



IDT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED MARCH 31, 2005

IDT INTERNATIONAL LIMITED is a holding company with subsidiaries engaged in the design, development, manufacture, and sales and marketing of innovative consumer electronic products featuring state-of-the-art liquid crystal display and microprocessor technology.

Performance Highlights

- > Group turnover increased 5% to HK\$2,894.7 million
 - Oregon Scientific sales increased 2% to HK\$1,427.1 million
 - ODM/OEM sales increase 8% to HK\$1,467.6 million
- > Profit attributable to shareholders decreased 48% to HK\$130.0 million
- > Total dividend for the year was 8.0 HK cents per share
 - Interim dividend paid of 3.0 HK cents per share
 - Final dividend proposed of 5.0 HK cents per share

RESULTS

The directors (the "Directors") of IDT International Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the three months and year ended March 31, 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Year ended March 31,		Three months ended March 31,	
		2005 (Audited) HK\$'m	2004 (Audited) HK\$'m	2005 (Unaudited) HK\$'m	2004 (Unaudited) HK\$'m
Turnover	2	2,894.7	2,757.3	492.3	452.4
Cost of goods sold		(1,840.2)	(1,661.4)	(366.4)	(271.8)
Gross profit		1,054.5	1,095.9	125.9	180.6
Other operating income		48.2	44.9	24.8	21.2
Research and development costs		(109.7)	(99.7)	(30.0)	(14.5)
Distribution and selling expenses		(500.0)	(425.7)	(144.5)	(88.6)
Administrative expenses		(292.6)	(276.4)	(74.5)	(71.4)
Profit (loss) from operations	3	200.4	339.0	(98.3)	27.3
Interest on bank and other borrowings wholly repayable within five years		(12.9)	(5.2)	(4.7)	(2.2)
Share of profit (loss) of an associate		–	1.6	–	(0.1)
Profit (loss) before taxation		187.5	335.4	(103.0)	25.0
Taxation	4	(0.5)	(26.7)	9.7	14.3
Profit (loss) before minority interests		187.0	308.7	(93.3)	39.3
Minority interests		(57.0)	(57.9)	(6.0)	(16.6)
Net profit (loss) attributable to shareholders		130.0	250.8	(99.3)	22.7
Dividends	5	166.9	166.6	N/A	N/A
Earnings per share	6				
– basic (HK cents)		6.2	12.1	(4.8)	1.1
– diluted (HK cents)		6.2	12.0	(4.8)	1.1

CONDENSED CONSOLIDATED BALANCE SHEET

	At March 31, 2005 (Audited) HK\$'m	At March 31, 2004 (Audited) HK\$'m
Non-current assets		
Investment properties	14.8	6.4
Property, plant and equipment	318.0	289.8
Intangible assets	81.8	74.0
Goodwill	26.4	18.0
Long-term bank deposits	296.4	296.4
Deferred tax assets	78.8	48.1
	816.2	732.7
Current assets		
Inventories	734.5	518.5
Property held for resale	1.6	1.6
Trade and other receivables	465.0	400.4
Taxation recoverable	6.8	0.4
Bank balances and cash	307.3	533.4
	1,515.2	1,454.3
Current liabilities		
Trade and other payables	406.2	429.3
Bills payables	26.1	6.3
Obligations under finance leases due within one year	0.1	0.2
Taxation payable	13.0	28.8
Short-term bank loans	393.9	175.5
Bank overdrafts	–	2.6

	<u>839.3</u>	<u>642.7</u>
Net current assets	<u>675.9</u>	<u>811.6</u>
Total assets less current liabilities	<u>1,492.1</u>	<u>1,544.3</u>
Non-current liabilities		
Obligations under finance leases due after one year	0.1	0.2
Deferred tax liabilities	<u>27.8</u>	<u>26.9</u>
	<u>27.9</u>	<u>27.1</u>
Minority interests	<u>276.1</u>	<u>271.9</u>
Net assets	<u>1,188.1</u>	<u>1,245.3</u>
Capital and reserves		
Share capital	208.5	208.2
Reserves	<u>979.6</u>	<u>1,037.1</u>
Shareholders' funds	<u>1,188.1</u>	<u>1,245.3</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (Audited) HK\$'m	Share premium (Audited) HK\$'m	Properties revaluation reserve (Audited) HK\$'m	Capital reserve (Audited) HK\$'m	Translation reserve (Audited) HK\$'m	Revenue reserve (Audited) HK\$'m	Total (Audited) HK\$'m
At April 1, 2003	207.2	63.6	27.9	3.7	5.7	821.3	1,129.4
Issue of shares	1.0	3.8	–	–	–	–	4.8
Exchange differences arising from translation of financial statements of overseas operations not recognised in the consolidated income statement, net of minority interests	–	–	–	–	2.8	–	2.8
Realised on disposal of an associate	–	–	–	3.2	(0.4)	–	2.8
Net profit attributable to shareholders	–	–	–	–	–	250.8	250.8
Dividends	–	–	–	–	–	(145.3)	(145.3)
At March 31, 2004	<u>208.2</u>	<u>67.4</u>	<u>27.9</u>	<u>6.9</u>	<u>8.1</u>	<u>926.8</u>	<u>1,245.3</u>
Issue of shares	0.3	1.4	–	–	–	–	1.7
Exchange differences arising from translation of financial statements of overseas operations not recognised in the consolidated income statement, net of minority interests	–	–	–	–	(1.3)	–	(1.3)
Net profit attributable to shareholders	–	–	–	–	–	130.0	130.0
Dividends	–	–	–	–	–	(187.6)	(187.6)
At March 31, 2005	<u>208.5</u>	<u>68.8</u>	<u>27.9</u>	<u>6.9</u>	<u>6.8</u>	<u>869.2</u>	<u>1,188.1</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended March 31, 2005 (Audited) HK\$'m	2004 (Audited) HK\$'m
Net cash (used in) from operating activities	(40.3)	299.2
Net cash used in investing activities	(159.8)	(71.5)
Net cash used in financing activities	(23.0)	(58.3)
Net (decrease) increase in cash and cash equivalents	<u>(223.1)</u>	<u>169.4</u>
Cash and cash equivalents at April 1	530.8	353.4
Effect of foreign exchange rate changes	(0.4)	8.0
Cash and cash equivalents at March 31	<u>307.3</u>	<u>530.8</u>
Analysis of the balances of cash and cash equivalents:		
Bank deposits, bank balances and cash	603.7	829.8
Bank overdrafts	–	(2.6)
	<u>603.7</u>	<u>827.2</u>
Less: Long-term bank deposits	<u>(296.4)</u>	<u>(296.4)</u>
	<u>307.3</u>	<u>530.8</u>

Notes:

1. ADOPTION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS") (hereinafter collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after January 1, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended March 31, 2005 except for the adoption of HKAS 40 "Investment property" ("HKAS 40").

HKAS 40 introduces both cost model and fair value model for the measurement of investment property. Under the fair value model, HKAS 40 requires fair value changes be recognised to the income statement in the period in which they arise. The Group has elected to apply the fair value model in measuring its investment property and recognises the fair value changes to the income statement in the period in which they arise. As a result of the adoption of HKAS 40, the Group's profit attributable to the shareholders for the year ended March 31, 2005 included an amount of HK\$8.4 million, representing the increase in fair value of investment properties in the current period. There was no effect on the Group's results for the prior accounting periods with respect to the early adoption of HKAS 40.

For those new HKFRSs that the Group has not early adopted in the financial statements for the year ended March 31, 2005, the Group has commenced considering the potential impact of those new HKFRSs but is not yet in a position to determine whether those HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. Those HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to profit from operations by each principal business activity is as follows:

	Turnover		Contribution to profit from operations	
	2005 HK\$'m	2004 HK\$'m	2005 HK\$'m	2004 HK\$'m
Sales and manufacture of:				
LCD Consumer Electronic Products	1,199.2	1,049.5	180.2	166.6
Telecommunication Products	542.2	724.2	36.9	67.2
Digital Media Products	582.3	384.6	(73.4)	16.1
Electronic Learning Products	563.5	585.5	36.3	58.3
Other consumer electronic products	7.5	13.5	(0.1)	4.8
	<u>2,894.7</u>	<u>2,757.3</u>	<u>179.9</u>	<u>313.0</u>
Interest income			15.0	20.7
Unallocated corporate income			5.5	5.3
Profit from operations			<u>200.4</u>	<u>339.0</u>

An analysis of the Group's turnover by geographical market is as follows:

	Turnover	
	2005 HK\$'m	2004 HK\$'m
Americas	1,083.9	1,102.9
Europe	1,089.8	1,198.6
Asia Pacific	721.0	455.8
	<u>2,894.7</u>	<u>2,757.3</u>

3. PROFIT FROM OPERATIONS

	2005 HK\$'m	2004 HK\$'m
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	65.2	63.8
Amortisation of product development costs included in research and development cost	37.8	36.7
Amortisation of goodwill included in administrative expenses	1.1	1.0
Loss on disposal of property, plant and equipment	2.9	3.6
and after crediting:		
Gain on deemed partial disposal of a subsidiary	0.8	1.1
Gain on disposal of an associate	-	1.6
Interest income	15.0	20.7
Net gain from fair value adjustment of investment properties	8.4	-
	<u>130.4</u>	<u>127.6</u>

4. TAXATION

The charge comprises:

	2005 HK\$'m	2004 HK\$'m
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax		
- current year	(24.2)	(37.7)
- underprovision in prior years	-	(1.1)
Tax in other jurisdictions		
- current year	(2.5)	(8.8)
- underprovision in prior years	(2.9)	(0.2)
	<u>(29.6)</u>	<u>(47.8)</u>
Deferred taxation	29.1	21.2
	<u>(0.5)</u>	<u>(26.6)</u>
Share of Hong Kong Profits Tax of an associate	-	(0.1)
	<u>(0.5)</u>	<u>(26.7)</u>

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. DIVIDENDS

	2005 HK\$'m	2004 HK\$'m
Interim dividend of 3.0 HK cents (2004: 2.0 HK cents) per share	62.6	41.6
Proposed final dividend of 5.0 HK cents (2004: 6.0 HK cents) per share	104.2	124.9
Additional final dividend for the prior year due to exercise of share options	0.1	0.1
	<u>166.9</u>	<u>166.6</u>

6. EARNINGS PER SHARE

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

	2005 HK\$'m	2004 HK\$'m
Earnings:		
Net profit attributable to shareholders and earnings for the purposes of basic earnings per share	130.0	250.8
Effect of dilutive potential ordinary shares - adjustment to the share of profits of a subsidiary based on dilution of its earnings per share	(0.1)	(0.2)
Earnings for the purposes of diluted earnings per share	<u>129.9</u>	<u>250.6</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,084,417,430	2,077,505,100
Effect of dilutive potential ordinary shares - share options	3,147,070	5,255,353
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>2,087,564,500</u>	<u>2,082,760,453</u>

DIVIDENDS

An interim dividend of 3.0 HK cents per share (2004: 2.0 HK cents per share) was paid on January 5, 2005.

The Directors have resolved to recommend at the forthcoming annual general meeting to be held on August 26, 2005 the payment of a final dividend of 5.0 HK cents per share (2004: 6.0 HK cents per share) to be paid on or about September 8, 2005 to the shareholders whose names appear on the register of members of the Company on August 26, 2005.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of shareholders to the proposed final dividend, the register of members of the Company will be closed from August 24, 2005 to August 26, 2005, both days inclusive, during which period no share transfers will be effected. In order 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 G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on August 23, 2005.

OPERATIONS REVIEW

Results For The Three Months Ended March 31, 2005

Turnover of the Group for the three months ended March 31, 2005 was HK\$492.3 million, representing an increase of 9% from the corresponding period of the previous financial year. Oregon Scientific branded sales were 16% lower than the corresponding period last year, which accounted for 32% of the Group's turnover, compared with 42% for the corresponding period last year. The lower sales in the quarter compared to the corresponding period last year were mainly due to 42% decrease in the sales of LCD Consumer Electronic Products in Europe. This was attributed to more sales generated last year from the launch of new licensed products and the strategic change from selling to distributors to direct selling to retailers in some channels in Italy. ODM/OEM sales were 27% higher than the corresponding period last year and it accounted for 68% of the Group's turnover. ODM/OEM sales in Digital Media Products were 495% higher, representing 50% of the total ODM/OEM sales in comparison to its 11% share in last year's ODM/OEM sales.

Gross profit decreased by 30% to HK\$125.9 million while gross profit margin decreased from 40% to 26%. The decrease in gross profit margin was due to the dilution effect contributed by 68% mix of ODM/OEM sales in the turnover of the quarter and further downward pressure in the gross profit margin of ODM/OEM sales driven by the 50% mix of highly competitive Digital Media Products in the sales mix.

Loss from operations was HK\$98.3 million, compared with profit from operations of HK\$27.3 million for the corresponding period last year. Total operating expenses increased by 43% to HK\$249.0 million, representing 50% of sales in comparison with last year's 39%. R&D expenses increased by 107% to HK\$30.0 million, selling expenses increased by 63% to HK\$144.5 million and administrative expenses increased by 4% to HK\$74.5 million. The increase in expenses was due to the increase in staff costs and facilities in product development and sales and marketing operations that the Group continued to invest to support its future growth. On the other hand, the Group maintained its control on administrative expenses.

Net loss attributable to shareholders for the three months ended March 31, 2005 was HK\$99.3 million, compared with profit of HK\$22.7 million in the corresponding period last year.

Results For the Year Ended March 31, 2005

Turnover of the Group for the year ended March 31, 2005 was HK\$2,894.7 million, representing an increase of 5% from the previous financial year. Oregon Scientific branded sales increased by 2% to HK\$1,427.1 million, which accounted for 49% of the Group's turnover and ODM/OEM sales increased by 8% to HK\$1,467.6 million.

Gross profit decreased by 4% to HK\$1,054.5 million while gross profit margin decreased from 40% to 36%. The decrease in gross profit margin was attributable to two factors. One was the higher mix of ODM/OEM sales, namely 51% of turnover compared with 49% of turnover last year. Another was the higher mix of Digital Media Products sales in ODM/OEM business, namely 28% of ODM/OEM sales compared with 13% of ODM/OEM sales last year.

Profit from operations was HK\$200.4 million, compared with HK\$339.0 million last year. Total operating expenses increased by 13% to HK\$902.3 million, representing 31% of sales. R&D expenses increased by 10% to HK\$109.7 million, selling expenses increased by 17% to HK\$500.0 million and administrative expenses increased by 6% to HK\$292.6 million. Whilst maintaining sound control on administrative expenses, the Group strategically increased its investments in staff costs and facilities of its product development and sales and marketing operations to support future growth. As a percentage of sales, administrative and R&D expenses were maintained at 10% and 4% respectively whereas selling expenses were 17%, compared with 15% last year.

Profit attributable to shareholders for the year ended March 31, 2005 was HK\$130.0 million, representing a decrease of 48% as compared with last year.

The major business development of each business division is described below.

Oregon Scientific achieved sales growth of 2% to reach HK\$1,427.1 million, representing 49% of the group's turnover. The growth in LCD Consumer Electronic Products and Telecommunication Products was counter-balanced by the decrease in Digital Media Products and Electronic Learning Products.

Sales in Europe were the same as last year's level. Within the region, France and Spain achieved sales growth in all Oregon Scientific branded products. On the other hand, both UK and Germany were affected by the weakening economic conditions and internal organisational restructuring. Italy recorded satisfactory growth in both Digital Media Products and Electronic Learning Products. However, its strategic move from selling to distributors to direct selling to retailers in some channels led to a decrease in LCD Consumer Electronic Products business.

The US recorded an increase of 57% in LCD Consumer Electronic Products through its effort in developing major retailer accounts this year. Its Digital Media Products and Electronic Learning Products sales were lower because of increased competition and pricing pressures. Brazil achieved growth in the sales of all Oregon Scientific branded products and posted an increase of 222% over last year's sales.

In Asia Pacific, total branded sales were up by 74%. Australia grew by 39% by increased channel coverage for LCD Consumer Electronic Products and Digital Media Products whereas Hong Kong, China and Singapore continued to build the brand by increasing the number of retail stores from 3 to 12 during the year.

LCD Consumer Electronic Products division recorded sales of HK\$1,199.2 million, up 14% from last year. It accounted for 41% of the Group's turnover and remained the largest division of the Group. Oregon Scientific branded sales accounted for 66% of the division's total sales for this year. Whilst the branded sales in Europe were lower than last year, the significant growth in US and Asia Pacific delivered an overall increase of 13% as compared with last year. The division's ODM/OEM sales also grew by 17% over last year as a result of more product offerings, particularly in time and weather and sport and fitness categories, to both new accounts and existing accounts.

Telecommunication Products division sales decreased by 25% to HK\$542.2 million for the year. This division represented 19% of Group's turnover, down from 26% last year. During the year, sales of the Oregon Scientific brand were HK\$68.6 million, which accounted for 13% of the division's total sales, up from 9% last year. The lower sales were due to the fierce competition in the US cordless phone market and less sales to another major customer in the telco operator market. However, encouraging growth was achieved in transeciver product market this year.

Digital Media Products division recorded sales of HK\$582.3 million, representing 20% of the Group's turnover and an increase of 51% from last year. Sales through Oregon Scientific accounted for 29% of this division's sales, compared with 55% last year. On the other hand, ODM/OEM sales recorded an increase of 140% to HK\$413.7 million. The division was successful in providing large volume of new products to some new major accounts. The new accounts accounted for more than 3 quarters of ODM/OEM sales. However, the margin of Digital Media Products was extremely competitive. Price erosions on digital camera and MP3 player products were very significant to meet with the competition. Consequently the sales generated could not cover the cost base. The Group is scaling the business to achieve right sizing, consolidating its digital camera and MP3 product line up and planning to launch new product category to turnaround the operating loss situation and return the division to profit.

Electronic Learning Products division recorded sales of HK\$563.5 million for the year, representing 20% of the Group turnover and a decrease of 4% from last year. Sales under the Oregon Scientific brand were HK\$392.2 million, which accounted for 70% of the division's total sales. Both Oregon Scientific branded sales and ODM/OEM were down by 4% respectively as compared with last year. The division is planning for a number of new product launches this summer which have been receiving very positive responses from the market. Moreover, the Group is confident that ODM/OEM business will grow in the new fiscal year through development of new accounts and more sales generated from existing accounts.

Working capital as at March 31, 2005 amounted to HK\$675.9, down 17% from last year. Compared with the balances at the end of last year, inventories and trade receivables increased by 42% and 6% respectively whereas trade payable dropped by 15%. The substantial increase in inventories was due to increase in work in progress to meet the shipment of Digital Media Products division's ODM/OEM orders in April 2005 and higher level of finished products in overseas sales offices to support the continuous development of its market position in particular for LCD Consumer Electronic Products and to cater for shorter delivery lead time requirement in the course of changing from distribution to selling direct to retailers. The Group is proactively reviewing its entire supply chain and is implementing measures to reduce the levels of inventory. These include self-through analysis to enhance inventory planning, rationalisation of product line up to optimise inventory holding and global product launch to co-ordinate product development, production and sales and marketing for more effective inventory control.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations from internal cash flow. Net cash balances at March 31, 2005 were HK\$183.5 million, which was HK\$461.5 million lower than the balances recorded at the end of last year. The decrease in net cash balances was mainly due to the increase in inventories and receivables.

The Group has sufficient financial resources to fund its operations, capital expenditure, current investment needs and development plans.

CAPITAL STRUCTURE AND TREASURY MANAGEMENT

The Group is funded entirely by equity and there is no secured or unsecured long-term debt. Short-term bank borrowings of HK\$420.2 million as at March 31, 2005, compared with HK\$184.8 million last year, were in relation to bills payable, import loans, revolving bank loans used for currency hedging purposes and bank overdrafts.

Having considered the interest rate environment and capital needs, the Group had placed HK\$296.4 million on high yield deposits with financial institutions as at March 31, 2005, same amount of last year. The average yield for these deposits was 4.5% per annum. These deposits were placed with institutions with a minimum double A rating. These instruments do carry a level of risk because interest earnings could be nil if certain conditions are met.

The Group's exposure to foreign currency mainly arises from the net cash flow and net working capital translation of its overseas subsidiaries. Hedging of foreign currency exposures is actively done through natural hedges, forward contracts and options. As at March 31, 2005, there were forward contracts in place to hedge against possible exchange losses from future net cash flows. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the Group's headquarters in Hong Kong.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2005, the Group employed a total of approximately 7,650 employees (2004: approximately 7,600 employees). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

The Group fully recognises the importance of its employees who contribute significantly to its success. The Group's employee remuneration packages are in line with industry norms, which are subject to annual review. Bonuses are awarded to employees based on both individual and the Group's overall performance each year. Other staff benefits include medical insurance and mandatory provident fund. In Xixian, Shenzhen, China where the Group centres its production facilities and research and development resources, staff welfare rates are set with reference to the prevailing labour laws in China. Both the Company and its Singapore listed subsidiary, IDT Holdings (Singapore) Limited, have employees' share option schemes, which grant share options to selected eligible employees to reward them for their contributions and to align their interests with that of the shareholders.

PROSPECTS

The Group has accomplished a series of milestones during the year which strengthened the fundamentals of the Group for future growth.

With regard to the Oregon Scientific branded business, the Group invested in expanding its overseas sales and marketing organisation. Hence, the Group has greater manpower and facilities to develop more direct to retail channels, supported by a higher level of brand awareness, more effective marketing approach, stronger effort to cultivate key accounts, better visual merchandising of its products and more high traffic locations for point of sales. The success in retail store strategy in Asia Pacific reinforces the Group's future direction in rolling out retail store to US and Europe to support future growth in sales. The Group has planned for a series of new product launches including Batman licensed electronic learning products, audio products and youth electronic products.

The Group continues to strengthen its competence in ODM/OEM business by building up a research and development centre in Xixian to cater for increased investment in engineering resources to work in an environment that has the best facilities for successful product development. Leveraging on the new facilities, strong product development teams and new major accounts developed in this fiscal year, it will further develop its LCD Consumer Electronic Products and Electronic Learning Products business. The Group also made some strategic moves in Telecommunication Products business by placing some experienced key personnel to head up major functions and formulating new product development plans.

CONTINGENT LIABILITIES

At March 31, 2005, the Group had no contingent liabilities (2004: nil).

AUDIT COMMITTEE

The audit committee, comprising independent non-executive directors, Mr. Lo Kai Yiu, Anthony (Chairman) and Mr. Kao Ying Lun, and non-executive director, Mr. Jack William Edouard Heuer, had reviewed with management the accounting principles and practices adopted by the Group and discussed, among other things, auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended March 31, 2005. The Audit Committee has also reviewed the annual results of the Group for the year ended March 31, 2005 in conjunction with the Company's external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (in force prior to January 1, 2005) throughout the nine months ended December 31, 2004, save and except that all non-executive directors of the Company are not appointed for specific terms but they are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company prior to November 10, 2004. Effective from November 10, 2004, each non-executive director has entered into a service contract with the Company for a fixed term not exceeding three years and is subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-laws.

The Code of Best Practice has been replaced by the Code on Corporate Governance Practices ("CG Code") which came into effect on January 1, 2005. The report on the Group's compliance with the CG Code will be set out in the Corporate Governance Report contained in the Company's 2005 Annual Report. In the opinion of the Directors, the Group has applied the principles and complied with most of the code provisions and recommended best practices of the CG Code, save for the exception of a major deviation of having the same individual performing the roles of the Company's chairman and chief executive officer. Considered reasons for the deviations with the code provisions of the CG Code will be explained in the aforesaid Company's Corporate Governance Report.

ANNUAL GENERAL MEETING

The 2005 Annual General Meeting will be held at 2:30 p.m. on Friday, August 26, 2005 at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. For details of the 2005 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about June 20, 2005.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our management team and staff members for their hard work, dedication and support throughout the year.

On behalf of the Board of Directors
Dr. Raymond Chan
Chairman & Chief Executive Officer

Hong Kong, May 26, 2005

The Directors of the Company as at the date of this announcement are Dr. Raymond Chan, Mr. Alain Jacques Gilbert Li, Mrs. Chan Pau Shiu Yeng, Shirley and Mr. Giuseppe Finocchiaro as executive directors; Mr. Jack William Edouard Heuer and Professor Woo Chia Wei as non-executive directors; Mr. Lo Kai Yiu, Anthony, Mr. Kao Ying Lun, Mr. Jack Schmuckli, Dr. Kenichi Ohmae and Professor Yoram (Jerry) Wind as independent non-executive directors.

Websites: <http://www.idthk.com>
<http://www.irasia.com/listco/hk/idt>

Please also refer to the published version of this announcement in South China Morning Post.