

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present IDT International Limited's annual report for the year ended March 31, 2004.



Raymond Chan
Chairman & Chief Executive Officer



TRANSLATING OUR
CORPORATE MISSION
INTO ACTION

In a year of considerable turmoil on the international stage and widespread uncertainty about global economic developments, IDT remained committed to and focused on its simple and clearly articulated corporate mission. Our strategy of continuing to launch innovative lifestyle products and improve our worldwide distribution network paid off. The Group turned in a strong performance regardless of geo-political fluctuations, recording an overall increase in turnover of 14% to HK\$2,757.3 million in the year ended March 31, 2004. Net profit for the year increased by 64% to HK\$250.8 million, which in turn boosted earnings per share to 12.1 HK cents.

The year's positive results have demonstrated the value of our corporate mission and the relevance of our strategies. We have been able to carefully differentiate IDT's ODM/OEM operations from our Oregon Scientific business which is crucial to our success. The former is positioned as a business-to-business brand, while the latter is promoted as a business-to-customer brand, supported by focused sales and marketing operations. Both these businesses, however, share the same support from our fully integrated production model and a synergistic partnership relationship. Thanks to the relentless efforts of its dedicated management team and workforce in the past year, the Group was able to reap the benefits of integration and diversification at the same time.

To realise its mission, the Group focused its efforts in three main areas during the year. These efforts, I believe, have significantly advanced our market position and were key contributing factors to the Group's solid financial performance. In the first place, our efforts to highlight and reinforce awareness of our key brands "IDT" and "Oregon Scientific" have made remarkable progress. Through highly successful co-branding exercises with two very different design giants, Oregon Scientific forged yet closer association with cutting-edge designs. Collaborations with Philippe Starck and Ferrari saw the launch of a new range of trend-setting Oregon Scientific products that blend our trademark technological precision with sleek designs. Associated with style and elegant living, the products have been very well received by consumers worldwide.

Secondly, through blending style and technological innovation, advancements have been made in promoting the art of living. Besides, bolstering and expanding our range of fine lifestyle products, we were also able to continue to improve the quality of our products during the year. Amongst the hundreds of new products the Group launched over the year, some stand out for special mention. Our innovative Weather Station with Color Screen, for example, received a '2004 CES Design and Engineering Showcase Award', while some of our specialised ranges attracted awards for the Group including 'Best Quality Vendor of the Year' from Radioshack and 'Best Vendor of the Year' from Sanyo.

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With the support of our wide and reliable sales and distribution network, Oregon Scientific's brand excellence and innovative product development capabilities are much appreciated by our business partners and retail customers. Thus, over the year, considerable resources were injected into consolidating and expanding our worldwide distribution and sales networks. We have also continued to strengthen our European business and Oregon Scientific is now recognised as one of Europe's 'superbrands'. As for the still largely untapped US market, with a new and dynamic US management team, we managed to achieve increased penetration for the Oregon Scientific brand. The year also saw the launch in Hong Kong of our Oregon Scientific image shop in Asia, followed by the opening in Shanghai of our first image shop in China. The Shanghai shop marked the initial establishment of our retail distribution in a market which we believe holds huge long-term potential.

DIVIDENDS

Our dividend policy remains clear-cut, with the Group committing itself to distributing at least 50% of its net profit to shareholders. We also expect to maintain the total annual dividend at a level at least equivalent to the previous year's amount, a commitment which is of course subject to change should significant unforeseen circumstances arise. In the light of this, and subject to approval by shareholders at the forthcoming annual general meeting on August 18, 2004, the Directors recommend a final dividend of 6.0 HK cents per share for the year (2003: 5.0 HK cents per share).

OUR ROLE IN THE COMMUNITY

As a global employer we benefit from the diversity of our workforce, which we respect and embrace as our invaluable asset. At the same time, we believe that as a company we have a responsibility to the communities in which we live, work and conduct business. In the past year, we actively supported a number of education initiatives, and we plan to continue doing so into the future. For example, to encourage the achievement of excellence in product design among the next generation designers, IDT sponsored the International Young Designer Award in conjunction with The Chartered Society of Designers in the UK. Locally, since 2002, the Group sponsored the 'PolyU-IDT Innovative Entrepreneur Contest', which gave the students at the Hong Kong Polytechnic University the chance to apply ideas for innovation across five product categories. The Group also participated in the 'Bikathon' event to raise funds for Youth Outreach. Our staff members actively participate in numerous courses and fund-raising events.

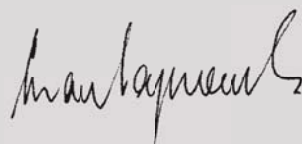
OUTLOOK

Looking ahead to the coming year, the Group has identified a number of opportunities for further growth and development. We will dedicate further efforts to strengthening the presence of our Oregon Scientific products in the US market and also expanding our European markets while pinpointing new areas of growth. Internally, our commitment to shaping a high-performance workforce will be bolstered by a number of staff development initiatives and training programmes.

APPRECIATIONS

The year's excellent results could not have been achieved without the dedication and commitment of many individuals and groups. I would particularly like to express my appreciation to our Board of Directors. Over the years, thanks to the Board's expertise and diligent governance, we have met and often exceeded best practice guidelines and the policies and practices we have in place have long attained the stringent standards demanded in today's corporate environment. I would also like to extend my special thanks to our 7,600 employees worldwide for their continuing dedication and indispensable contributions to our business success. Finally, I would like to record my appreciation to all our business partners and customers for their support and confidence in the Group.

I look forward with great optimism to many more years of working towards accomplishing IDT's vision and delivering continuing value to all our stakeholders.



Dr. Raymond Chan
Chairman and Chief Executive Officer

May 27, 2004
Hong Kong