

CHAIRMAN'S STATEMENT



RAYMOND CHAN

Chairman & Chief Executive Officer

INVESTING IN THE FUTURE : ENHANCING OUR BUSINESS MODEL



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, 2005.

The Group recorded an overall increase in turnover of 5% to HK\$2,894.7 million in the year ended March 31, 2005. Net profit for the year was HK\$130.0 million.

The Group delivered growth in turnover for both our ODM/OEM and Oregon Scientific businesses. Our core LCD Consumer Electronic Products division turned in strong results for both ODM/OEM and Oregon Scientific, posting double-digit growth for both businesses.

During the year, the fast changing market environment also brought a number of challenges for the Group. The challenges have been in our Telecommunications Products division and Digital Media Products division. The Telecommunications Products division recorded a decline in turnover in its key customer in the US market. The Digital Media Products division faced an increasingly competitive market environment which was characterised by falling prices and margin pressures as competitors fought to gain volume and market share at the expense of profit to which we were not immune.

Nevertheless, we have invested in areas we believe will create long term value for our Group namely research and development, distribution and marketing. These investments have impacted our profitability for period but are expected to reap benefits in the years ahead.

INVESTING IN THE FUTURE: ENHANCING OUR BUSINESS MODEL

We are continually striving to further our vision of creating unique world first products to serve our ODM customers and our own Oregon Scientific brand. This year has been no exception with a host of award winning products coming to the market from each of our products divisions. With rapid changes in technology, trends in designs and consumer lifestyles and needs, the Group must be confident, courageous and visionary whilst exercising financial discipline in the investment choices we make. We are constantly reviewing our business processes and strive to enhance our business model and drive efficiency in all aspects of our operations. During the year we have undertaken a number of important strategic investments, which we believe are fundamental to our development and will ultimately yield long term benefits and returns.

In July 2004 we broke ground on our new Research and Development Centre ("R&D Centre") adjacent to our existing manufacturing facilities in Xixian, Shenzhen, China. The R&D Centre which was completed in April 2005, enhances our existing research and development capabilities and is the home for up to 500 research and development engineers. The R&D Centre will also house our IT facilities in China and provide additional training facilities which we believe are essential to support the Group's operations and development.

We have continued to invest in developing the Oregon Scientific sales and distribution network. This investment has taken the form of the new logo and packaging as well as point of sale merchandising, all of which have been extremely well received. The Group has also invested in new talent and headcounts to augment our ability to serve our trade partners and customers. The brand has seen substantial growth in Asia Pacific supported by our strategy of establishing retail operations in conjunction with the development of our distributor base.

The Group has also recognised the need to improve our operational efficiency particularly in the face of rising costs and working capital needs of the business. The key to driving efficiency is to identify the key value drivers and inefficiencies in each part of the business and to establish clear and effective processes that can enhance value creation. The Group has therefore undertaken a project to implement an enterprise resource planning (ERP) system. The system together with the knowledge base of our dedicated staff will provide the Group with the necessary tools to support planning, rapid decision making, operational effectiveness and improve our key performance indicators. I am pleased to report that the first roll out have been accomplished successfully and within budget.

DIVIDENDS

Subject to the approval of the shareholders at the Annual General Meeting to be held on August 26, 2005, the Directors recommend a final dividend of 5.0 HK cents (2004: 6.0 HK cents) per share for the year which together with the interim dividend of 3.0 HK cents (2004: 2.0 HK cents) per share makes out total dividend of the year 8.0 HK cents (2004: 8.0 HK cents) per share.

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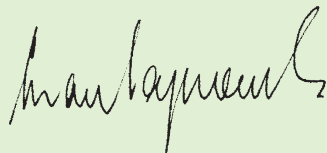
OUTLOOK

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 enhancing the service we provide to our existing and new customers. We expect the investments made in our Oregon Scientific operations will drive the brand further in all three major regions. 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 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 financial compliance 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 7,650 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 the Group's vision and delivering continuing value to all our stakeholders.



Raymond Chan

Chairman & Chief Executive Officer

May 26, 2005

Hong Kong