statements of the associate have been used.

16. INTANGIBLE ASSETS

	Development costs HK\$'m	Patents and trademarks HK\$'m	Total HK\$'m
THE GROUP			
COST			
At April 1, 2002	120.4	1.7	122.1
Additional costs incurred	52.9	–	52.9
Write off	(16.2)	–	(16.2)
At March 31, 2003	157.1	1.7	158.8
AMORTISATION			
At April 1, 2002	70.4	1.7	72.1
Provided for the year	33.3	–	33.3
Eliminated on write off	(9.3)	–	(9.3)
At March 31, 2003	94.4	1.7	96.1
CARRYING AMOUNT			
At March 31, 2003	62.7	–	62.7
At March 31, 2002	50.0	–	50.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

17. GOODWILL

	THE GROUP
	HK\$'m
<hr/>	
COST	
Arising on acquisition of additional interest in a subsidiary during the year	18.2
Arising on deemed acquisition of additional interest in a subsidiary during the year	0.9
	<hr/>
At March 31, 2003	19.1
	<hr/>
AMORTISATION	
Provided for the year and balance at March 31, 2003	0.1
	<hr/>
CARRYING AMOUNT	
At March 31, 2003	19.0
<hr/>	

The amortisation period adopted for goodwill is twenty years.

18. LONG-TERM BANK DEPOSITS

The amount represents the aggregate sum of a number of US dollar denominated high-yield deposits placed with financial institutions with a tenor of five years or less. These deposits do carry a level of risk where interest earned could be nil if certain conditions based on formulae linked to London Inter-Bank Offered Rate are met.

Further details of the deposits are as follows:

	THE GROUP	
	2003	2002
	HK\$'m	HK\$'m
<hr/>		
Placed with:		
Aaa-rated* institution	81.9	–
Aa1-rated* institution	156.0	140.4
	<hr/>	<hr/>
	237.9	140.4
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* According to Moody's Investors Service

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

19. INVENTORIES

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Raw materials	91.8	69.2
Work in progress	23.7	17.2
Finished goods	223.4	214.5
	338.9	300.9

Included above are raw materials of HK\$8.3 million (2002: HK\$6.4 million), work in progress of HK\$0.7 million (2002: HK\$0.6 million) and finished goods of HK\$46.4 million (2002: HK\$45.2 million) which are carried at net realisable value.

20. 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 has been temporarily rented out under an operating lease during the year and is vacant at March 31, 2003.

21. 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	
	2003 HK\$'m	2002 HK\$'m
The following is an aged analysis of trade receivables at the balance sheet date:		
Not yet due	215.7	201.5
Overdue less than 30 days	42.0	24.8
Overdue 31 to 90 days	30.3	14.8
Overdue more than 90 days	5.3	7.6
	293.3	248.7
Other receivables	74.3	66.7
	367.6	315.4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

22. TRADE AND OTHER PAYABLES

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
The following is an aged analysis of trade payables at the balance sheet date:		
Not yet due	127.2	96.0
Overdue less than 30 days	29.5	35.5
Overdue 31 to 90 days	2.9	10.6
Overdue more than 90 days	2.9	1.3
	162.5	143.4
Other payables	144.1	110.7
	306.6	254.1

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
THE GROUP				
Amounts payable under finance leases:				
Within one year	0.1	0.1	0.1	0.1
Between one and two years	0.1	0.2	0.1	0.2
	0.2	0.3	0.2	0.3
Less: Future finance charges	-	-	-	-
Present value of obligations under finance leases	0.2	0.3	0.2	0.3
Less: Amount due within one year shown under current liabilities			(0.1)	(0.1)
Amount due after one year			0.1	0.2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

24. UNSECURED BANK BORROWINGS

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Bills payable and import loans	7.6	3.9
Bank loans	49.7	11.0
Bank overdrafts	–	0.2
	57.3	15.1

25. SHARE CAPITAL

	2003 \$'m	2002 \$'m
Authorised:		
3,500,000,000 (2002: 3,500,000,000) ordinary shares of HK\$0.10 each	HK\$350.0	HK\$350.0
10,000 (2002: 10,000) ordinary shares of US\$0.10 each	–	–
Issued and fully paid:		
2,072,048,407 (2002: 2,070,288,407) ordinary shares of HK\$0.10 each	HK\$207.2	HK\$207.0

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, 2001	2,500,000,000	250.0	10,000	–
Increase in share capital	1,000,000,000	100.0	–	–
At March 31, 2002 and March 31, 2003	3,500,000,000	350.0	10,000	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

25. SHARE CAPITAL (continued)

Issued and fully paid:

	Number of shares	Amount HK\$m
At April 1, 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
Issue of shares on the exercise of share options	1,760,000	0.2
At March 31, 2003	2,072,048,407	207.2

Changes in the share capital of the Company during the year ended March 31, 2002 are as follows:

- (a) 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.
- (b) 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 ended March 31, 2002 above rank pari passu in all respects with the then existing shares in issue.

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

- (c) The Company allotted and issued a total of 1,610,000 and 150,000 ordinary shares of HK\$0.10 each for cash at the exercise prices of HK\$0.509 per share and HK\$0.525 per share respectively as a result of the exercise of employees' share options.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

26. 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, 2001	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
Currency realignment	–	15.9	–	–	–	15.9
Premium on issue of shares as a result of the exercise of share options	–	–	–	0.7	–	0.7
Net profit for the year	–	–	–	–	150.0	150.0
Dividends paid	–	–	–	–	(165.7)	(165.7)
At March 31, 2003	33.8	5.7	3.7	63.6	808.8	915.6
Attributable to an associate:						
At March 31, 2003	–	(0.5)	(0.5)	–	29.5	28.5
At March 31, 2002	–	(0.5)	(0.5)	–	27.7	26.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

26. RESERVES (continued)

	Contributed surplus HK\$'m	Share premium HK\$'m	Accumulated profits HK\$'m	Total HK\$'m
THE COMPANY				
At April 1, 2001	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
Premium on issue of shares as a result of the exercise of share options	–	0.7	–	0.7
Net profit for the year	–	–	278.0	278.0
Dividends paid	–	–	(165.7)	(165.7)
At March 31, 2003	126.2	63.6	240.8	430.6

The capital reserve of the Group comprises HK\$17.7 million (2002: HK\$17.7 million) in respect of negative goodwill offset by HK\$14.0 million (2002: HK\$14.0 million) in respect of 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.

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

	2003 HK\$'m	2002 HK\$'m
Contributed surplus	126.2	126.2
Accumulated profits	240.8	128.5
	367.0	254.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

27. DEFERRED TAXATION

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
At beginning of the year	11.0	7.5
(Credit) charge for the year (note 9)	(2.6)	3.5
At end of the year	8.4	11.0

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

	THE GROUP	
	2003 HK\$'m	2002 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	7.5	9.0
Deferred development costs allowable on an incurred basis for tax purpose	10.9	7.9
Unutilised estimated taxation losses carried forward	(10.0)	(5.9)
	8.4	11.0

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

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Excess of depreciation allowance claimed for tax purpose over depreciation charged in the financial statements	7.4	8.3
Unutilised estimated taxation losses carried forward	(7.3)	–
Other timing differences	(5.1)	(1.1)
	(5.0)	7.2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

27. DEFERRED TAXATION (continued)

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

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Difference between depreciation allowance claimed for tax purpose and depreciation charged in the financial statements	(0.9)	(0.5)
Deferred development costs allowable on an incurred basis for tax purpose	-	(0.1)
Taxation losses (arising) utilised during the year	(7.3)	5.3
Other timing differences	(4.0)	(1.1)
	(12.2)	3.6

The net potential deferred taxation has 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.

28. MAJOR NON-CASH TRANSACTION

In 2002, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK\$0.3 million (2003: nil).

29. CONTINGENT LIABILITIES

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Bills discounted with recourse	-	0.4

	THE COMPANY	
	2003 HK\$'m	2002 HK\$'m
Guarantees given to banks to secure general banking facilities granted to subsidiaries – extent of facilities utilised	55.3	12.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

30. 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	
	2003 HK\$'m	2002 HK\$'m
Land and buildings:		
Within one year	27.8	28.4
After one year but not more than five years	58.9	56.5
After five years	27.8	29.5
	114.5	114.4
Others:		
Within one year	0.4	0.1
After one year but not more than five years	0.6	0.2
	1.0	0.3

The lease payments are fixed and no arrangements have been entered into for contingent rental payments.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Within one year	1.0	0.1
In the second to fifth year inclusive	0.8	–
	1.8	0.1

The properties held have committed tenants for the next two years.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

31. CAPITAL COMMITMENTS

	THE GROUP	
	2003 HK\$'m	2002 HK\$'m
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of property, plant and equipment	2.3	2.6
– development costs	–	0.2
– investment in a subsidiary	–	2.7
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	16.6	26.0
	18.9	31.5

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

32. FORWARD CONTRACT COMMITMENTS

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

	THE GROUP	
	2003	2002
Principal amounts of forward contracts held for hedging purposes against trading transactions and monetary assets and liabilities:		
Sales of Euro	–	EUR2,335,000
Sales of Great Britain Pounds	GBP731,232	–
Sales of United States Dollars	US\$5,550,000	US\$14,000,000
Purchases of Hong Kong Dollars	HK\$43,310,000	HK\$109,235,000
Purchases of United States Dollars	US\$1,182,329	US\$2,043,500

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 on specified exercisable dates during May 2003 to July 2003 (2002: April 2002 to June 2002) the following foreign currencies:

	Amount	Strike price US\$
At March 31, 2003		
Euro	EUR7,000,000	1.074 - 1.090
At March 31, 2002		
Euro	EUR25,000,000	0.865 - 0.880
Great Britain Pounds	GBP5,000,000	1.410
Australian Dollars	A\$10,000,000	0.507 - 0.512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES

The Group offers share options to attract, motivate and retain key employees who contribute to the growth of the Group.

At the special general meeting held on August 28, 2002, the Company adopted a new share option scheme ("2002 IDT International Option Scheme") and terminated its old share option scheme adopted previously on September 28, 1993 ("1993 IDT International Option Scheme").

The Company's two subsidiaries, IDTS and I-Comm, have each operated a share option scheme (referred to as the "IDTS Option Scheme" and "I-Comm Option Scheme" respectively) in the year. The I-Comm Option Scheme was terminated on March 31, 2003 by the sole shareholder of I-Comm after the de-listing of I-Comm from the SGX-ST.

The terms of each option scheme are described below:

(A) 1993 IDT International Option Scheme

The 1993 IDT International Option Scheme was adopted on September 28, 1993 and terminated on August 28, 2002.

Pursuant to this scheme, the board of directors of the Company may, at its absolute discretion, offer to grant options to selected eligible participants, including full-time employees (including full-time executive directors) of the Company or any of its subsidiaries. Upon termination, no further options shall be granted under this scheme but in all other aspects, the provisions of the 1993 IDT International Option Scheme shall remain in force and all options granted prior to its termination shall continue to be valid and exercisable in accordance with the provisions thereof.

The maximum number of the Company's shares in respect of which options may be granted under the 1993 IDT International Option Scheme (together with any shares of the Company in respect of which options were outstanding) shall not, at any time, 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). 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 this 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 1993 IDT International Option Scheme shall be 85% of the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of offer of such option or the nominal value of a share, whichever is the higher.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(A) 1993 IDT International Option Scheme (continued)

The movements of share options under the 1993 IDT International Option Scheme during the year ended March 31, 2002 and the balances at March 31, 2002 are set out below:

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

Nominal consideration for options granted during the year ended March 31, 2002 was received.

The movements of share options under the 1993 IDT International Option Scheme during the year ended March 31, 2003 and the balances at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 3.31.2003
Directors	12.29.1998	12.30.1999 to 12.29.2008	HK\$0.509	218,750	-	-	-	218,750
	12.29.1998	12.30.2000 to 12.29.2008	HK\$0.509	218,750	-	-	-	218,750
	8.30.2001	3.13.2002 to 8.30.2011	HK\$0.453	9,000,000	-	-	-	9,000,000
	4.11.2002	4.11.2004 to 4.10.2007	HK\$0.6545	-	1,000,000	-	-	1,000,000
Employees	12.29.1998	12.30.1999 to 12.29.2008	HK\$0.509	1,511,000	-	(544,500)	(2,500)	964,000
	12.29.1998	12.30.2000 to 12.29.2008	HK\$0.509	2,405,000	-	(1,065,500)	(262,500)	1,077,000
	1.12.2001	1.13.2003 to 1.12.2011	HK\$0.525	150,000	-	(150,000)	-	-
	1.12.2001	1.13.2005 to 1.12.2011	HK\$0.525	150,000	-	-	-	150,000
				13,653,500	1,000,000	(1,760,000)	(265,000)	12,628,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(A) 1993 IDT International Option Scheme (continued)

Nominal consideration for options granted during the year ended March 31, 2003 was received.

The market prices of shares of the Company at the dates of exercise of share options during the year ended March 31, 2003 fell within the range between HK\$0.70 and HK\$0.80 (2002: between HK\$0.65 and HK\$0.75) per share.

(B) 2002 IDT International Option Scheme

The 2002 IDT International Option Scheme was adopted on August 28, 2002 and will continue in operation for a maximum of ten years from such date.

Pursuant to this scheme, the board of directors of the Company or its authorised committee shall offer to grant options to selected eligible participants who may be employees, officers, agents, consultants or representatives, including executive or non-executive directors (including independent non-executive directors), of the Company or any of its subsidiaries who satisfy the selection criteria prescribed by the rules of such scheme.

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the 2002 IDT International Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company, must not exceed (i) 30% of the number of the Company's issued shares from time to time; and (ii) 207,179,540 shares, representing 10% of the issued share capital of the Company as at August 28, 2002, the adoption date of the 2002 IDT International Option Scheme.

The total number of the Company's shares issued and which may be issued upon exercise of all options granted to a participant in any 12-month period immediately preceding the date of grant shall not exceed 1% of the number of shares in issue as at date of such grant. If the grant of options is offered to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, the total number of the Company's shares issued and which may be issued to such participant upon exercise of all options granted in any 12-month period up to and including the date of grant shall not exceed 0.1% of the number of shares then in issue and having an aggregate value in excess of HK\$5,000,000.

The subscription price for an option granted under the 2002 IDT International Option Scheme shall be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

An offer for grant of an option under this scheme must be accepted within 28 days from the date of offer, and HK\$1.00 is payable as consideration on acceptance. An option shall be exercisable during the period as determined by the board of directors of the Company or its authorised committee, which shall commence on a date after the expiry of a 6-month period after the date of grant and not exceed 10 years from the date of such grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(B) 2002 IDT International Option Scheme (continued)

The movements of share options under the 2002 IDT International Option Scheme during the year ended March 31, 2003 and the balances at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 3.31.2003
Directors	3.17.2003	3.18.2005 to 3.16.2013	HK\$0.780	-	500,000	-	-	500,000
	3.17.2003	3.18.2007 to 3.16.2013	HK\$0.780	-	500,000	-	-	500,000
Employees	8.30.2002	8.30.2004 to 8.29.2012	HK\$0.730	-	1,000,000	-	-	1,000,000
	10.18.2002	10.18.2003 to 10.17.2012	HK\$0.730	-	250,000	-	-	250,000
	10.18.2002	10.18.2005 to 10.17.2012	HK\$0.730	-	250,000	-	-	250,000
	2.28.2003	3.1.2005 to 2.27.2013	HK\$0.798	-	500,000	-	-	500,000
	2.28.2003	3.1.2007 to 2.27.2013	HK\$0.798	-	500,000	-	-	500,000
					-	3,500,000	-	-

Nominal consideration for options granted during the year ended March 31, 2003 was received.

(C) 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.

Pursuant to this scheme, 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 to selected eligible participants who may 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(C) IDTS Option Scheme (continued)

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 SGX-ST for the five consecutive trading days immediately preceding the date of grant; or (ii) the nominal value of a IDTS Share. In compliance with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), options shall not be granted with a subscription price set at a discount to the IDTS Market Price since September 1, 2001.

An offer for grant of an option under this 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) and expiring on the date immediately preceding the fifth anniversary of the date of such grant.

Whilst the IDTS Option Scheme is subject to its scheme rules and the listing rules of the SGX-ST, the requirements under Chapter 17 of the Listing Rules, if more onerous, shall apply.

The movements of the share options under the IDTS Option Scheme during the year ended March 31, 2002 and the balances at March 31, 2002 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 3.31.2002
Directors	12.29.1998	12.30.1999 to 12.28.2003	US\$0.616	125,000	-	-	-	125,000
	12.29.1998	12.30.2000 to 12.28.2003	US\$0.616	125,000	-	-	-	125,000
Other employees	12.29.1998	12.30.1999 to 12.28.2003	US\$0.616	466,500	-	(105,250)	-	361,250
	12.29.1998	12.30.2000 to 12.28.2003	US\$0.616	2,418,750	-	(502,750)	(62,500)	1,853,500
	8.14.2000	8.15.2001 to 8.13.2005	S\$2.149	100,000	-	-	-	100,000
	8.14.2000	8.15.2002 to 8.13.2005	S\$2.149	1,060,000	-	-	(150,000)	910,000
	8.14.2000	8.15.2003 to 8.13.2005	S\$2.149	300,000	-	-	(100,000)	200,000
	8.14.2000	8.15.2004 to 8.13.2005	S\$2.149	860,000	-	-	(50,000)	810,000
	1.12.2001	1.13.2003 to 1.11.2006	S\$1.424	155,000	-	-	-	155,000
	1.12.2001	1.13.2005 to 1.11.2006	S\$1.424	155,000	-	-	-	155,000
	1.4.2002	1.5.2003 to 1.3.2007	S\$1.132	-	125,000	-	-	125,000
	1.4.2002	1.5.2005 to 1.3.2007	S\$1.132	-	125,000	-	-	125,000
				5,765,250	250,000	(608,000)	(362,500)	5,044,750

Nominal consideration for option granted during the year ended March 31, 2002 was received.

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FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(C) IDTS Option Scheme (continued)

The movements of the share options under the IDTS Option Scheme during the year ended March 31, 2003 and the balances at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 3.31.2003
Directors	12.29.1998	12.30.1999 to 12.28.2003	US\$0.616	125,000	-	-	-	125,000
	12.29.1998	12.30.2000 to 12.28.2003	US\$0.616	125,000	-	-	-	125,000
Other employees	12.29.1998	12.30.1999 to 12.28.2003	US\$0.616	361,250	-	(65,000)	(62,500)	233,750
	12.29.1998	12.30.2000 to 12.28.2003	US\$0.616	1,853,500	-	-	(406,250)	1,447,250
	8.14.2000	8.15.2001 to 8.13.2005	\$2.149	100,000	-	-	(100,000)	-
	8.14.2000	8.15.2002 to 8.13.2005	\$2.149	910,000	-	-	(137,500)	772,500
	8.14.2000	8.15.2003 to 8.13.2005	\$2.149	200,000	-	-	-	200,000
	8.14.2000	8.15.2004 to 8.13.2005	\$2.149	810,000	-	-	(137,500)	672,500
	1.12.2001	1.13.2003 to 1.11.2006	\$1.424	155,000	-	-	-	155,000
	1.12.2001	1.13.2005 to 1.11.2006	\$1.424	155,000	-	-	-	155,000
	1.4.2002	1.5.2003 to 1.3.2007	\$1.132	125,000	-	-	(125,000)	-
	1.4.2002	1.5.2005 to 1.3.2007	\$1.132	125,000	-	-	(125,000)	-
				5,044,750	-	(65,000)	(1,093,750)	3,886,000

The market price of shares of IDTS at the date of exercise of share options during the year ended March 31, 2003 was approximately HK\$5.66 (2002: between HK\$5.92 and HK\$6.57) per share.

(D) I-Comm Option Scheme

The I-Comm Option Scheme was adopted on January 17, 2000 and terminated on March 31, 2003. Upon termination, there were no outstanding options under the I-Comm Option Scheme.

Pursuant to this scheme, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(D) I-Comm Option Scheme (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 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.

After the de-listing of I-Comm from the SGX-ST, all the outstanding options granted previously under the I-Comm Option Scheme were acquired from the respective holders at a consideration of HK\$1.00 per each holder and such outstanding options were all tendered for cancellation.

The movements of share options under the I-Comm Option Scheme during the year ended March 31, 2002 and the balances at March 31, 2002 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Lapsed/	Outstanding at 3.31.2002
							cancelled during the year	
Employees	10.30.2000	10.31.2002 to 10.29.2010	\$0.370	3,500,000	-	-	(350,000)	3,150,000
		10.31.2004 to 10.29.2010	\$0.370	3,500,000	-	-	(350,000)	3,150,000
	5.25.2001	5.26.2003 to 5.24.2011	\$0.250	-	300,000	-	-	300,000
		5.26.2005 to 5.24.2011	\$0.250	-	300,000	-	-	300,000
				7,000,000	600,000	-	(700,000)	6,900,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

33. SHARE OPTION SCHEMES (continued)

(D) I-Comm Option Scheme (continued)

Nominal consideration for options granted during the year ended March 31, 2002 was received.

The movements of share options under the I-Comm Option Scheme during the year ended March 31, 2003 and the balances at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Exercise price per share	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Lapsed/ cancelled/ during the year	Outstanding at 3.31.2003
Employees	10.30.2000	10.31.2002 to 10.29.2010	\$0.370	3,150,000	-	-	(3,150,000)	-
		10.31.2004 to 10.29.2010	\$0.370	3,150,000	-	-	(3,150,000)	-
	5.25.2001	5.26.2003 to 5.24.2011	\$0.250	300,000	-	-	(300,000)	-
		5.26.2005 to 5.24.2011	\$0.250	300,000	-	-	(300,000)	-
				6,900,000	-	-	(6,900,000)	-

No charge is recognised in the income statements of the respective companies in respect of options granted under the above option schemes. Share options granted under the above 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 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.

34. RETIREMENT BENEFITS SCHEMES

The Group principally 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 schemes 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 benefits 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 of 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 costs 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.

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35. RELATED PARTY TRANSACTIONS

During the year, a wholly-owned subsidiary of the Company made a voluntary conditional cash offer ("Offer") to acquire all the 309,738,000 issued shares of US\$0.05 each in the capital of I-Comm, a then 75% owned subsidiary listed on the SGX-ST, at an offer price of S\$0.30 per I-Comm Share in cash. The offer was made in order to enable the Company to privatise I-Comm which, in the opinion of the directors of the Company, would give the Group excluding I-Comm Group more flexibility in deploying and managing the resources of the Group and would enable the I-Comm Group to benefit from the economies of scale and of cost efficiency from being integrated with other members of the Group. Details of the related parties tendered valid acceptances pursuant to the Offer are as follows:

	Number of I-Comm Shares tendered	Percentage of I-Comm Shares %	Cash consideration received	
			S\$	HK\$'m equivalents
Directors of the Company accepting the Offer	2,978,000	0.96	893,400	3.9
Directors of the Company's subsidiaries accepting the Offer	425,000	0.14	127,500	0.6
Total	3,403,000	1.10	1,020,900	4.5

Upon completion of the compulsory acquisition following the close of the Offer, I-Comm became a wholly-owned subsidiary of the Company with effect from January 16, 2003.

Details of the above are set out in the announcements of the Company dated September 18, 2002 and December 5, 2002, and interim report for the six months ended September 30, 2002 of the Company issued on December 18, 2002.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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, 2003						
TURNOVER						
Branded sales	606.3	21.8	104.7	304.4	10.3	1,047.5
OEM/ODM sales	324.0	683.3	176.3	173.4	5.7	1,362.7
Total	930.3	705.1	281.0	477.8	16.0	2,410.2
RESULT						
Segment result	153.3	7.8	(14.1)	44.9	0.1	192.0
Interest income						20.3
Unallocated corporate expense						(0.2)
Profit from operations						212.1
Finance costs						(3.4)
Share of results of an associate						3.3
Profit before taxation						212.0
Taxation						(19.8)
Profit after taxation						192.2
Minority interests						(42.2)
Net profit for the year						150.0

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FOR THE YEAR ENDED MARCH 31, 2003

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, 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 expense						(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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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, 2003						
Capital additions						
– Property, plant and equipment	16.8	5.1	7.1	8.9	6.4	44.3
– Development costs	13.3	10.1	11.2	18.3	–	52.9
– Goodwill	0.9	18.2	–	–	–	19.1
Depreciation and amortisation						
– Property, plant and equipment						
– Business segments	29.5	19.8	5.0	7.0	0.3	61.6
– Unallocated corporate items	–	–	–	–	–	7.0
– Intangible assets	10.4	8.8	3.7	10.4	–	33.3
– Goodwill	–	0.1	–	–	–	0.1
Loss on disposal of property, plant and equipment						
– Business segments	4.5	5.4	3.3	1.1	–	14.3
– Unallocated corporate items	–	–	–	–	–	1.8
Write off of development costs	–	2.1	2.2	2.6	–	6.9
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 items	–	–	–	–	–	7.2
– Intangible assets						
– Business segments	9.0	5.2	2.9	6.4	–	23.5
– Unallocated corporate items	–	–	–	–	–	0.1
Loss on disposal of property, plant and equipment						
– Business segments	0.9	0.2	0.7	4.0	–	5.8
Write off of development costs	–	3.0	1.6	–	–	4.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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, 2003						
ASSETS						
Segment assets	902.0	359.9	120.0	218.4	11.6	1,611.9
Interest in an associate						56.6
Unallocated corporate assets						90.4
Consolidated total assets						1,758.9
LIABILITIES						
Segment liabilities	111.6	87.4	35.2	56.3	1.2	291.7
Amount due to an associate						0.1
Unallocated corporate liabilities						100.2
Consolidated total liabilities						392.0
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

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 by geographical market of its customers is as follows:

	Turnover	
	2003 HK\$'m	2002 HK\$'m
United States of America	1,193.3	1,010.9
Europe	908.5	879.4
Asia Pacific	308.4	343.2
	2,410.2	2,233.5

- (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	
	2003 HK\$'m	2002 HK\$'m	2003 HK\$'m	2002 HK\$'m
Hong Kong and other parts of the PRC	1,297.1	1,353.0	80.5	85.8
Europe	337.6	295.5	7.2	2.3
United States of America	91.4	74.4	6.2	1.2
Other Far East countries	26.7	22.1	3.3	0.5
	1,752.8	1,745.0	97.2	89.8
Unallocated assets	6.1	–	–	–
	1,758.9	1,745.0	97.2	89.8

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	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 Thursday, August 28, 2003 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, 2003.
2. To declare a final dividend for the year ended March 31, 2003.
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

NOTICE OF ANNUAL GENERAL MEETING

“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

Matthew Pau

Company Secretary

Hong Kong
June 18, 2003

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) The register of members of the Company will be closed from August 23, 2003 to August 28, 2003, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Secretaries Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on August 22, 2003.
- (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, 9th Floor, 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 2003 annual report.

OFFICES AND FACILITIES

Integrated Display Technology Limited

Hong Kong head office

Block C, 9/F., Kaiser Estate,
41 Man Yue Street,
Hungghom, Kowloon,
Hong Kong
Tel: 2764 7873
Fax: 2765 6620
Email: idthk@idthk.com
Website: www.idthk.com

PRC – manufacturing facilities

Xixian Chentian Industrial Estate,
Xixian Town, Bao An County,
Shenzhen, PRC
Tel: 86 755 2793 6857
Fax: 86 755 2793 6897

Europe

Oregon Scientific Italia S.p.A.

IDT Italia S.r.l.

Centro Direzionale Colleoni,
Palazzo Taurus 2, Viale Colleoni,
3-20041 Agrate Briznaza (MI), Italy
Tel: 39 039 656 181
Fax: 39 039 609 1818
Email: info@oregonscientific.it
info@idt.it
Website: www.oregonscientific.com/it

Oregon Scientific Ibérica, S.A.

Integrated Display Technology Ibérica, S.L.

C/Caléndula, 95 Edificio O. Miniparc II
La Moraleja,
28100 Alcobendas, Madrid, Spain
Tel: 3491 650 3795
Fax: 3491 650 3856
Email: sales@oregonscientific.es
idt@idtib.es
Websites: www.oregonscientific.com/es
www.idtib.es

Oregon Scientific (U.K.) Limited

IDT (U.K.) Limited

Unit 1, The Switchback,
Gardner Road, Maidenhead,
Berkshire SL6 7RJ, UK
Tel: 44 1628 580 154
Fax: 44 1628 634 981
Email: sales@oregonuk.com
Website: www.oregonscientific.com/uk

Oregon Scientific France S.A.R.L.

Integrated Display Technology France S.A.R.L.

15, Place de la Nation,
75011 Paris, France
Tel: 331 4348 0022
Fax: 331 4348 8680
Email: info@oregonscientific.fr
Website: www.oregonscientific.com/fr

Huger Electronics GmbH

Niederwiesenstrasse 28,
D-78050 Villingen – Schwenningen,
Germany
Tel: 49 7721 200380
Fax: 49 7721 2003361
Email: sales@huger.de
Website: www.oregonscientific.com/huger

North America

Oregon Scientific, Inc.

Portland Office

19861 SW 95th Place,
Tualatin, Oregon 97062, USA
Tel: 1 503 639 8883
Fax: 1 503 684 8883
Email: info@oscientific.com
Website: www.oregonscientific.com/us

Oregon Scientific, Inc.

New York Showroom

Suite 757, 200 Fifth Avenue,
New York, New York 10010, USA
Tel: 1 212 647 1608
Fax: 1 212 647 0241
Website: www.oregonscientific.com/us

Oregon Scientific, Inc.**Stamford Office**

Two Stamford Landing, Suite 280,

Stamford, Connecticut 06902

USA

Tel: 1 203 352 1318

Fax: 1 203 352 1317

Email: info@oscientific.com

Website: www.oregonscientific.com/us

Asia Pacific**Oregon Scientific Global Distribution Limited**

Block C, 9/F., Kaiser Estate,

41 Man Yue Street,

Hunghom, Kowloon,

Hong Kong

Tel: 2764 7873

Fax: 2765 6620

Email: info@oregonscientific.com.hk

Website: www.oregonscientific.com

Oregon Scientific Enterprise (Shanghai) Limited

(Officially known as 歐西亞貿易(上海)有限公司)

18A & 18B, Harbour Ring Huangpu Centre,

No. 98 Liu He Road, Shanghai 200001, PRC

Tel: 86 21 6350 7073

Fax: 86 21 6350 7074

Email: idtsha@public4.sta.net.cn

Website: www.oregonscientific.com/cn

Oregon Scientific South East Asia Pte. Limited

30 Cecil Street,

#18-07 Prudential Tower,

Singapore 049712

Tel: 65 6236 2481

Fax: 65 6557 2472

Email: ossea@oregonscientific.com

Website: www.oregonscientific.com/sg

Oregon Scientific Australia Pty Limited

Level 1, 73 York Street,

Sydney NSW 2000,

Australia

Tel: 612 8297 4700

Fax: 612 9262 2700

Email: info@oregonscientific.com.au

Website: www.oregonscientific.com/au

Oregon Scientific (Japan) Limited**IDT (Japan) Limited**

Yuemu Building, 8/F., 1-14-5, Higashi Ueno,

Taito-ku, Tokyo 110-0015, Japan

Tel: 813 3837 3791

Fax: 813 3837 3980

Email: general@idtj.co.jp

Website: www.oregonscientific.com/jp

Latin America**Oregon Scientific Brasil Limitada**

R. Arizona, 1366 8th Floor,

conj.82 São Paulo-SP,

04567-003, Brazil

Tel: 55 11 5502 9708

Fax: 55 11 5502 9706

Email: osb@oregonscientific.com.br

Website: www.oregonscientific.com/br

Associate**Kyosha IDT (Holdings) Company Limited**

Block A, 6/F., Kaiser Estate,

41 Man Yue Street,

Honghum, Kowloon,

Hong Kong

Tel: 2356 7223

Fax: 2330 8517

Email: sales@kyoshaidt.com.hk