

# 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