

FINANCIAL SECTION



The directors are pleased to present to the shareholders their annual report and audited financial statements of the Company and of the Group for the financial year ended March 31, 2004.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its principal subsidiaries are engaged in the design, development, manufacture, and sales and marketing of various consumer electronic products. Details of the principal activities of the Group's subsidiaries are set out in note 33 to the financial statements.

SEGMENT INFORMATION

Details of segment information are set out in note 4 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2004 are set out in the consolidated income statement on page 45 and further analysis is given in the accompanying notes to the financial statements.

DIVIDENDS

An interim dividend of 2.0 HK cents per share (2003: 2.0 HK cent per share) was paid to the shareholders of the Company on January 16, 2004.

The directors of the Company have decided to recommend at the forthcoming annual general meeting of the Company to be held on August 18, 2004 a final dividend of 6.0 HK cents per share (2003: 5.0 HK cents per share) to be paid on or about September 8, 2004 to the shareholders whose names appear on the register of members of the Company on August 18, 2004. The proposed final dividend, together with the interim dividend already paid, will amount to total dividends of 8.0 HK cents per share for the year (2003: 7.0 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.

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 the consolidated statement of changes in equity on page 48 and note 26 to the financial statements respectively.

INVESTMENT PROPERTIES

Details of the investment properties of the Group during the year are set out in note 11 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent an aggregate amount of approximately HK\$46.7 million on the acquisition of property, plant and equipment for the purpose of business expansion.

Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK\$211,812 (2003: HK\$78,449).

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 22% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 10% 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.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

The following connected transactions were entered into by members of the Group during the year:

- (i) 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 Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group (excluding IDTS and its subsidiaries ("IDTS Group")) has provided to the IDTS Group general corporate functions and logistic support (sales and marketing, personnel and administration, corporate services, financial and accounting, electronic data processing, research and development) 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, 2004, management service fee of HK\$48.238 million was received under the IDTS Management Services Agreement.
- (ii) Pursuant to a licence agreement ("Licence Agreement") dated December 31, 1996 entered into between the Company and IDTL as licensors and IDTS as licensee, and as amended by two supplemental letters dated November 29, 2001 and December 17, 2002 respectively, the IDTS Group was granted the rights, inter alia, to use certain trademarks on their products on a royalty-free basis from the commencement of the Licence Agreement up to and including December 30, 2003 and such period as extendable at the option of the parties. The Licence Agreement lapsed on December 31, 2003.

The independent non-executive directors of the Company have confirmed that the transactions described in (i) and (ii) above 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, 2004.

The auditors of the Company have provided to the directors (including the independent non-executive directors) of the Company their letters 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, 2004.

Following the recent amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") which takes effect from March 31, 2004 ("Revised Listing Rules"), the transactions between the members of the Group and IDTS Group no longer constitute connected transactions of the Company from March 31, 2004 onwards since the members of IDTS Group do not fall within the general definition of "connected person" of the Company under Rule 14A.11 of the Revised Listing Rules.

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*

Chan Pau Shiu Yeng, Shirley

Shigenobu Morita

Giuseppe Finocchiaro

(appointed on October 13, 2003)

Non-Executive:

Jack William Edouard Heuer

Lo Kai Yiu, Anthony*

Kao Ying Lun*

Jack Schmuckli*

Kenichi Ohmae*

Woo Chia Wei

* Independent Non-Executive Director

At the forthcoming annual general meeting of the Company, Mrs. Chan Pau Shiu Yeng, Shirley, Mr. Shigenobu Morita and Dr. Kenichi Ohmae will retire as directors by rotation in accordance with Bye-law 97 of the Bye-laws of the Company. Both Mrs. Chan Pau Shiu Yeng, Shirley and Dr. Kenichi Ohmae, being eligible, offer themselves for re-election. Mr. Shigenobu Morita does not offer himself for re-election.

Mr. Giuseppe Finocchiaro, being a new director appointed by the Board on October 13, 2003, will retire at the forthcoming annual general meeting in accordance with Bye-law 89 of the Bye-laws of the Company and, being eligible, offers himself for re-election.

The term of office of each non-executive director is the period up to his 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 (continued)

The Company received confirmation of independence in respect of the year ended March 31, 2004 from each of the independent non-executive directors pursuant to rule 3.13 of the Revised Listing Rules. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were 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

As at March 31, 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name	No. of shares held				% of the issued capital	Number of underlying shares held under equity derivatives
	Personal interests	Family interests	Corporate interests	Total no. of shares		
Raymond Chan	66,132,919	243,956,920 (Note 1)	842,275,225 (Note 2)	1,152,365,064	55.34%	–
Alain Jacques Gilbert Li	3,068,000	–	–	3,068,000	0.15%	2,000,000 (Note 3)
Chan Pau Shiu Yeng, Shirley	72,964,526	908,408,144 (Note 1)	170,992,394 (Note 2)	1,152,365,064	55.34%	–
Shigenobu Morita	195,300	–	–	195,300	0.01%	–
Giuseppe Finocchiaro	–	–	–	–	–	1,200,000 (Note 3)
Jack William Edouard Heuer	2,000,000	–	–	2,000,000	0.10%	–
Lo Kai Yiu, Anthony	1,424,439	–	–	1,424,439	0.07%	–
Kao Ying Lun	–	–	–	–	–	–
Jack Schmuckli	1,364,000	–	–	1,364,000	0.07%	–
Kenichi Ohmae	–	–	–	–	–	–
Woo Chia Wei	–	–	–	–	–	–

All interests disclosed above represent long positions in the shares/underlying shares of the Company.

Notes:

- (1) Mrs. Chan Pau Shiu Yeng, Shirley is the spouse of Dr. Raymond Chan. The personal and corporate interests of Mrs. Chan Pau Shiu Yeng, Shirley are disclosed as the family interests of Dr. Raymond Chan. The personal and corporate interests of Dr. Raymond Chan are disclosed as the family interests of Mrs. Chan Pau Shiu Yeng, Shirley.
- (2) 842,275,225 ordinary shares are held by Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Dr. Raymond Chan. 170,992,394 ordinary shares are held by Raymax Time Company Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mrs. Chan Pau Shiu Yeng, Shirley.
- (3) These represent the interests in underlying shares in respect of the share options granted by the Company and/or its associated corporation, the details of which are set out in the sub-section entitled "Share Option Schemes" below.

Save as disclosed above, none of the directors or the chief executives of the Company or any of their associates had, as at March 31, 2004, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at March 31, 2004, the following persons (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	No. of shares held	% of the issued share capital
Integrated Display Technology Limited (Note 1)	842,275,225	40.45%
Raymax Time Company Limited (Note 2)	170,992,394	8.21%

All interests disclosed above represent long positions in the shares of the Company.

Notes:

- (1) Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, is wholly owned by Dr. Raymond Chan. Such corporate interests are also disclosed in the sub-section entitled "Directors' Interests in Securities" above.
- (2) Raymax Time Company Limited, a company incorporated in the British Virgin Islands, is wholly owned by Mrs. Chan Pau Shiu Yeng, Shirley. Such corporate interests are also disclosed in the sub-section entitled "Directors' Interests in Securities" above.

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at March 31, 2004 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEMES

Particulars of outstanding options at the beginning and at the end of the financial year ended March 31, 2004 and options granted, exercised, cancelled and lapsed during the period under each of share option scheme adopted on September 28, 1993 ("1993 IDT International Option Scheme"), share option scheme adopted on August 28, 2002 ("2002 IDT International Option Scheme") and share option scheme ("IDTS Option Scheme") operated by IDT Holdings (Singapore) Limited, the subsidiary of the Company, were as follows:

(1) 1993 IDT International Option Scheme

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2003	Number of options		Lapsed/ cancelled during the year	Outstanding at 3.31.2004
				Exercised during the period	Exercise price per share		
Directors							
Raymond Chan	8.30.2001	3.13.2002 to 8.30.2011	7,000,000	7,000,000	HK\$0.453	-	-
Chan Pau Shiu Yeng, Shirley	8.30.2001	3.13.2002 to 8.30.2011	2,000,000	2,000,000	HK\$0.453	-	-
Alain Jacques Gilbert Li	4.11.2002	4.11.2004 to 4.10.2007	1,000,000	-	HK\$0.6545	-	1,000,000
Shigenobu Morita	12.29.1998*	12.30.1999 to 12.29.2008	218,750*	218,750	HK\$0.509*	-	-
	12.29.1998*	12.30.2000 to 12.29.2008	218,750*	218,750	HK\$0.509*	-	-
Giuseppe Finocchiaro	12.29.1998*	12.30.1999 to 12.29.2008	437,500*	437,500	HK\$0.509*	-	-
	12.29.1998*	12.30.2000 to 12.29.2008	437,500*	437,500	HK\$0.509*	-	-

SHARE OPTION SCHEMES (continued)

(1) 1993 IDT International Option Scheme (continued)

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2003	Number of options			Outstanding at 3.31.2004
				Exercised during the period	Exercise price per share	Lapsed/cancelled during the year	
Employees	12.29.1998 *	12.30.1999 to 12.29.2008	526,500*	1,500	HK\$0.509*	–	525,000*
	12.29.1998 *	12.30.2000 to 12.29.2008	639,500*	87,500	HK\$0.509*	–	552,000*
	1.12.2001	1.13.2005 to 1.12.2011	150,000	–	HK\$0.525	150,000	–
			12,628,500	10,401,500		150,000	2,077,000

* Share options granted on December 29, 1998 were adjusted in terms of number and exercise price owing to the three-for-four bonus issue of shares made by the Company in August 1999.

No option was granted under the 1993 IDT International Option Scheme during the period.

The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 1993 IDT International Option Scheme was HK\$1.109 per share.

(2) 2002 IDT International Option Scheme

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2003	Number of options		Outstanding at 3.31.2004
				Granted during the period	Subscription price per share	
Directors						
Alain Jacques Gilbert Li	3.17.2003	3.18.2005 to 3.16.2013	500,000	–	HK\$0.780	500,000
	3.17.2003	3.18.2007 to 3.16.2013	500,000	–	HK\$0.780	500,000
Giuseppe Finocchiaro	2.28.2003	3.1.2005 to 2.27.2013	500,000	–	HK\$0.798	500,000
	2.28.2003	3.1.2007 to 2.27.2013	500,000	–	HK\$0.798	500,000

DIRECTORS' REPORT

SHARE OPTION SCHEMES (continued)

(2) 2002 IDT International Option Scheme (continued)

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2003	Number of options		Outstanding at 3.31.2004
				Granted during the period	Subscription price per share	
Employees	8.30.2002	8.30.2004 to 8.29.2012	1,000,000	–	HK\$0.730	1,000,000
	10.18.2002	10.18.2003 to 10.17.2012	250,000	–	HK\$0.730	250,000
	10.18.2002	10.18.2005 to 10.17.2012	250,000	–	HK\$0.730	250,000
	4.1.2003	4.2.2004 to 4.1.2013	–	500,000	HK\$0.810	500,000
	4.1.2003	4.2.2005 to 4.1.2013	–	500,000	HK\$0.810	500,000
	5.21.2003	5.21.2005 to 5.20.2013	–	250,000	HK\$0.830	250,000
	5.21.2003	5.21.2006 to 5.20.2013	–	250,000	HK\$0.830	250,000
	8.12.2003	8.13.2004 to 8.12.2013	–	1,000,000	HK\$0.976	1,000,000
				3,500,000	2,500,000	

No option was exercised or cancelled or lapsed under the 2002 IDT International Option Scheme during the period.

The closing market prices per share immediately before April 1, 2003, May 21, 2003 and August 12, 2003, the dates on which the share options were granted, were HK\$0.80, HK\$0.86 and HK\$0.97 respectively.

SHARE OPTION SCHEMES (continued)

(3) IDTS Option Scheme

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2003	Number of options		Lapsed/cancelled during the period	Outstanding at 3.31.2004
				Exercised during the period	Subscription price per share		
Directors							
Shigenobu Morita	12.29.1998 **	12.30.1999 to 12.28.2003	125,000 **	125,000	US\$0.616 **	–	–
	12.29.1998 **	12.30.2000 to 12.28.2003	125,000 **	125,000	US\$0.616 **	–	–
Giuseppe Finocchiaro	12.29.1998 **	12.30.2000 to 12.28.2003	65,000 **	–	US\$0.616 **	65,000	–
	8.14.2000	8.15.2002 to 8.13.2005	100,000	–	S\$2.149	–	100,000
	8.14.2000	8.15.2004 to 8.13.2005	100,000	–	S\$2.149	–	100,000
Employees							
	12.29.1998 **	12.30.1999 to 12.28.2003	233,750 **	175,500	US\$0.616 **	58,250	–
	12.29.1998 **	12.30.2000 to 12.28.2003	1,382,250 **	1,252,250	US\$0.616 **	130,000	–
	8.14.2000	8.15.2002 to 8.13.2005	672,500	–	S\$2.149	–	672,500
	8.14.2000	8.15.2003 to 8.13.2005	200,000	–	S\$2.149	–	200,000
	8.14.2000	8.15.2004 to 8.13.2005	572,500	–	S\$2.149	–	572,500
	1.12.2001	1.13.2003 to 1.11.2006	155,000	155,000	S\$1.424	–	–
	1.12.2001	1.13.2005 to 1.11.2006	155,000	–	S\$1.424	125,000	30,000
			3,886,000	1,832,750		378,250	1,675,000

**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 closing price of the shares immediately before the dates on which share options were exercised under the IDTS Option Scheme was S\$1.790 per share.

No share option was granted under the IDTS Option Scheme during the period.

The directors consider it is not appropriate to disclose the value of the share options granted during the period under the 1993 IDT International Option Scheme and 2002 IDT International Option Scheme since any valuation of the share options would be subject to a number of assumptions that would be subjective and uncertain. The directors believe that the evaluation of share options based upon speculative assumptions would not be meaningful and would be misleading.

DIRECTORS' REPORT

DIRECTORS' RIGHT 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, 2004 are set out in the sub-section entitled "Share Option Schemes" above and also in note 25 to the financial statements.

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 share options set out in the sub-section entitled "Share Option Schemes" above and also in note 25 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights at March 31, 2004.

Other than the issue and exercise of share options pursuant to the share option schemes 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by officers of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Revised Listing Rules.

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 Revised Listing Rules throughout the year ended March 31, 2004, save and except that all non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The audit committee, comprising of two independent non-executive directors, Mr. Lo Kai Yiu, Anthony (Chairman of the audit committee), Mr. Kao Ying Lun and Mr. Jack William Edouard Heuer, an non-executive director of the Company, had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended March 31, 2004.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

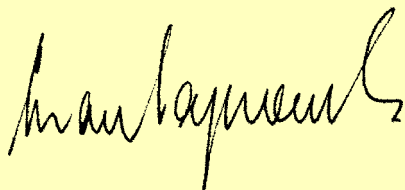
SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's share which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

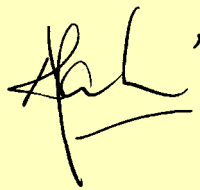
AUDITORS

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
Chairman & Chief Executive Officer



Alain J.G. Li
Executive Director & Chief Financial Officer

Hong Kong
May 27, 2004