

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

## Principal Activities

The Company acts as an investment holding company.

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

## Segment Information

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

## Results

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

## Dividends

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

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

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

## Group Financial Summary

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

## Subsidiaries and Associate

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

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

## Share Capital

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

## Reserves

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

### Investment Properties

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

### Property, Plant and Equipment

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

### Donations

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

### Borrowings

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

### Major Customers and Suppliers

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

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

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

### Connected Transactions

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

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

**Connected Transactions** (continued)

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

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

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

**Directors**

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

## Executive:

Raymond Chan, *Chairman & Chief Executive Officer*

Alain Jacques Gilbert Li, *Chief Financial Officer*

(appointed on April 25, 2001)

Chan Pau Shiu Yeng, Shirley

Shigenobu Morita

## Non-Executive:

Jack William Edouard Heuer

Lo Kai Yiu, Anthony\*

Kao Ying Lun\*

Jack Schmuckli\*

Kenichi Ohmae\*

(appointed on August 23, 2001)

Woo Chia Wei

(appointed on June 8, 2002)

\* Independent Non-Executive Directors

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

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

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

### Directors' Interests in Contracts

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

### Directors' Interests in Securities

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

#### Company

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

#### Subsidiaries

##### I-Comm Technology Limited

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

##### IDT-Tech Limited

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

#### Notes:

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

### Directors' Interests in Securities (continued)

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

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

### Share Option Schemes

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

#### (1) IDT International Option Scheme

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

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

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

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

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

**Share Option Schemes** (continued)

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

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

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

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

### Share Option Schemes (continued)

#### (2) IDTS Option Scheme

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

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

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

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

**Share Option Schemes** (continued)

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

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2001	Granted during the year	Exercised during the year	Subscription price per share	Lapsed / cancelled during the year	Outstanding at 3.31.2002	Closing price per share immediately before date of grant
<b>Director</b>									
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	–
<b>Employees</b>									
	12.29.1998 **	12.30.1999 to 12.28.2003	466,500	–	105,250	US\$0.616	–	361,250	–
	12.29.1998 **	12.30.2000 to 12.28.2003	2,418,750	–	502,750	US\$0.616	62,500	1,853,500	–
	8.14.2000	8.15.2001 to 8.13.2005	100,000	–	–	S\$2.149	–	100,000	–
		8.15.2002 to 8.13.2005	1,060,000	–	–	S\$2.149	150,000	910,000	–
		8.15.2003 to 8.13.2005	300,000	–	–	S\$2.149	100,000	200,000	–
	1.12.2001	8.15.2004 to 8.13.2005	860,000	–	–	S\$2.149	50,000	810,000	–
		1.13.2003 to 1.11.2006	155,000	–	–	S\$1.424	–	155,000	–
	1.4.2002	1.13.2005 to 1.11.2006	155,000	–	–	S\$1.424	–	155,000	–
		1.5.2003 to 1.3.2007	–	125,000	–	S\$1.132	–	125,000	S\$1.19
	1.4.2002	1.5.2005 to 1.3.2007	–	125,000	–	S\$1.132	–	125,000	S\$1.19
			5,765,250	250,000	608,000		362,500	5,044,750	

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

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

**(3) I-Comm Option Scheme**

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



### Share Option Schemes (continued)

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

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

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

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

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

### Share Option Schemes (continued)

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

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

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

### Arrangement to enable Directors to acquire Shares or Debentures

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

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

### Convertible Securities, Options, Warrants or Similar Rights

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

### Substantial Shareholders

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

### Compliance with Code of Best Practice

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

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

### Purchase, Sale or Redemption of Securities

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

### Pre-emptive rights

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

### Auditors

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

On behalf of the board of directors



**Raymond Chan**

Group Chairman & Chief Executive Officer



**Alain J.G. Li**

Executive Director & Chief Financial Officer

Hong Kong  
June 18, 2002