



**IDT International Limited**  
萬威國際有限公司

[For Immediate Release]

## IDT International Announces 2004/05 Third Quarter Results

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**Turnover Increases to HK\$2,402.4 Million**

**Net Profit Amounts to HK\$229.3 Million**

**Sales of Oregon Scientific Products Accounts for 53% of Total Sales**

\* \* \*

**Extends Global Brand Presence and Distribution Network**

### Highlights

	For the 9 months ended	
	31 December 2004	31 December 2003
	HK\$ million	HK\$ million
Turnover	2,402.4	2,304.9
Gross Profit	928.6	915.3
Gross Profit Margin	39%	40%
Net Profit	229.3	228.1
Net Profit Margin	10%	10%
Earnings Per Share	11.0 cents	11.0 cents

(Hong Kong, 3 February 2005) -- Leading consumer electronic products enterprise, **IDT International Limited** ("IDT International" or the "Group") (SEHK code: 167), today announced its unaudited third quarter results for the nine months ended 31 December 2004.

During the review period, the Group's turnover increased 4% to HK\$2,402.4 million, compared with last year's HK\$2,304.9 million. The increase was attributable to increased sales of both ODM/OEM and Oregon Scientific brand. Profits from operations amounted to HK\$298.7 million. Net profit amounted to HK\$229.3 million. Earnings per share were 11.0 HK cents (FY2004: 11.0 HK cents per share).

**Dr. Raymond Chan, Chairman and CEO of IDT International**, said, "The Group continued to invest in its R&D resources, Oregon Scientific brand and distribution network which have yielded noticeable results. We are delighted to report improving sales performance of both our branded and ODM/OEM products which shows that our strategies have been effective in growing our business."

**Mr. Alain Li, Executive Director and CFO of IDT International**, said, "Following a strong performance in FY2004, we are pleased to be able to deliver a satisfactory set of results for the first three quarters of FY2005 with sales increase for both the Oregon Scientific brand and ODM/OEM business. The Group has maintained its net profit at last year's level taking into account an increase in operating expenses which reflect the organisational investments made to support the Group's continuous growth."

## **A Summary of Operations Review**

### **Oregon Scientific (53% of total turnover)**

Oregon Scientific's sales as a percentage of each product division:

- 68% of the LCD Consumer Electronic Products division,
- 12% of the Telecommunication Products division,
- 36% of the Digital Media Products division, and
- 71% of the Electronic Learning Products division.

For the nine months ended 31 December 2004, sales from Oregon Scientific was up 5% to HK\$1,269.5 million, which accounted for 53% of the Group's total turnover. Asia Pacific was the fastest growing market for Oregon Scientific, with sales achieving an 88% increase following the Group's retail expansion in the region. During the period, the Group opened 5 shops in Hong Kong, 2 shops in China and 1 shop in Singapore, all in prestigious high traffic locations, to bring the total number of shops in the region to 11. Encouraging sales growth of 42% was also achieved in the Australian market. Europe, the Group's largest market, which accounted for 40.0% of the Group's total turnover, recorded a 7% growth in Oregon Scientific branded sales over that of the same review period last year. Among all the European markets, France was the fastest growing market with sales up 19%, while Italy was up 12%. The Group's restructuring of its German operations has been substantially completed which will drive the future development of the Oregon Scientific brand in the German market. In Americas, Brazil reported an impressive growth of 227% whereas sales from the US market dropped 13% compared with the same period last year due to lower sales in digital media products and electronic learning products. However, the drop was partly compensated by the Group's core LCD consumer electronic products business, which recorded a 90% increase in sales in the US.

### **LCD Consumer Electronic Products (42% of total turnover)**

This division continued to be the largest sales contributor with sales of HK\$1,008.1 million, up 25% from the same period last year. The impressive 90% sales growth in the US market, was attributable to the 25% growth in Oregon Scientific branded sales. Meanwhile, ODM/OEM sales also increased 23% driven by new products and new customers.

### **Telecommunication Products (19% of total turnover)**

Due to the fierce market competition and the impact on its largest customer in the US cordless phone market, sales declined 22% to HK\$460.8 million. Oregon Scientific accounted for 12% of the division's total sales for the period at HK\$54.1 million.

### **Digital Media Products (16% of total turnover)**

The division recorded a 12% sales growth to HK\$384.1 million. Sales from the ODM/OEM continued to increase to HK\$246.5 million, up an impressive 71% over that of the same period last year through a number of new key customers. Oregon Scientific branded sales were HK\$137.6 million, and contributed 36% of the division's sales, compared with 58% a year ago.

### **Electronic Learning Products (23% of total turnover)**

The division reported sales of HK\$542.0 million. Oregon Scientific branded sales slightly decreased by 4% to HK\$386.6 million due to few new products offerings this year whereas ODM/OEM sales maintained at HK\$155.4 million.

During the review period, the Group continued to finance its operations from internal cash flows. Net cash and deposits stood at HK\$187.2 million as at 31 December 2004, compared to last year's HK\$500.1 million. The Group maintains sufficient financial resources to fund its operations, its current investment needs and development plans.

For the nine months ended 31 December 2004, inventories were HK\$756.3 million. Mr. Li explained, "The increase in inventories was due to the increase in raw materials and work in progress of the DMP division to fulfill ODM/OEM orders for the upcoming quarter and also the higher levels of finished products in overseas sales offices to support the growth needs of each market. We are proactively reviewing our supply chain and deploying strategies to enhance our inventory level. To achieve our long-term growth objectives, we will continue to enhance the competitiveness of our products across all divisions, and invest in research and development, brand building and our global distribution operations."

Dr. Chan concluded, "We will concentrate management resources on growing our business through initiatives such as launching innovative products, capturing existing markets and exploring new markets. We will also continue to develop both ODM/OEM and Oregon Scientific businesses so as to fully exploit market opportunities. These efforts will further strengthen IDT International's foundation and business prospects."

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**About IDT International:**

IDT International is a holding company whose shares are publicly listed on The Stock Exchange of Hong Kong Limited.

Headquartered in Hong Kong, IDT International and member company, IDT Holdings (Singapore) Limited (listed on The Singapore Exchange Securities Trading Limited), are engaged in the design, development, manufacture, sale and marketing of innovative consumer electronic products featuring state-of-the-art liquid crystal display and microprocessor technology. The core businesses include LCD Consumer Electronic Products, Telecommunication Products, Digital Media Products and Electronic Learning Products. Marketing is undertaken globally through 15 sales and marketing offices in the US, Italy, the UK, Spain, France, Germany, Australia, Brazil, China, Japan, Singapore and Hong Kong. Research and development resources have been established in both Hong Kong and China while its manufacturing facilities are centred in Xixian, Shenzhen, China.

For more corporate and product information on the IDT Group and Oregon Scientific, please access our websites at <http://www.idthk.com> or <http://www.oregonscientific.com>

**For press enquiries:**

Strategic Financial Relations Limited  
Eveline Wan / Joanne Lam / Madison Wai / Cherry Cheung  
Tel: (852) 2864 4822 / 2864 4816 / 2864 4859 / 2864 4862  
Fax: (852) 2527 1196 / 2111 9089

Email: [eveline@strategic.com.hk](mailto:eveline@strategic.com.hk)  
[joanne@strategic.com.hk](mailto:joanne@strategic.com.hk)  
[madison@strategic.com.hk](mailto:madison@strategic.com.hk)  
[cherrycheung@strategic.com.hk](mailto:cherrycheung@strategic.com.hk)