

Annual Report FY2001



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MISSION

We aim to be the best and most reliable Electronics Services Provider and Strategic Global Partner for successful global companies, providing a fully integrated range of electronics manufacturing services (EMS), original design manufacturing (ODM) and e-fulfillment services (EFS).

CORE VALUES

- Relentless pursuit of excellence
- Providing total customer satisfaction
- Encouraging our employees to realize their full potential
- Building strong cohesion and teamwork
- Creativity and innovation

THE POWER OF SHARED VALUES

At Venture, we work as a closely-knit team with a shared value system to realize the corporate vision and achieve personal fulfillment.

Our Core Values are essential enduring principles that guide every Venture staff in our policies, practices and goals. These deep-rooted internal values will, over time, shape our attitude towards our work and direct us in the way we behave and work with our colleagues, customers and business partners.

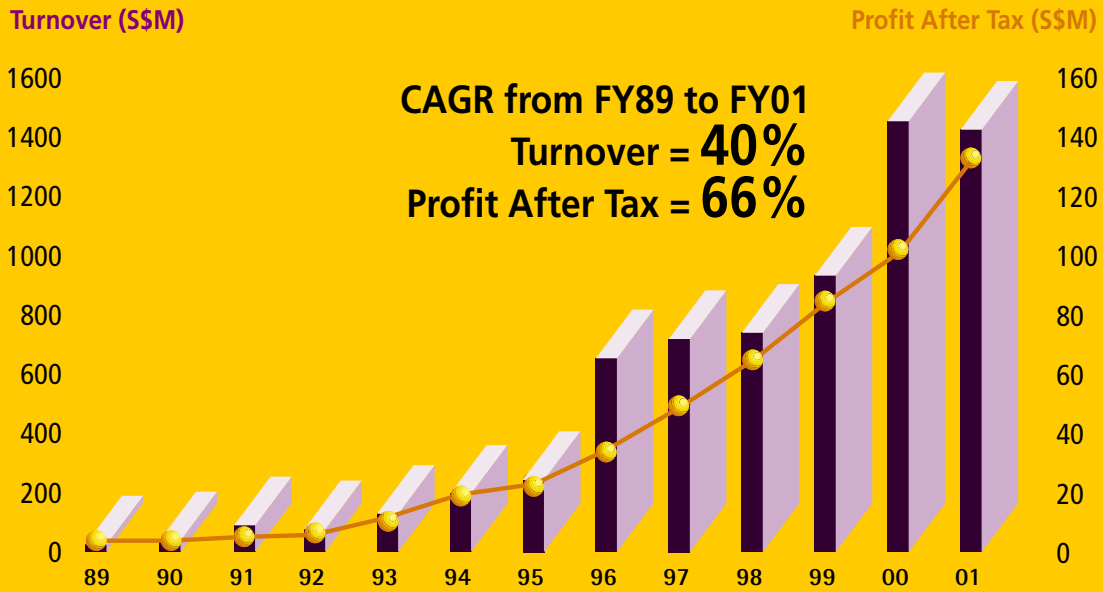
We believe that our Core Values will steer us on the best path to achieve our desired goals together.

FINANCIAL REVIEW

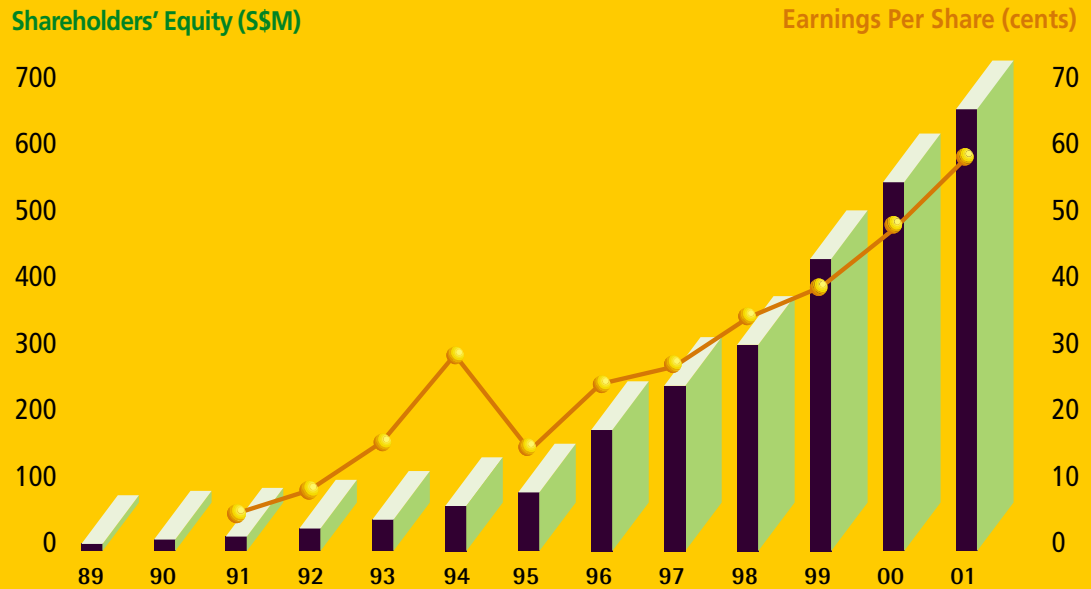
CONSOLIDATED FINANCIAL PERFORMANCE (\$\$ MILLION)

| | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-------------------------------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|---------|---------|
| Turnover | 25.4 | 45.5 | 79.3 | 76.4 | 104.8 | 191.3 | 249.7 | 649.1 | 708.0 | 730.7 | 951.0 | 1,456.4 | 1,430.9 |
| Profit before tax | 0.3 | 2.5 | 4.5 | 7.5 | 10.1 | 21.1 | 25.5 | 45.8 | 58.3 | 74.9 | 91.3 | 115.9 | 143.7 |
| Profit after tax | 0.3 | 2.3 | 3.4 | 6.2 | 9.8 | 19.4 | 21.6 | 36.2 | 47.7 | 63.2 | 82.9 | 105.1 | 134.7 |
| Total Assets | 14.0 | 25.7 | 35.7 | 50.2 | 63.4 | 119.5 | 155.9 | 306.4 | 398.0 | 475.2 | 602.0 | 759.2 | 886.0 |
| Total Liabilities | 4.3 | 12.0 | 17.8 | 22.0 | 26.7 | 61.2 | 75.7 | 134.0 | 175.1 | 178.9 | 187.0 | 224.3 | 220.6 |
| Shareholders' Equity | 9.7 | 13.7 | 17.9 | 28.2 | 36.7 | 58.3 | 80.2 | 172.4 | 222.9 | 296.3 | 415.0 | 534.9 | 665.4 |
| PBT margin (%) | 1.2 | 5.5 | 5.7 | 9.8 | 9.6 | 11.0 | 10.2 | 7.1 | 8.2 | 10.3 | 9.6 | 8.0 | 10.0 |
| PAT margin (%) | 1.2 | 5.1 | 4.3 | 8.1 | 9.4 | 10.1 | 8.7 | 5.6 | 6.7 | 8.6 | 8.7 | 7.2 | 9.4 |
| Earnings Per Share (cents) | – | – | 5.0 | 9.4 | 14.4 | 28.3 | 13.9 | 22.9 | 26.0 | 32.5 | 38.3 | 45.7 | 58.3 |

TURNOVER & PROFIT AFTER TAX



SHAREHOLDERS' EQUITY & EPS

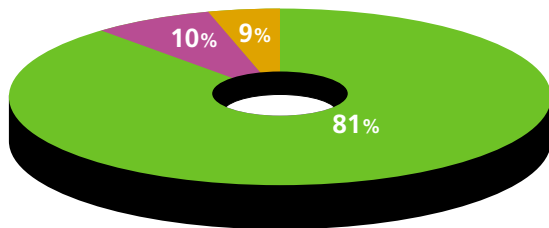


FY2001

IN REVIEW

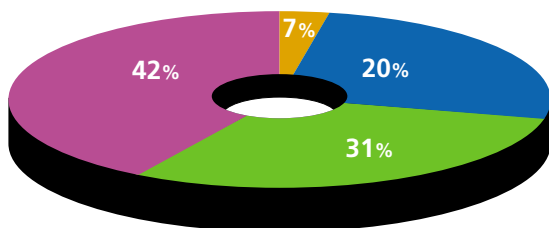
FY2001 ACTIVITIES BY LINES OF BUSINESS

Original Design Manufacturing (ODM) e-Fulfillment Services (EFS) Electronics Manufacturing Services (EMS)



FY2001 TURNOVER BY PRODUCT SEGMENTS

Printing & Imaging Niche Products Computer Peripherals Networking & Communications



Dear Shareholders,

Since its inception in 1984, Venture Manufacturing has been constantly innovating every facet of its business to meet the growing demands of its customers and adapt to the highly dynamic electronics industry. Today, Venture is a global electronics services provider with superior end-to-end value chain management solutions ranging from product conceptualization to fulfillment and reverse logistics services. Customers around the world recognize Venture for its superb design capability, efficient manufacturing processes, world class quality and cost effective fulfillment and post-manufacturing services. With tremendous opportunities ahead of us, we are better positioned than ever to capitalize on the increasing outsourcing trend.



Wong Ngit Liang
Managing Director

Gopala Achuta Menon
Chairman

Record Profits in FY2001

For the financial year ended 31 December 2001, Venture Manufacturing (Singapore) Ltd set yet another record with net profit rising an impressive 28% to S\$135 million on a turnover of S\$1.43 billion.

Profit growth in FY2001 was attributable to the increase in higher value-added activities, growth in the low volume-high mix (LVHM) business and increased shipment of mid to high-end products. Interest income and exchange gains also helped to boost the bottom line.

In the second half of FY2001, there was good demand for our higher value-added services in Original Design Manufacturing (ODM) and e-Fulfillment (EFS). Electronic Manufacturing Services (EMS) remained as Venture's mainstay business, contributing 81% of the Group's activities while our ODM business accounted for 10%. Contributing 9% of the Group's activities was our EFS business, which experienced very encouraging growth in FY2001. On the group basis, value-added activities grew in all lines of businesses with stronger growth in ODM and EFS activities.





In terms of product segments, there was strong demand for printing and imaging and niche products. However, the demand for computer peripherals and networking & communications products softened as a result of a global spending slump in the telecommunications and technology industries.

In the year under review, earnings per share improved 28% to 58.3 cents while net tangible assets backing per share rose 23% to 277.0 cents. Shareholders' equity climbed 24% to S\$665 million. Venture achieved a net cash position of S\$300 million, an increase of approximately S\$100 million

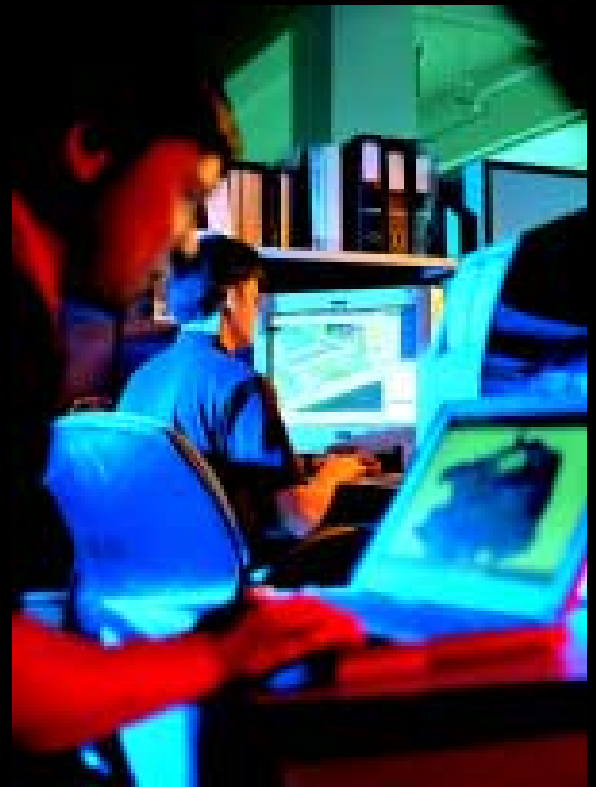
compared with prior year. Consistent with its prudent risk management practices, inventory has been reduced by 33% to S\$151 million from S\$227 million in prior year. Funded by operationally generated cash, Venture invested S\$39 million in buildings, equipment and IT infrastructure in FY2001.

Dividends

For FY2001, the Board of Directors has proposed a final dividend of 10% and a bonus dividend of 10%, a total tax-exempt payment of 20%.

FY2001 Highlights

- Venture has set up a new facility at Lake Forest. This facility is serving a growing list of customers in the Southern California region, providing front-end services such as Prototyping, Research & Development (R&D), New Product Introduction (NPI) programs and LVHM manufacturing.
- As a result of a co-development program with Hewlett Packard (HP), our subsidiary VIPColor Technologies Pte Ltd unveiled its first color on demand label printer that produces no compromise flexographic level print quality at very fast throughput. This printer will revolutionize the way the world will operate with color labels as it offers flexibility, low cost and up to the minute changes to color label content. The new printer will be marketed through a worldwide network of resellers and OEM customers.
- Valued-added ODM activities registered a very significant increase in FY2001. To cope with the influx of new business, we have been able to successfully attract many new talented R&D engineers. Increasingly, we are involved in highly complex projects in wireless technology, system-level electronic design, ASIC design, precision mechanism and servo-electronics.
- We added a 130,000 square foot facility in Johor Bahru, Malaysia to manufacture a new range of products. With this addition, Venture now has a total of five facilities in Malaysia.
- After just one year in operation, our Mexico facility in Tijuana has exceeded all expectations and we believe that it will continue to perform well. The 450,000 square foot facility is now fully utilized for back-end activities including reverse logistics, refurbishment, logistics support, distribution, order fulfillment and NPI management.





- In Singapore, our new 70,000 square foot facility in Jurong is fully operational with direct fulfillment services. With facilities in Singapore, Malaysia, Mexico and China, Venture's manufacturing facilities are primarily in the lower cost regions of the world.
- With the objective to achieve 'One Organization, One System', we have successfully implemented SAP enterprise software to improve our procurement and inventory management, ease our communications as well as support increasingly complex transactions with our suppliers and strategic partners in other parts of the world. Investing in the best systems and technologies, we aim to harness the power of the latest IT technologies to secure seamless functionality, up-to-the-minute information accessibility, peak operating performance and non-stop reliability – true benefits for all our customers – through collaborative, business-to-business (B2B) and world class ERP platforms.



Acquisition of Univac

A significant milestone is the Memorandum of Understanding inked on 1 March 2002 for Venture to acquire a 67% equity interest in Univac Precision Engineering Pte Ltd. with the option to acquire the remaining balance of 33% of the total issued share capital.

Univac and its subsidiaries are engaged in the design and production of high precision engineering injection moulds, custom mouldings and precision mechanism assemblies. With an impressive track record of more than 20 years, Univac enjoys a history of revenue growth and respectable profit margins. It retains a diversified base of customers dealing in connectors, telecommunications products, medical and healthcare devices, and electrical and computer-related components.

A strategic fit for the Group, Univac will offer complementary design and production expertise in multi-cavity and complex moulds for the manufacture of high precision engineering plastic components, tool and die-making, metal stamped parts as well as sub-assembly of metal and plastic components. This will further augment Venture's engineering design skills and technical expertise, thereby increasing our edge in today's fiercely competitive electronics services industry.





Moving Forward

More and more Original Equipment Manufacturers (OEMs) are driven to lower their costs by accelerating their outsourcing strategies. Previously, outsourcing activities to Asia involved mainly high volume, lower value manufacturing services. Today, we see greater demand for higher value-added activities as OEMs began to farm out new product design work, fulfillment activities as well as high value added manufacturing. Venture has been able to attract many LVHM manufacturing business to our Asia Cluster.

FUTURE DIRECTIONS

To compete successfully in the burgeoning outsourcing market, Venture will continue to grow its businesses on a global basis. We will strengthen our Clusters of Excellence in the US, Europe and Asia (including China) through optimal utilization of resources and combining the strengths of each clusters to create a fully globally-linked enterprise. This strategy enables us to capitalize on our unique experience and expertise across a whole spectrum of interrelated businesses and exercise flexibility to meet the specific needs of our customers. To establish our foothold in Europe, we have set up companies in Spain and the Netherlands and are in the process of establishing new facilities in Eastern Europe. This European cluster will be able to provide end-to-end supply chain management solutions to our customers in Europe.

Going forward, we aim to accelerate our growth in capabilities and technologies through strategic alliances, mergers and acquisitions as well as organic growth. The Group will intensify its efforts to develop new technologies for strategic components as well as expand its ODM business into new product areas such as networking and communications products, advanced storage devices, and medical, test and measurement equipment. To this end, we will further enhance our R&D infrastructure and excellent broad base technologies.

Leveraging on our global presence and Cluster of Excellence strategy, Venture will focus to provide superior end-to-end value chain management solutions to its customers worldwide. These solutions will give our customers the assurance of supplies, cost efficiencies, product quality and reduced time-to-market. With Venture providing impeccable services along the total supply chain, our customers can then concentrate to develop their intellectual properties and brand names, build their customer relationships and establish their network of channel access.





Venture understands that the key to success for our customers rests on manufacturing flexibility, speed of delivery and cost effectiveness. We will continue to develop our capabilities in manufacturing advanced electronics products and managing sophisticated production technologies. Our experienced team of process, test, industrial, automation and information system engineers is well equipped to offer various value-add services such as process technology innovations, design for manufacturability, test system development, tooling design, line automation and line layout design. The Group, therefore, will continue to strive for operational excellence to meet, effectively and efficiently, the ever-changing requirements of the ESP industry.

Venture will remain highly customer-focused as we aim to exceed our customers' expectations with our flawless execution, great agility and responsiveness. By providing quality value-added services, Venture continues to achieve total customer satisfaction. Together with its relentless pursuit of operational excellence, Venture will be able to forge strong strategic relationships with its global customers.

In view of the above directions and barring any other unforeseen circumstances, the Directors expect the Group performance to continue its improvement in FY2002 and beyond by leveraging our impregnable brand of technological expertise, integrated core services, reputable service, world-class quality, innovative spirit and sound fiscal strength.



Our Appreciation

Our customers from all over the world have given us the wonderful experience of working with many different national cultures spanning a breadth of different industries. It remains a great privilege to be able to closely collaborate with our valued customers. We would like to thank each and every one for their unflagging support, invaluable guidance and strong encouragement.

Heartfelt thanks to all our employees around the world who have delivered for us a successful and truly international enterprise. We believe our returns are immeasurable when we invest in our people. Here's a grand salute to their resolute commitment as they admirably rise to new challenges and enable Venture to stay positioned as a market driven, customer focused company.

Our success also lay in the hands of our Board of Directors who has been instrumental in steering Venture's growth through both good and bad times. We would like to extend our deepest gratitude for their wisdom and value they have brought to Venture's executive management and staff.

We would also like to thank our business partners, suppliers and business associates for their unfailing support and confidence.

Thank you.

Gopala Achuta Menon
Chairman

Wong Ngit Liong
Managing Director

1 March 2002



BOARD OF DIRECTORS



Gopala Achuta Menon



Wong Ngit Liong



Tan Choon Huat



Soo Eng Hiong



Koh Lee Boon



Cecil Vivian Richard Wong

Audit Committee

Cecil Vivian Richard Wong (Chairman)

Gopala Achuta Menon

Koh Lee Boon

Compensation Committee

Gopala Achuta Menon (Chairman)

Cecil Vivian Richard Wong

Koh Lee Boon

Share Option Committee

Cecil Vivian Richard Wong (Chairman)

Gopala Achuta Menon

Wong Ngit Liong

Koh Lee Boon

Nominating Committee

Koh Lee Boon (Chairman)

Cecil Vivian Richard Wong

Wong Ngit Liong

CORPORATE INFORMATION

Registered Office

10 Collyer Quay #19-08
Ocean Building
Singapore 049315
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Company Secretary

Yvonne Choo / Tan Lay Hong
10 Collyer Quay #19-08
Ocean Building
Singapore 049315
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Registrar and Share Transfer Office

M & C Services Private Limited
138 Robinson Road, #17-00
The Corporate Office
Singapore 068906
Tel: (65) 6227 6660
Fax: (65) 6225 1452

Auditors

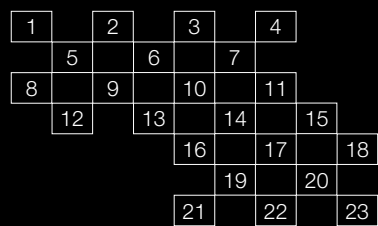
Deloitte & Touche
Certified Public Accountants
95 South Bridge Road #09-00
Pidemco Centre
Singapore 058717
Tel: (65) 6224 8288
Fax: (65) 6538 6166

Principal Banks

Citibank N.A.
ABN-AMRO Bank
The Development Bank of Singapore
JPMorgan Chase Bank



- | | | | |
|----|------------------|----|-------------------------|
| 1 | Wong Ngit Liong | 13 | Lee Ghai Keen |
| 2 | Tan Choon Huat | 14 | Lim Swee Kwang |
| 3 | Soo Eng Hiong | 15 | Lim Gee Kwang |
| 4 | Wong Chin Tong | 16 | Wa Kim Long |
| 5 | Pay Cher Wee | 17 | Tay Chin Yin |
| 6 | Bernard Tsai | 18 | Thanabalu Sukumaran |
| 7 | Mark Wettasinghe | 19 | Aw Tiong Pheng |
| 8 | Thian Nie Khian | 20 | Goh Hin Tiang |
| 9 | Tan Kian Seng | 21 | Goh Peng Yeow, Aloysius |
| 10 | Soin Singh | 22 | Sean Marske |
| 11 | Jimmy Png | 23 | Dr Kimizo Ono |
| 12 | Lew Kim Soon | | |



MANAGEMENT TEAM



GROUP OF COMPANIES

Venture Manufacturing (Singapore) Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122
Website : www.venture-mfg.com.sg

Multitech Systems Pte Ltd

25 Kallang Avenue #03-05
Singapore 339 416
Tel : (65) 6294 9836
Fax : (65) 6298 3904

Technocom Systems Sdn Bhd

2 Jalan Kempas Lima/2
Tampoi 81200
Johore Bahru Malaysia
Tel : (60) 07 237 7201
Fax : (60) 07 236 4146

Pintarmas Sdn Bhd

4 Jalan Kempas Lima/2
Tampoi 81200
Johore Bahru Malaysia
Tel : (60) 07 237 7201
Fax : (60) 07 234 5595

Syarikat Perusahaan Sing Mee (Johore) Sdn Bhd

2 Jalan Kempas Lima/2
Tampoi 81200
Johore Bahru Malaysia
Tel : (60) 07 237 7201
Fax : (60) 07 236 4146

Venture International Marketing Ltd

31 Lancaster Gate
London W2 3LP England
Tel : (44) 171 723 2323
Fax : (44) 171 723 9297

Ventech Data Systems Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

Cebelian Holdings Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

Advanced Products Corporation Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

Venture Electronics (Shanghai) Co Ltd

351 Jin Zhiang Road
4th Floor T22/30
Jinqiao Export Processing Zone
Pudong Shanghai 201206
People's Republic of China
Tel : (86) 21 5055 0541
Fax : (86) 21 5854 1455

Innovative Trek Technology Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

VS Electronics Pte Ltd

5012 Ang Mo Kio Avenue 5
#03-01 Techplace II
Singapore 569876
Tel : (65) 6481 8586
Fax : (65) 6481 8717

EAS Security Systems Pte Ltd

5006 Ang Mo Kio Avenue 5
#04-08 Techplace II
Singapore 569873
Tel : (65) 6482 1662
Fax : (65) 6482 0860

PT Venture Electronics Indonesia

Lot D22 Bintan Industrial Estate
Lobam Pulau Bintan 29152
Indonesia
Tel : (011) 770 696 998
Fax : (011) 770 696 997

VM Services Inc

6701 Mowry Avenue
Newark California 94560
United States of America
Tel : (1) 510 744 3720
Fax : (1) 510 744 3730

VIPColor Technologies Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

VIPColor Technologies USA Inc

6701 Mowry Avenue
Newark California 94560
United States of America
Tel : (1) 510 744 3770
Fax : (1) 510 744 3738

**Venture Electronics Mexico
S.A. de C.V.**

Bldv. Federico Benitez 8250
Fracc. Chihuahua
Tijuana BC Mexico
Tel: (52) 6 686 9399
Fax: (52) 6 686 9280

Ventech Investments Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6482 0122

Venture Electronics Solutions Pte Ltd

5006 Ang Mo Kio Avenue 5
#01-05/06 Techplace II
Singapore 569873
Tel : (65) 6482 1755
Fax : (65) 6484 8580

Venture Electronics International, Inc

6701 Mowry Avenue
Newark California 94560
United States of America
Tel : (1) 510 744 3720
Fax : (1) 510 744 3730

Venture Electronics (Europe), B.V.

First Alliance Trust N.V.
Herengracht 469
Postbus/ P O Box 741
1000 AS Amsterdam
The Netherlands
Tel : (31) 20 522 6260
Fax : (31) 20 522 6969

Venture Electronics Spain S.L.

Avenida Diagonal, 654, B 1º,
08034 Barcelona
Spain
Tel: (34) 93 253 3700
Fax: (34) 93 253 3653

CORPORATE GOVERNANCE

The Company is committed to support and observe full compliance with SGX's Listing Manual requirement introduced in April 2001 which requires that issuers who hold their Annual General Meetings on or after 1 January 2003 to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued by the Ministry of Finance's Corporate Governance Committee.

Board of Directors

The Company's Board of Directors consists of six directors namely Mr. Gopala Achuta Menon (Non-executive Chairman), Mr. Wong Ngit Liong (Managing Director), Mr. Tan Choon Huat, Mr. Soo Eng Hiong (alternate to Mr. Tan Choon Huat), Mr. Cecil Vivian Richard Wong and Mr. Koh Lee Boon. Of which, Mr. Cecil Vivian Richard Wong and Mr. Koh Lee Boon are independent and non-executive directors.

The current Board of Directors comprises individuals with vast experience in the electronics industry. Each of the Directors possesses proven track record in the corporate sector and is a highly respected member of the business community.

The Board holds at least four formal meetings a year. It supervises the management of the business and affairs of

the Group and approves the Group's strategic operational initiatives, major investments and capital structure of the Company. In addition to its statutory responsibilities, the Board approves the financial plan and reviews the Group's financial performance. To facilitate effective management, certain functions have been delegated by the Board to various Board Committees, each of which has its own committee's charter approved by the Board.

Audit Committee

The Audit Committee comprises three members namely Mr. Cecil Vivian Richard Wong (Chairman of the Audit Committee), Mr. Koh Lee Boon and Mr. Gopala Achuta Menon.

The Audit Committee holds meetings and performs, inter alia, the following functions:

1. reviews the financial statements of the Company and the consolidated financial statements of the Group and the Auditors' report before submission to the Board of Directors for approval;
2. reviews the audit plans of the Company's external auditors, the results of their examination and evaluation of the Group's system of internal accounting controls and the assistance given by the management to the external auditors;

3. reviews interested person transactions between the Group and the interested person;
4. reviews the half yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
5. nominates external auditors for appointment/re-appointment; and
6. reviews independence of the external auditors annually.

The Audit Committee has full access to and co-operation of the management. The auditors have unrestricted access to the Audit Committee.

Compensation Committee

The Compensation Committee, comprising three members – namely Mr. Gopala Achuta Menon (Chairman of the Compensation Committee), Mr. Cecil Vivian Richard Wong and Mr. Koh Lee Boon, holds the responsibility to determine the compensation of the Company's Managing Director.

Share Option Committee

The Company's Executives' Share Option Scheme, which has been approved by the shareholders of the Company, is administered by the Share Option Committee whose members are Mr. Cecil Vivian Richard Wong (Chairman), Mr. Gopala Achuta Menon, Mr. Koh Lee Boon and Mr. Wong Ngjit Liong.

In discharging its responsibility, the Share Option Committee would take into account certain criteria as established in the Company's Share Option Scheme for evaluating the eligibility of employees to participate under the Scheme.

Nominating Committee

The Nominating Committee, constituted as a Board Committee during the financial year in compliance with the recommendation in the Code of Corporate Governance (the "Code"), is entrusted with the responsibility to review and make recommendations in the appointment and re-appointment of directors to the Company's Board. In accordance with the requirements of the Code, the Nominating Committee is also chartered to determine the independence of each Director and assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The Nominating Committee is chaired by Mr. Koh Lee Boon and has two other members, namely Mr. Cecil Vivian Richard Wong and Mr. Wong Ngjit Liong.

CORPORATE GOVERNANCE

Executive Committee

The Executive Committee currently comprises the Managing Director and the other two Executive Directors. This committee is responsible for the day to day operational management of the Group. All management powers not specifically reserved to the Board of Directors or other Board Committees or otherwise governed by the Law or the Memorandum and Articles of Association of the Company is exercisable by the Executive Committee.

Internal Code on Dealings with Securities

An internal code on dealing in securities has been issued to directors and officers setting out the implications on insider trading. The code was modelled after the Best Practices Guide with some modifications.

1. Directors and officers are prohibited from trading in the Company's securities for the period commencing

one month before the announcement of the Company's quarterly, half-yearly and annual results and ending on the date of the announcement of the results.

2. Directors and officers are also not expected to deal in the Company's securities on considerations of a short-term nature.
3. Notwithstanding this, directors and officers are required to observe the insider trading laws under the Securities Industries Act at all times even when engaging in dealings in securities within the permitted periods. To enable the Company to monitor such transactions, directors of the Company are required to report to the Company Secretary whenever they deal in the Company's securities.

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Proxy Form

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company and of the group for the financial year ended December 31, 2001.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Wong Ngit Liong
Gopala Achuta Menon
Cecil Vivian Richard Wong
Tan Choon Huat
Koh Lee Boon
Soo Eng Hiong (Alternate to Tan Choon Huat)

2 AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are non-executive directors. The members of the Committee are:

Cecil Vivian Richard Wong (Chairman)
Koh Lee Boon
Gopala Achuta Menon

The audit committee reviews the company's internal controls on behalf of the board of directors and performs the functions specified in Section 201B of the Singapore Companies Act.

During the year, the company has complied with the Best Practices Guide for Audit Committees issued by the SGX.

The Audit Committee is chaired by Cecil Vivian Richard Wong, an independent non-executive director and includes Gopala Achuta Menon, a non-executive director and Koh Lee Boon, an independent non-executive director.

REPORT OF THE DIRECTORS

2 **AUDIT COMMITTEE (cont'd)**

The Audit Committee held three meetings since the last directors' report and performed the following functions:

- (a) reviewed the audit plan of the company's external auditors, the results of their examination and evaluation of the group's system of internal accounting controls and the assistance given by the management to the external auditors;
- (b) reviewed the financial statements of the company and the consolidated financial statements of the group before their submission to the Board of Directors and the Auditors' report thereon;
- (c) reviewed interested person transactions between the group and the interested persons;
- (d) reviewed the half yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group; and
- (e) recommend the re-appointment of the external auditors of the company.

The Audit Committee has full access to and co-operation of the management. The auditors have unrestricted access to the Audit Committee.

3 **PRINCIPAL ACTIVITIES**

The principal activities of the company are to provide manufacturing, design, engineering, customisation and logistic services to electronics companies worldwide.

The principal activities of the subsidiaries, associates and joint venture company are detailed in Notes 7, 8 and 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for a subsidiary, Advanced Products Corporation Pte Ltd, as detailed in Note 7.

REPORT OF THE DIRECTORS

4 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the following subsidiaries were incorporated:

| Name of company | Country of incorporation and operation | Principal activities | Effective equity interest held by group | Cost of investment by the group |
|--|---|--|--|--|
| | | | % | \$ |
| Held by the Company | | | | |
| Ventech Investments Ltd | British Virgin Islands | Investment holding | 100 | 90,230 |
| Held by Subsidiary | | | | |
| Venture Electronics Mexico S.A. de C.V. (98% owned by a subsidiary, Innovative Trek Technology Pte Ltd and 2% owned by a subsidiary, Cebelian Holdings Pte Ltd) | Mexico | Trading in and manufacturing of electronic and computer-related products | 100 | 8,802 |

The group also increased its equity interest in a subsidiary, EAS Security Systems Pte Ltd, from 76% to 100% for a cash consideration of \$222,000 which approximates the additional percentage share of net tangible assets of the subsidiary acquired.

As well, the group's equity interest in a subsidiary, VIPColor Technologies Pte Ltd, decreased from 94.8% to 93.8% following the exercise of options by directors of the subsidiary granted in conjunction with the VIPColor Technologies Pte Ltd Call Option Agreement.

Except as disclosed above, there were no acquisitions or disposals of subsidiaries during the financial year.

REPORT OF THE DIRECTORS

5 RESULTS FOR THE FINANCIAL YEAR

| | The Company | The Group |
|--|--------------------|------------------|
| | \$'000 | \$'000 |
| Profit after income tax but before minority interest | 97,560 | 134,549 |
| Minority interests | - | 132 |
| Net profit attributable to the shareholders of the company | 97,560 | 134,681 |
| Restated accumulated profits at beginning of year | 218,667 | 357,362 |
| Accumulated profits available for appropriation | 316,227 | 492,043 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | (11,550) | (11,550) |
| Accumulated profits at end of year | 304,677 | 480,493 |

6 MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions other than those disclosed in the attached financial statements.

7 ISSUE OF SHARES AND DEBENTURES

a) During the financial year, the company made the following share issues:

- (i) 26,000 new ordinary shares of \$0.25 each at a price of \$2.32 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (ii) 126,000 new ordinary shares of \$0.25 each at a price of \$3.64 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (iii) 126,000 new ordinary shares of \$0.25 each at a price of \$5.40 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (iv) 3,000 new ordinary shares of \$0.25 each at a price of \$5.73 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (v) 10,000 new ordinary shares of \$0.25 each at a price of \$14.40 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

REPORT OF THE DIRECTORS

7 ISSUE OF SHARES AND DEBENTURES (cont'd)

- b) During the financial year, a subsidiary, VIPColor Technologies Pte Ltd issued 100,000 ordinary shares of \$1 each following the exercise of options by directors of the company granted in conjunction with the VIPColor Technologies Pte Ltd Call Option Agreement.

The newly issued shares rank pari passu in all respects with the respective existing shares of the company.

The company or subsidiaries in the group did not issue any debentures.

8 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate except for the share option rights mentioned in paragraph 9 of this report.

9 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

| Shareholdings registered in the name of directors | | |
|--|------------------------|--------------------------|
| Name of directors and company in which interests are held | At | At |
| | January 1, 2001 | December 31, 2001 |
| Shares of \$0.25 each | | |
| The Company | | |
| Wong Ngit Liong | 13,156,141 | 15,802,141 |
| Tan Choon Huat | 4,128,145 | 4,228,145 |
| Soo Eng Hiong | 3,571,362 | 3,671,362 |
| Koh Lee Boon | 3,000 | 3,000 |
| Share options to subscribe for shares of \$0.25 each | | |
| Wong Ngit Liong | 1,000,000 | 4,875,000 |
| Tan Choon Huat | 500,000 | 2,190,000 |
| Soo Eng Hiong | 250,000 | 1,940,000 |

The directors' interests in the share capital of the company and its subsidiaries as at January 21, 2002 are the same as at December 31, 2001.

REPORT OF THE DIRECTORS

10 DIVIDENDS

The directors of the company propose a first and final tax exempt dividend of 10% and a tax exempt bonus dividend of 10% on the ordinary shares of the company, amounting to \$11,555,131 in respect of the company's financial year ended December 31, 2001.

The first and final tax exempt dividend of 10% and tax exempt bonus dividend of 10% on the ordinary shares of the company, amounting to \$11,540,580 proposed in the directors' report for the year ended December 31, 2000 was paid during the year. An additional amount of dividend of \$9,322 in respect of the previous financial year in excess of the amount previously proposed was also paid in 2001 in relation to ordinary shares issued by the company following the exercise of share options prior to the book closure date.

11 DIRECTORS' ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

Before the profit and loss statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts of the company and have satisfied themselves that all known bad debts, if any, of the company have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors of the company are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts for the group of companies in the consolidated financial statements of the company inadequate to any substantial extent.

12 DIRECTORS' ACTIONS RELATING TO CURRENT ASSETS

Before the profit and loss statement and the balance sheet were made out, the directors of the company took reasonable steps to ascertain that any current assets of the company which were unlikely to realise their book values, in the ordinary course of business, have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors of the company are not aware of any circumstances which would render the values attributable to current assets in the consolidated financial statements misleading.

13 CHARGES ON ASSETS AND EXISTENCE OF CONTINGENT LIABILITIES AFTER YEAR END DATE

At the date of this report:

- a) there does not exist any charge on the assets of the company or any corporation in the group which has arisen since the end of the financial year which secures the liability of any other person; and
- b) there does not exist any contingent liability of the company or any corporation in the group which has arisen since the end of the financial year.

REPORT OF THE DIRECTORS

14 ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the company or any corporation in the group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors of the company, will or may substantially affect the ability of the company and of the group to meet its obligations as and when they fall due.

15 OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

At the date of this report, the directors of the company are not aware of any circumstances not otherwise dealt with in this report or consolidated financial statements which would render any amount stated in the financial statements of the company and the consolidated financial statements misleading.

16 UNUSUAL ITEMS

In the opinion of the directors of the company, the results of the operations of the company and of the group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

17 UNUSUAL ITEMS AFTER YEAR END DATE

In the opinion of the directors of the company, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the company and of the group for the financial year in which this report is made.

18 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from subsidiary companies in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

19 OPTIONS TO TAKE UP UNISSUED SHARES

Under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme, options to take up 4,209,000 shares of \$0.25 each were granted to 3 directors and 444 employees of the group during the financial year at an exercise price of \$12.27 each in accordance with the terms of the Scheme. The options are exercisable during the period commencing twelve months from the date of grant and expiring at the end of five years from the date of grant.

REPORT OF THE DIRECTORS

19 OPTIONS TO TAKE UP UNISSUED SHARES (cont'd)

Under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme, options to take up 22,282,000 shares of \$0.25 each were granted to 3 directors and 477 employees of the group during the financial year at an exercise price of \$8.05 each in accordance with the terms of the Scheme. The options are exercisable during the period commencing twelve months from the date of grant and expiring at the end of five years from the date of grant.

No other options to take up unissued shares of the company or its subsidiaries were granted during the financial year except as disclosed above.

20 OPTIONS EXERCISED

a) Except for the options exercised as mentioned in paragraph 7(a) and (b) of this report, no other shares of the company or its subsidiaries were issued during the financial year by virtue of the exercise of options to take up unissued shares of the company or its subsidiaries.

b) The following are details of options granted to and exercised by the Directors of the company under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme:

| Name of participant | Options granted during financial year under review | Aggregate options granted since commencement of scheme to end of financial year under review | Aggregate options exercised since commencement of scheme to end of financial year under review | Aggregate options outstanding as at end of financial year under review |
|----------------------------|---|---|---|---|
| Wong Ngit Liong | 3,875,000 | 4,875,000 | - | 4,875,000 |
| Tan Choon Huat | 1,690,000 | 3,568,989 | 1,378,989 | 2,190,000 |
| Soo Eng Hiong | 1,690,000 | 3,318,989 | 1,378,989 | 1,940,000 |

The Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme, which has been approved by the shareholders of the company, is administered by the Share Option Committee whose members are:

Cecil Vivian Richard Wong
Gopala Achuta Menon
Koh Lee Boon
Wong Ngit Liong

REPORT OF THE DIRECTORS

21 UNISSUED SHARES UNDER OPTION

At the end of the financial year, unissued ordinary shares of the company under option were as follows:

In conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

Number of options to

| | | | |
|-------------------------------|---|--------|---|
| subscribe for ordinary shares | : | (i) | 263,300 ordinary shares of \$0.25 each |
| | | (ii) | 54,000 ordinary shares of \$0.25 each |
| | | (iii) | 163,000 ordinary shares of \$0.25 each |
| | | (iv) | 33,000 ordinary shares of \$0.25 each |
| | | (v) | 3,126,000 ordinary shares of \$0.25 each |
| | | (vi) | 3,915,000 ordinary shares of \$0.25 each |
| | | (vii) | 4,065,000 ordinary shares of \$0.25 each |
| | | (viii) | 22,282,000 ordinary shares of \$0.25 each |

| | | | |
|--------------------------|---|--------|---|
| Price of issue per share | : | (i) | \$3.64 payable in full on notification by cash |
| | | (ii) | \$5.73 payable in full on notification by cash |
| | | (iii) | \$5.40 payable in full on notification by cash |
| | | (iv) | \$4.98 payable in full on notification by cash |
| | | (v) | \$14.40 payable in full on notification by cash |
| | | (vi) | \$14.60 payable in full on notification by cash |
| | | (vii) | \$12.27 payable in full on notification by cash |
| | | (viii) | \$8.05 payable in full on notification by cash |

| | | | |
|---------------------------|---|--------|--|
| Option exercisable period | : | (i) | April 7, 1998 to April 6, 2002 |
| | | (ii) | October 27, 1998 to October 26, 2002 |
| | | (iii) | April 30, 1999 to April 29, 2003 |
| | | (iv) | October 30, 1999 to October 29, 2003 |
| | | (v) | November 9, 2000 to November 8, 2004 |
| | | (vi) | November 12, 2001 to November 11, 2005 |
| | | (vii) | April 30, 2002 to April 29, 2006 |
| | | (viii) | September 25, 2002 to September 24, 2006 |

Options to take up 508,491 ordinary shares of \$0.25 each lapsed during the year.

There were no other unissued shares under option at the end of the financial year except as disclosed above.

REPORT OF THE DIRECTORS

22 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Wong Ngit Liong

Cecil Vivian Richard Wong

March 1, 2002

AUDITORS' REPORT

To The Members Of Venture Manufacturing (Singapore) Ltd

We have audited the accompanying financial statements of Venture Manufacturing (Singapore) Ltd and the consolidated financial statements of the group for the financial year ended December 31, 2001 as set out on pages 13 to 52. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the accompanying financial statements and consolidated financial statements of the group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - i) the state of affairs of the company and of the group as at December 31, 2001 and of the results, changes in equity of the company and of the group, and cash flows of the group for the financial year then ended; and
 - ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the company and the consolidated financial statements of the group;
- b) the accounting and other records and the registers required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are indicated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the financial statements of the company are in a form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

Deloitte & Touche

Certified Public Accountants

Chaly Mah Chee Kheong

Partner

Singapore

March 1, 2002

BALANCE SHEETS

December 31, 2001

| | Notes | The Company | | The Group | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | | 37,335 | 13,561 | 77,009 | 39,919 |
| Fixed deposits | 3 | 201,251 | 124,768 | 237,107 | 159,847 |
| Trade receivables | 4 | 174,841 | 96,166 | 240,748 | 178,322 |
| Other receivables and prepayments | 5 | 5,866 | 7,126 | 18,176 | 11,248 |
| Inventories | 6 | 85,596 | 108,434 | 151,274 | 227,419 |
| Amount due from subsidiaries (trade) | 7 | 51,698 | 72,421 | - | - |
| Amount due from subsidiaries (non-trade) | 7 | 53,290 | 45,857 | - | - |
| Amount due from joint venture (trade) | 9 | 2,776 | 251 | 1,409 | 126 |
| Total current assets | | 612,653 | 468,584 | 725,723 | 616,881 |
| Non-current assets: | | | | | |
| Investments in subsidiaries | 7 | 15,328 | 15,238 | - | - |
| Investment in associates | 8 | - | - | - | 472 |
| Investment in joint venture | 9 | 1,000 | 1,000 | - | - |
| Other investments | 10 | - | - | 20,848 | 21,472 |
| Property, plant and equipment | 11 | 32,637 | 25,087 | 114,260 | 105,719 |
| Intangible assets | 12 | - | - | 23,218 | 12,615 |
| Goodwill on consolidation | 13 | - | - | 1,936 | 2,005 |
| Total non-current assets | | 48,965 | 41,325 | 160,262 | 142,283 |
| Total assets | | 661,618 | 509,909 | 885,985 | 759,164 |

See accompanying notes to financial statements.

BALANCE SHEETS

December 31, 2001

| | Notes | The Company | | The Group | |
|-------------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities: | | | | | |
| Bank overdrafts | 14 | - | - | 9,667 | 826 |
| Short-term bank loans | 15 | - | - | 5,179 | 347 |
| Trade payables | | 60,383 | 76,447 | 144,902 | 154,892 |
| Other payables | 16 | 36,819 | 30,832 | 49,875 | 58,400 |
| Amount due to subsidiaries (trade) | 7 | 74,768 | - | - | - |
| Income tax payable | | 648 | 1,000 | 6,344 | 5,463 |
| Total current liabilities | | 172,618 | 108,279 | 215,967 | 219,928 |
| Non-current liability: | | | | | |
| Deferred income tax | 17 | - | - | 4,188 | 3,646 |
| Minority interests | | | | | |
| | | - | - | 441 | 740 |
| Capital and reserves: | | | | | |
| Issued capital | 18 | 57,776 | 57,703 | 57,776 | 57,703 |
| Share premium | | 126,547 | 125,260 | 126,547 | 125,260 |
| Accumulated profits | | 304,677 | 218,667 | 480,493 | 357,362 |
| Reserve on consolidation | | - | - | 51 | 51 |
| Currency translation reserves | | - | - | 522 | (5,526) |
| Total equity | | 489,000 | 401,630 | 665,389 | 534,850 |
| Total liabilities and equity | | 661,618 | 509,909 | 885,985 | 759,164 |

See accompanying notes to financial statements.

PROFIT AND LOSS STATEMENTS

Year Ended December 31, 2001

| | Notes | The Company | | The Group | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Revenue | 19 | 963,138 | 620,743 | 1,430,862 | 1,456,390 |
| Other operating income | 20 | 7,918 | 2,357 | 7,090 | 1,681 |
| Changes in inventories of finished goods and work in progress | | 13,653 | 12,821 | 5,476 | 21,501 |
| Raw materials and consumables used | | (785,606) | (487,222) | (1,099,594) | (1,236,581) |
| Staff costs | 21 | (67,111) | (58,075) | (115,179) | (93,294) |
| Depreciation and amortisation expense | | (7,626) | (7,582) | (27,791) | (19,923) |
| Research and development expense | | (16,566) | (1,806) | (19,706) | (5,119) |
| Foreign currency exchange adjustment gain | | 4,295 | 432 | 8,145 | 4,097 |
| Other operating expenses | | (20,272) | (24,505) | (56,746) | (31,874) |
| Profit from operations | | 91,823 | 57,163 | 132,557 | 96,878 |
| Interest income (net of interest expense) | 22 | 9,010 | 16,117 | 11,178 | 19,014 |
| Profit before income tax | 23 | 100,833 | 73,280 | 143,735 | 115,892 |
| Income tax expense | 25 | (3,273) | (3,434) | (9,186) | (10,734) |
| Profit after income tax but before minority interests | | 97,560 | 69,846 | 134,549 | 105,158 |
| Minority interests | | - | - | 132 | (30) |
| Net profit attributable to the shareholders of the company | | 97,560 | 69,846 | 134,681 | 105,128 |
| Basic earnings per share (cents) | 26 | | | 58.3 | 45.7 |
| Fully diluted earnings per share (cents) | 26 | | | 57.7 | 45.3 |

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31, 2001

| | Notes | Issued capital \$'000 | Share premium \$'000 | Accumulated profits \$'000 | Total \$'000 |
|---|-------|-----------------------------|----------------------------|----------------------------------|-----------------|
| Company | | | | | |
| Balance at December 31, 1999 (previously reported) | | 56,986 | 113,291 | 148,919 | 319,196 |
| Change in accounting policy | 34 | - | - | 9,118 | 9,118 |
| Restated balance | | 56,986 | 113,291 | 158,037 | 328,314 |
| Net profit attributable to the shareholders of the company | | - | - | 69,846 | 69,846 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | | - | - | (9,216) | (9,216) |
| Issue of share capital | | 717 | 11,969 | - | 12,686 |
| Balance at December 31, 2000 - restated | 34 | 57,703 | 125,260 | 218,667 | 401,630 |
| Net profit attributable to the shareholders of the company | | - | - | 97,560 | 97,560 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | | - | - | (11,550) | (11,550) |
| Issue of share capital | | 73 | 1,287 | - | 1,360 |
| Balance at December 31, 2001 | | 57,776 | 126,547 | 304,677 | 489,000 |

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31, 2001

| | Notes | Issued capital \$'000 | Share premium \$'000 | Currency translation reserves \$'000 | Reserve on consolidation \$'000 | Accumulated profits \$'000 | Total \$'000 |
|---|-------|-----------------------------|----------------------------|---|--|----------------------------------|-----------------|
| Group | | | | | | | |
| Balance at December 31, 1999 (previously reported) | | 56,986 | 113,291 | (7,679) | 51 | 252,332 | 414,981 |
| Change in accounting policy | 34 | - | - | - | - | 9,118 | 9,118 |
| Restated balance | | 56,986 | 113,291 | (7,679) | 51 | 261,450 | 424,099 |
| Currency translation differences | | - | - | 2,153 | - | - | 2,153 |
| Net profit attributable to the shareholders of the company | | - | - | - | - | 105,128 | 105,128 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | | - | - | - | - | (9,216) | (9,216) |
| Issue of share capital | | 717 | 11,969 | - | - | - | 12,686 |
| Balance at December 31, 2000 - restated | 34 | 57,703 | 125,260 | (5,526) | 51 | 357,362 | 534,850 |
| Currency translation differences | | - | - | 6,048 | - | - | 6,048 |
| Net profit attributable to the shareholders of the company | | - | - | - | - | 134,681 | 134,681 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | | - | - | - | - | (11,550) | (11,550) |
| Issue of share capital | | 73 | 1,287 | - | - | - | 1,360 |
| Balance at December 31, 2001 | | 57,776 | 126,547 | 522 | 51 | 480,493 | 665,389 |

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 2001

| | The Group | |
|---|------------------|---------------|
| | 2001 | 2000 |
| | \$'000 | \$'000 |
| Cash flows from operating activities: | | |
| Profit before income tax and minority interests | 143,735 | 115,892 |
| Adjustments for: | | |
| Depreciation expense | 26,402 | 19,713 |
| Plant and equipment written off | - | 123 |
| Amortisation of goodwill | 69 | 70 |
| Goodwill written off | 12 | 116 |
| Amortisation of intangible assets | 1,308 | 24 |
| Impairment loss for diminution in other investments | 900 | 1,118 |
| Interest income | (11,507) | (19,023) |
| Dividend income | (712) | (1,379) |
| Interest expense | 329 | 9 |
| Gain on disposal of investment in associates | (28) | - |
| Loss (Gain) on disposal of plant and equipment, net | 61 | (121) |
| Operating profit before working capital changes | 160,569 | 116,542 |
| Trade receivables | (62,426) | (37,226) |
| Other receivables and prepaid expenses | (6,928) | (3,853) |
| Amount due from joint venture (trade) | (1,283) | 790 |
| Inventories | 76,145 | (159,939) |
| Trade payables | (9,990) | 27,460 |
| Other payables | (8,525) | 19,174 |
| Cash generated from (used in) operations | 147,562 | (37,052) |
| Interest paid | (329) | (9) |
| Interest received | 11,507 | 19,023 |
| Income tax paid | (7,865) | (12,246) |
| Dividend received | 712 | 1,379 |
| Dividends paid | (11,550) | (9,216) |
| Net cash from (used in) operating activities | 140,037 | (38,121) |

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 2001

| | The Group | |
|--|------------------|----------------|
| | 2001 | 2000 |
| | \$'000 | \$'000 |
| Cash flows from investing activities: | | |
| Payment to minority shareholders | (179) | (96) |
| Purchase of property, plant and equipment | (39,315) | (64,559) |
| Proceeds on disposal of plant and equipment | 6,246 | 4,065 |
| Intangible assets | (11,521) | (4,575) |
| Proceeds on disposal of investment in associates | 500 | - |
| Purchase of other investments | (276) | (4,562) |
| Net cash used in investing activities | (44,545) | (69,727) |
| Cash flows from financing activities: | | |
| Increase in short-term bank loans | 4,832 | 347 |
| Proceeds from issue of shares | 1,360 | 12,686 |
| Net cash from financing activities | 6,192 | 13,033 |
| Net effect of exchange rate changes in consolidating subsidiaries | 3,825 | 857 |
| Net increase (decrease) in cash | 105,509 | (93,958) |
| Cash at beginning of year | 198,940 | 292,898 |
| Cash at end of year | 304,449 | 198,940 |
| Cash at end of year include the following: | | |
| Cash | 77,009 | 39,919 |
| Fixed deposits | 237,107 | 159,847 |
| Bank overdrafts | (9,667) | (826) |
| | 304,449 | 198,940 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

1 GENERAL

The company is incorporated in the Republic of Singapore with its principal place of business at 5006 Ang Mo Kio Avenue 5, #05-01/12 Techplace II, Singapore 569873 and registered office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315. The financial statements are expressed in Singapore dollars.

The principal activities of the company are to provide manufacturing, design, engineering, customisation and logistic services to electronics companies worldwide. The principal activities of the subsidiaries, associates and joint venture company are detailed in Notes 7, 8 and 9 to the financial statements.

The financial statements of the company and of the group for the year ended December 31, 2001 were authorised for issue by the Board of Directors at their meeting held on March 1, 2002.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention and are prepared in accordance with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard (SAS).

The company has adopted all the applicable new/revised SAS which became effective during the year. The effects of the adoption of certain SAS, which is a change in accounting policy, is disclosed in Note 34 to the financial statements.

- b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

In the company's financial statements, investments in subsidiaries and associated companies are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- c) ASSOCIATES - An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognise any decline in the net recoverable value of individual investments. Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.
- d) JOINT VENTURE - A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Where a group company undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant company and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.
- Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.
- e) GOODWILL - Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition and is amortised in equal amounts over 20 years. Any impairment in value which is other than a temporary decline are taken to the profit and loss statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- f) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - Transactions in foreign currencies are recorded at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement, except that exchange differences arising on monetary balances that, in substance, form part of the group's net investment in foreign entities, are taken to currency translation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities (subsidiaries, associates and joint ventures) are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities are translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the profit or loss on disposal.

- g) PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|--|---|---------------|
| Factory building | - | 50 years |
| Freehold building | - | 30 years |
| Machinery and equipment | - | 5 to 10 years |
| Leasehold improvements and renovations | - | 5 to 10 years |
| Office equipment, furniture and fittings | - | 3 to 10 years |
| Computer hardware | - | 3 years |
| Motor vehicles | - | 5 to 6 years |

Fully depreciated assets still in use are retained in the financial statements.

- h) RESEARCH AND DEVELOPMENT COSTS - Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets only if all the following conditions are met:
- an asset is created that can be identified (such as software and new processes);
 - it is probable that the asset created will generate future economic benefits; and
 - the development cost of the asset can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- h) Other development expenditures are recognised as expenses when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.
- i) SOFTWARE DEVELOPMENT COSTS - Costs that are directly associated with the development of identifiable and unique software products controlled by the company and have probable economic benefit exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the staff costs of the software development team and an appropriate portion of relevant overheads. Costs which enhance or extend performance of computer software programs beyond their original specifications are capitalised and added to the original cost of software. Other software development costs are expensed when incurred. Computer software development costs that are capitalised are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.
- j) OTHER INTANGIBLE ASSETS - Other intangible assets include expenditure on acquired patents, trademarks and licences, and development expenditures and are amortised using the straight-line method over their useful lives, but not exceeding 3 years. Intangible assets are stated at costs less amortisation. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.
- k) INVENTORIES - Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.
- l) FINANCIAL ASSETS – Financial assets include cash and fixed deposits, trade and other receivables and other investments. Included in fixed deposits are equity linked deposits which are measured at their nominal value reduced by allowances for impairment loss. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other investments held for long-term are stated at cost less any impairment in net recoverable value and investments held for short-term are stated at the lower of cost or market value determined on a portfolio basis.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) FINANCIAL LIABILITIES AND EQUITY – Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables, income tax payable, bank loans and overdrafts. Trade, other payables and income tax payable are stated at their nominal value. Bank loans and overdrafts are recorded at the proceeds received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the proceeds received, net of direct issue costs. Share options are recorded when exercised and the exercise price is allocated between issued capital and share premiums accordingly.

n) IMPAIRMENT OF ASSETS - At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

o) REVENUE RECOGNITION – Revenue of the company and the group represent the net amount receivable for electronics manufacturing and engineering services provided to external customers after deducting goods and services taxes. Revenue for the group includes dividends income from investments which is recognised when the shareholders' rights to receive payment have been established.

p) INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realization and the potential tax saving relating to a tax loss carryforward and unutilised capital allowances is not recorded as an asset.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the assets are realised or the liability is settled. Deferred tax is charged or credited to the profit and loss statement. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- q) RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as an expense as they are incurred.
- r) GOVERNMENT GRANTS - Government grants relating to deferred development expenditure and the purchase of property, plant and equipment are included in the balance sheet by deducting the grant in arriving at the carrying amount of the assets.
- s) CASH - Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts.

3 FIXED DEPOSITS

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Fixed deposits | 163,775 | 78,539 | 195,979 | 113,618 |
| Fixed rate bonds | 25,456 | 46,229 | 29,108 | 46,229 |
| Equity linked deposits | 16,320 | - | 16,320 | - |
| | 205,551 | 124,768 | 241,407 | 159,847 |
| Impairment loss on equity linked deposits | (4,300) | - | (4,300) | - |
| | 201,251 | 124,768 | 237,107 | 159,847 |
| Movement in impairment loss on equity linked deposits: | | | | |
| Charge during the year and balance at end of year (Note 23) | 4,300 | - | 4,300 | - |

Fixed deposits of certain subsidiaries amounting to \$1,216,532 (2000 : \$1,100,881) are pledged to banks to secure bank credit facilities granted to the subsidiaries (Note 14).

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

4 TRADE RECEIVABLES

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Outside parties | 174,841 | 96,166 | 240,748 | 178,322 |
| Less allowances for doubtful debts | - | - | - | - |
| | 174,841 | 96,166 | 240,748 | 178,322 |
| Movements in allowances: | | | | |
| Balance at beginning of year | - | 11 | - | 128 |
| Bad debts written off against allowances | - | (11) | - | (21) |
| Reversal to profit and loss (Note 20) | - | - | - | (108) |
| Exchange differences | - | - | - | 1 |
| Balance at end of year | - | - | - | - |

5 OTHER RECEIVABLES AND PREPAYMENTS

| | The Company | | The Group | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Other receivables | 5,043 | 6,613 | 15,495 | 10,351 |
| Deposits | 355 | 449 | 1,484 | 709 |
| Prepayments | 468 | 64 | 1,197 | 188 |
| | 5,866 | 7,126 | 18,176 | 11,248 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

6 INVENTORIES

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| At cost: | | | | |
| Raw materials | 38,270 | 62,450 | 75,770 | 116,113 |
| Work in progress | 25,211 | 18,224 | 37,186 | 44,619 |
| Finished goods | 9,883 | 3,217 | 18,718 | 5,809 |
| | 73,364 | 83,891 | 131,674 | 166,541 |
| Raw materials carried at net realisable value after the following allowances | 12,232 | 24,543 | 19,600 | 60,878 |
| | 85,596 | 108,434 | 151,274 | 227,419 |
| Movements in allowances: | | | | |
| Balance at beginning of year | 3,582 | 1,288 | 4,973 | 3,495 |
| (Reversal) Charge to profit and loss, net (Note 23) | (1,311) | 2,325 | (1,640) | 2,209 |
| Amount written off against allowances | (59) | (31) | (59) | (762) |
| Exchange differences | - | - | - | 31 |
| Balance at end of year | 2,212 | 3,582 | 3,274 | 4,973 |

7 INVESTMENTS IN SUBSIDIARIES

| | The Company | |
|---------------------------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Unquoted equity shares, at cost | 15,328 | 15,238 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

7 INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of Subsidiaries | Country of Incorporation and Operation | Cost of Investment | | Effective Equity Interest Held by Group | | Principal Activities |
|---|--|--------------------|----------------|---|-----------|--|
| | | 2001 \$'000 | 2000 \$'000 | 2001 % | 2000 % | |
| Multitech Systems Pte Ltd | Singapore | 3,215 | 3,215 | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |
| Ventech Data Systems Pte Ltd | Singapore | 5,000 | 5,000 | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |
| Technocom Systems Sdn Bhd ⁽²⁾ | Malaysia | 1,543 | 1,543 | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |
| Syarikat Perusahaan Sing Mee (Johore) Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) ⁽²⁾ | Malaysia | - | - | 100 | 100 | Dormant |
| Pintarmas Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) ⁽²⁾ | Malaysia | - | - | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

7 INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of Subsidiaries | Country of Incorporation and Operation | Cost of Investment | | Effective Equity Interest Held by Group | | Principal Activities |
|---|--|--------------------|----------------|---|-----------|--|
| | | 2001 \$'000 | 2000 \$'000 | 2001 % | 2000 % | |
| Cebelian Holdings Pte Ltd | Singapore | 2,500 | 2,500 | 100 | 100 | Investment holding |
| VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽³⁾ | United States of America | - | - | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |
| VIPColor Technologies Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd) | Singapore | - | - | 93.8 | 94.8 | Develop and market colour imaging products for label printing |
| VIPColor Technologies USA, Inc (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) ⁽³⁾ | United States of America | - | - | 93.8 | 94.8 | Develop and market colour imaging products for label printing |
| EAS Security Systems Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd) | Singapore | - | - | 100 | 76 | Trading in electronic and security systems electronic products |
| Venture Electronics (Shanghai) Co Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽¹⁾ | China | - | - | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

7 INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name of Subsidiaries | Country of Incorporation and Operation | Cost of Investment | | Effective Equity Interest Held by Group | | Principal Activities |
|---|--|--------------------|----------------|---|-----------|---|
| | | 2001 \$'000 | 2000 \$'000 | 2001 % | 2000 % | |
| Innovative Trek Technology Pte Ltd | Singapore | 1,780 | 1,780 | 100 | 100 | Information system development and support |
| PT Venture Electronics Indonesia (99% owned by the company and 1% owned by Multitech Systems Pte Ltd) ⁽¹⁾ | Indonesia | 337 | 337 | 100 | 100 | Trading in and manufacturing of electronic and computer-related products |
| Advanced Products Corporation Pte Ltd | Singapore | 863 | 863 | 100 | 100 | Trading in electronic and computer-related products (In 2000, dormant) |
| Venture International Marketing Ltd ⁽³⁾ | United Kingdom | Note (a) | Note (a) | 100 | 100 | Dormant |
| Venture Electronics Mexico S.A. de C.V. (98% owned by Innovative Trek Technology Pte Ltd and 2% owned by Cebelian Holdings Pte Ltd) ⁽¹⁾ | Mexico | - | - | 100 | - | Trading in and manufacturing of electronic and computer-related products |
| Ventech Investments Ltd ⁽³⁾ | British Virgin Islands | 90 | - | 100 | - | Investment holding |
| Total | | 15,328 | 15,238 | | | |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

7 INVESTMENTS IN SUBSIDIARIES (cont'd)

Note (a) The cost of investment is less than \$1,000.

All the companies are audited by Deloitte & Touche, Singapore except for the subsidiaries that are indicated as follows:

⁽¹⁾ Audited by overseas practices of Deloitte Touche Tohmatsu.

⁽²⁾ Audited by another firm of auditors, Ahmad, Abdullah & Goh (affiliate of Summit International)

⁽³⁾ Not required to be audited by law in its country of incorporation.

Advances to and from subsidiaries are unsecured, interest-free and without fixed repayment terms.

8 INVESTMENT IN ASSOCIATES

| | The Group | |
|---------------------------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Unquoted equity shares, at cost | - | 472 |

| Name of Associates | Country of Incorporation and Operation | Effective Equity Interest Held by Group | | Principal activities |
|---|--|---|-----------|--|
| | | 2001 % | 2000 % | |
| Venture Meto International Pte Ltd | Singapore | - | 20 | Trading in electronic products and labelling systems |
| Meto First Labelling Systems (Shanghai) Co. Ltd (wholly-owned subsidiary of Venture Meto International Pte Ltd) | China | - | 20 | Trading in and manufacturing of labelling systems |

The investment in associates was disposed pursuant to a put option that was exercised during the financial year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

9 INVESTMENT IN JOINT VENTURE

| | The Company | |
|---------------------------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Unquoted equity shares, at cost | 1,000 | 1,000 |

The company has a 50% interest in a joint venture, VS Electronics Pte Ltd, incorporated in the Republic of Singapore, whose principal activities are those of research and development, sales and marketing, redesigning and manufacturing of system electronics products and other related products.

The group financial statements include a proportionate share of the joint venture's current assets of \$2,016,000 (2000 : \$1,460,000), non-current assets of \$320,000 (2000 : \$525,000), current liabilities of \$1,622,000 (2000 : \$252,000) and net loss after tax of \$1,019,000 (2000 : net profit after tax of \$50,000).

10 OTHER INVESTMENTS

| | The Group | |
|---|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Quoted equity shares in corporations, at cost | 20,128 | 20,128 |
| Impairment loss | (2,018) | (1,118) |
| Unquoted equity shares in corporations, at cost | 18,110 | 19,010 |
| Total | 20,848 | 21,472 |
| Market value of quoted equity shares | 18,110 | 19,010 |
| Movement in impairment loss: | | |
| Balance at beginning of year | 1,118 | - |
| Charge during the year (Note 23) | 900 | 1,118 |
| Balance at end of year | 2,018 | 1,118 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

11 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land \$'000 | Freehold building \$'000 | Machinery and equipment \$'000 | Leasehold improvement and renovation \$'000 | Office equipment, furniture and fitting \$'000 | Motor vehicles \$'000 | Total \$'000 |
|------------------------------|----------------------------|--------------------------------|---|---|--|-----------------------------|-----------------|
| The Company | | | | | | | |
| Cost: | | | | | | | |
| At beginning of year | 6,576 | 2,500 | 51,052 | 2,605 | 5,631 | 1,215 | 69,579 |
| Additions | - | - | 13,721 | 195 | 1,040 | 439 | 15,395 |
| Disposals | - | - | (704) | - | (234) | (503) | (1,441) |
| At end of year | 6,576 | 2,500 | 64,069 | 2,800 | 6,437 | 1,151 | 83,533 |
| Accumulated depreciation: | | | | | | | |
| At beginning of year | - | 166 | 38,163 | 1,903 | 3,174 | 1,086 | 44,492 |
| Additions | - | 84 | 5,678 | 275 | 1,468 | 121 | 7,626 |
| Disposals | - | - | (532) | - | (200) | (490) | (1,222) |
| At end of year | - | 250 | 43,309 | 2,178 | 4,442 | 717 | 50,896 |
| Depreciation for 2000 | - | 116 | 5,866 | 286 | 1,174 | 140 | 7,582 |
| Net book value: | | | | | | | |
| At beginning of year | 6,576 | 2,334 | 12,889 | 702 | 2,457 | 129 | 25,087 |
| At end of year | 6,576 | 2,250 | 20,760 | 622 | 1,995 | 434 | 32,637 |

A total grant of \$482,070 (2000 : \$482,070) received from the National Science and Technology Board has been credited against the cost of computer equipment included in office equipment, furniture and fitting above.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| | Freehold land | Factory building | Freehold building | Machinery and equipment | Leasehold improvement and renovation | Office equipment, furniture and fitting | Computer hardware | Motor vehicles | Total |
|---------------------------------|------------------|---------------------|----------------------|-------------------------------|---|---|----------------------|-------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | | | |
| Cost: | | | | | | | | | |
| At beginning of year | | | | | | | | | |
| | 9,889 | 11,870 | 2,837 | 137,340 | 5,067 | 8,822 | 5,645 | 1,920 | 183,390 |
| Reclassification (Note 35) | - | - | - | - | - | - | (4,434) | - | (4,434) |
| At beginning of year – restated | 9,889 | 11,870 | 2,837 | 137,340 | 5,067 | 8,822 | 1,211 | 1,920 | 178,956 |
| Exchange differences | 188 | 668 | - | 2,431 | 44 | 108 | - | 20 | 3,459 |
| Additions | - | - | - | 34,827 | 1,474 | 2,006 | 537 | 471 | 39,315 |
| Disposals | - | - | - | (8,576) | - | (250) | - | (503) | (9,329) |
| At end of year | 10,077 | 12,538 | 2,837 | 166,022 | 6,585 | 10,686 | 1,748 | 1,908 | 212,401 |
| Accumulated depreciation: | | | | | | | | | |
| At beginning of year | - | 557 | 217 | 63,674 | 2,833 | 4,381 | - | 1,575 | 73,237 |
| Exchange differences | - | 38 | - | 1,025 | 19 | 48 | 5 | 11 | 1,146 |
| Additions | - | 244 | 93 | 22,860 | 536 | 2,442 | 429 | 176 | 26,780 |
| Disposals | - | - | - | (2,314) | (10) | (209) | - | (489) | (3,022) |
| At end of year | - | 839 | 310 | 85,245 | 3,378 | 6,662 | 434 | 1,273 | 98,141 |
| Depreciation for 2000 | - | 102 | 125 | 17,261 | 494 | 1,550 | - | 184 | 19,716 |
| Net book value: | | | | | | | | | |
| At beginning of year – restated | 9,889 | 11,313 | 2,620 | 73,666 | 2,234 | 4,441 | 1,211 | 345 | 105,719 |
| At end of year | 10,077 | 11,699 | 2,527 | 80,777 | 3,207 | 4,024 | 1,314 | 635 | 114,260 |

A total grant of \$482,070 (2000 : \$482,070) received from the National Science and Technology Board has been credited against the cost of computer equipment included in office equipment, furniture and fitting above.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

12 INTANGIBLE ASSETS

| | Development expenditure carried forward | Computer software | Total |
|-------------------------------------|---|----------------------|--------|
| | \$'000 | \$'000 | \$'000 |
| The Group | | | |
| Costs: | | | |
| At beginning of year | 8,896 | - | 8,896 |
| Reclassification (Note 35) | - | 4,434 | 4,434 |
| At beginning of year – restated | 8,896 | 4,434 | 13,330 |
| Additions | 9,470 | 2,429 | 11,899 |
| Disposals | (540) | - | (540) |
| Exchange differences | 14 | - | 14 |
| At end of year | 17,840 | 6,863 | 24,703 |
| Accumulated amortisation: | | | |
| At beginning of year | 715 | - | 715 |
| Amortisation for the year (Note 23) | 66 | 1,242 | 1,308 |
| Disposals | (540) | - | (540) |
| Exchange differences | 2 | - | 2 |
| At end of year | 243 | 1,242 | 1,485 |
| Amortisation for last year | 24 | - | 24 |
| Net book value: | | | |
| At beginning of year – restated | 8,181 | 4,434 | 12,615 |
| At end of year | 17,597 | 5,621 | 23,218 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

12 INTANGIBLE ASSETS (cont'd)

The development expenditure carried forward included the following charges (credit) incurred during the year:

| | The Group | |
|---------------------------------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Development expenditure | 6,149 | 3,744 |
| Professional fee paid to a director | - | 6 |
| Directors' remuneration | - | 245 |
| Auditors' remuneration | - | 5 |
| Depreciation expense | 378 | 3 |
| Exchange loss | - | 6 |
| Interest income - non-related company | - | (69) |

13 GOODWILL ON CONSOLIDATION

| | The Group \$'000 |
|--|---------------------|
| Costs: | |
| At beginning of year | 2,958 |
| Arising from acquisition of subsidiary | 12 |
| At end of year | 2,970 |
| Accumulated amortisation: | |
| At beginning of year | 953 |
| Goodwill written off (Note 23) | 12 |
| Amortisation for the year (Note 23) | 69 |
| At end of year | 1,034 |
| Amortisation for last year | 70 |
| Net book value: | |
| At beginning of year | 2,005 |
| At end of year | 1,936 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

14 BANK OVERDRAFTS

The group's bank overdraft facilities are secured by way of a pledge of certain fixed deposits (Note 3).

15 SHORT-TERM BANK LOANS

The short-term bank loans of a subsidiary are secured by a standby letter of credit granted by the ultimate holding company and bears interest at a rate of 5.8% to 10.5% (2000 : 10.5%) per annum.

16 OTHER PAYABLES

| | The Company | | The Group | |
|------------------|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Other creditors | 280 | - | 990 | 3,777 |
| Accrued expenses | 26,197 | 23,101 | 38,542 | 46,892 |
| Due to directors | 10,342 | 7,731 | 10,343 | 7,731 |
| Total | 36,819 | 30,832 | 49,875 | 58,400 |

The amount due to directors is unsecured, interest-free and without fixed repayment terms.

17 DEFERRED INCOME TAX

| | The Group | |
|---|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Balance at beginning of year | 3,646 | 2,365 |
| Charge to income for the year (Note 25) | 440 | 1,264 |
| Exchange differences | 102 | 17 |
| Balance at end of year | 4,188 | 3,646 |

The above deferred income tax is mainly due to the tax effect of the foreign exchange differences and the excess of capital allowances over book depreciation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

18 ISSUED CAPITAL

| | The Company and The Group | |
|---|---------------------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| AUTHORISED: | | |
| 500,000,000 (2000 : 500,000,000) ordinary shares of \$0.25 each | 125,000 | 125,000 |
| ISSUED AND FULLY PAID: | | |
| 231,102,617 (2000 : 230,811,617) ordinary shares of \$0.25 each | 57,776 | 57,703 |
| Movement during the year was: | | |
| Balance at beginning of year | 57,703 | 56,986 |
| Shares issued upon exercise of options | 73 | 717 |
| Balance at end of year | 57,776 | 57,703 |

During the financial year, the company made the following share issues:

- (i) 26,000 new ordinary shares of \$0.25 each at a price of \$2.32 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (ii) 126,000 new ordinary shares of \$0.25 each at a price of \$3.64 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (iii) 126,000 new ordinary shares of \$0.25 each at a price of \$5.40 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (iv) 3,000 new ordinary shares of \$0.25 each at a price of \$5.73 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- (v) 10,000 new ordinary shares of \$0.25 each at a price of \$14.40 per share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

The total number of options outstanding as at end of the year was 33,901,300 (2000 : 8,209,791).

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

19 REVENUE

| | The Company | | The Group | |
|---|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Rendering of electronic manufacturing and engineering services | 963,138 | 620,743 | 1,430,150 | 1,455,011 |
| Dividend income | - | - | 712 | 1,379 |
| | 963,138 | 620,743 | 1,430,862 | 1,456,390 |

20 OTHER OPERATING INCOME

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Research and development income | 568 | 329 | 568 | 329 |
| Management fee | 852 | 852 | - | - |
| Bad debts recovered | 4,099 | 502 | 4,099 | 502 |
| Write-back of allowance for doubtful debts | | | | |
| - trade (Note 4) | - | - | - | 108 |
| Gain on sale of fixed rate bonds | 995 | - | 995 | - |
| Rental income | 100 | - | 100 | - |
| Other income | 1,304 | 674 | 1,328 | 742 |
| | 7,918 | 2,357 | 7,090 | 1,681 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

21 STAFF COSTS

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Operating | 59,899 | 52,619 | 105,715 | 86,291 |
| Research and development | 3,745 | 3,400 | 3,745 | 3,400 |
| Costs of defined contribution plans included in staff costs | 3,467 | 2,056 | 5,719 | 3,603 |
| | 67,111 | 58,075 | 115,179 | 93,294 |
| Number of employees at end of year | 1,640 | 1,854 | 5,367 | 6,193 |

22 INTEREST INCOME (NET OF INTEREST EXPENSE)

| | The Company | | The Group | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Interest income from outside parties | 9,023 | 16,120 | 11,507 | 19,023 |
| Interest expense to outside parties | (13) | (3) | (329) | (9) |
| | 9,010 | 16,117 | 11,178 | 19,014 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

23 PROFIT BEFORE INCOME TAX AND MINORITY INTERESTS

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges (credits):

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Directors' remuneration (Note 24): | | | | |
| Directors of the company | 11,598 | 9,077 | 11,638 | 9,111 |
| Directors of the subsidiaries and joint venture | - | - | 320 | 182 |
| Directors' fees paid to directors of the company | 62 | 62 | 62 | 62 |
| Depreciation expense | 7,626 | 7,582 | 26,402 | 19,713 |
| Plant and equipment written off | - | - | - | 123 |
| Inventories written off | 321 | - | 2,191 | 136 |
| Bad debts written off | - | - | 125 | 18 |
| Allowance for inventory obsolescence, net (Note 6) | (1,311) | 2,325 | (1,640) | 2,209 |
| Auditors' remuneration: | | | | |
| Audit services: | | | | |
| Auditors of the company | 48 | 48 | 48 | 48 |
| Auditors of the subsidiaries | - | - | 160 | 118 |
| Non-audit services: | | | | |
| Auditors of company | 11 | 6 | 11 | 6 |
| Auditors of subsidiaries | - | - | 5 | 23 |
| Amortisation of intangible assets (Note 12) | - | - | 1,308 | 24 |
| Amortisation of goodwill (Note 13) | - | - | 69 | 70 |
| Goodwill written off (Note 13) | - | - | 12 | 116 |
| Professional fees paid to a firm of which a director of the subsidiary is a member | - | - | 2 | 2 |
| Impairment loss on equity linked deposits (Note 3) | 4,300 | - | 4,300 | - |
| Impairment loss for diminution in other investments (Note 10) | - | - | 900 | 1,118 |
| Dividend income from quoted equity investments (Gross) | - | - | (712) | (1,379) |
| Loss (Gain) on disposal of plant and equipment, net | 61 | (102) | 61 | (121) |
| Gain on disposal of investment in associates (Note 8) | - | - | (28) | - |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

24 DIRECTORS' REMUNERATION

Number of directors in remuneration bands for the year ended December 31, 2001 are as follows:

| | The Company | |
|------------------------|-------------|------|
| | 2001 | 2000 |
| \$500,000 and above | 3 | 3 |
| \$250,000 to \$499,999 | - | - |
| Below \$250,000 | 3 | 3 |
| Total | 6 | 6 |

25 INCOME TAX

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Current income tax on profit for the year | 3,273 | 3,244 | 8,447 | 7,765 |
| Under provision of income tax in prior years | - | 190 | 299 | 1,705 |
| Deferred income tax (Note 17) | - | - | 440 | 1,264 |
| Total | 3,273 | 3,434 | 9,186 | 10,734 |

The income tax expense for the company and the group is less than the amount determined by applying the statutory tax rates because of tax incentives granted to the company and its subsidiary companies under the pioneer status.

The Economic Development Board (EDB) of Singapore granted the company and one of its subsidiary pioneer status for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing August 1, 1999.

A subsidiary in Malaysia has been granted pioneer status with Incentive for High Technology Industry in respect of certain range of products which exempts its profits from income tax for a period of five years from January 1, 1997 to December 31, 2001. In 2001, the same subsidiary was granted pioneer status with Incentive for High Technology Industry in respect of another range of products which exempts its profits from income tax for a period of five years from January 1, 2001 to December 31, 2005.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

25 INCOME TAX (cont'd)

The group has estimated tax losses and unabsorbed capital allowances amounting to approximately \$11,389,000 (2000 : \$2,452,000) which are available for offsetting against future taxable income subject to the conditions for deductibility imposed by law, including the retention of majority shareholders as defined. During the year, the tax savings arising from the utilisation of unabsorbed tax losses amounted to approximately \$293,000 (2000 : \$1,300).

26 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is calculated on the group's net profit attributable to shareholders of \$134,681,000 (2000 : \$105,128,000) divided by the (weighted average) number of ordinary shares of 230,984,000 (2000 : 230,194,000) in issue during the year.

Fully diluted earnings per ordinary share is based on 233,326,000 (2000 : 231,969,000) ordinary shares assuming the full exercise of share options outstanding during the year and group's net profit attributable to shareholders of \$134,681,000 (2000 : \$105,128,000) and adjusting the (weighted average) number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

| | The Group | | | |
|---|----------------------------------|---------------------------|----------------------------------|---------------------------|
| | 2001 | | 2000 | |
| | Basic \$'000 | Diluted \$'000 | Basic \$'000 | Diluted \$'000 |
| Net profit attributable to shareholders | 134,681 | 134,681 | 105,128 | 105,128 |
| | Number of shares '000 | | Number of shares '000 | |
| Weighted average number of ordinary shares | 230,984 | 230,984 | 230,194 | 230,194 |
| Adjustment for potential dilutive ordinary shares | - | 2,342 | - | 1,775 |
| Weighted average number of ordinary shares used to compute earnings per share | 230,984 | 233,326 | 230,194 | 231,969 |
| Earnings per share (cents) | 58.3 | 57.7 | 45.7 | 45.3 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

27 OPERATING LEASE COMMITMENTS

| | The Company | | The Group | |
|---|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Minimum lease payments paid under operating leases | 6,053 | 5,240 | 10,483 | 5,798 |

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year were as follows:

| | The Company | | The Group | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Within one year | 4,939 | 6,401 | 8,304 | 7,661 |
| In the second to fifth year inclusive | 2,518 | 3,722 | 5,779 | 5,829 |

28 FUTURE CAPITAL EXPENDITURE

| | The Group | |
|--|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 |
| Estimated amounts committed for future capital expenditure but not provided for in the financial statements | 2,111 | 3,583 |

29 CONTINGENT LIABILITIES

| | The Company | | The Group | |
|--|----------------|----------------|----------------|----------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Letters of guarantee issued by bankers | 3,637 | 3,805 | 5,102 | 5,573 |
| Standby letter of credit | 6,042 | 5,719 | 6,042 | 5,719 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

30 SEGMENT INFORMATION

The group operates predominantly as a provider of manufacturing and engineering services to the electronics industry.

| | Singapore | Asia-Pacific (excluding Singapore) | United States of America/ Mexico/Others | Eliminations | Group |
|--|-----------|--|---|--------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Geographical segments by location of assets | | | | | |
| 2001 | | | | | |
| Revenue: | | | | | |
| External sales | 1,212,851 | 190,026 | 27,985 | - | 1,430,862 |
| Inter-segment sales | 327,938 | 296,370 | 15,278 | (639,586) | - |
| Total revenue | 1,540,789 | 486,396 | 43,263 | (639,586) | 1,430,862 |
| Results: | | | | | |
| Profit from operations | 103,667 | 32,766 | (4,921) | 1,045 | 132,557 |
| Interest income (net of interest expense) | 10,122 | 1,291 | (235) | - | 11,178 |
| Profit (Loss) before income tax | 113,789 | 34,057 | (5,156) | 1,045 | 143,735 |
| Income tax expense | | | | | (9,186) |
| Profit after income tax | | | | | <u>134,549</u> |
| Other information: | | | | | |
| Capital additions | 28,658 | 13,889 | 8,667 | - | 51,214 |
| Depreciation and amortisation | 16,836 | 8,536 | 2,502 | (83) | 27,791 |
| Assets: | | | | | |
| Segment assets | 722,099 | 130,841 | 33,045 | - | <u>885,985</u> |
| Liabilities: | | | | | |
| Segment liabilities | 118,413 | 61,747 | 29,463 | - | 209,623 |
| Unallocated corporate liabilities | | | | | <u>10,532</u> |
| | | | | | <u>220,155</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

30 SEGMENT INFORMATION (cont'd)

| | Singapore | Asia-Pacific (excluding Singapore) | United States of America | Eliminations | Group |
|--|-----------|--|-----------------------------|--------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Geographical segments by location of assets | | | | | |
| 2000 | | | | | |
| Revenue: | | | | | |
| External sales | 1,107,238 | 332,047 | 17,105 | - | 1,456,390 |
| Inter-segment sales | 1,719 | 258,912 | 1,197 | (261,828) | - |
| Total revenue | 1,108,957 | 590,959 | 18,302 | (261,828) | 1,456,390 |
| Results: | | | | | |
| Profit from operations | 59,276 | 34,178 | 1,259 | 2,165 | 96,878 |
| Interest income (net of interest expense) | 17,498 | 1,485 | 31 | - | 19,014 |
| Profit before income tax | 76,774 | 35,663 | 1,290 | 2,165 | 115,892 |
| Income tax expense | | | | | (10,734) |
| Profit after income tax | | | | | <u>105,158</u> |
| Other information: | | | | | |
| Capital additions | 38,166 | 21,908 | 4,485 | - | 64,559 |
| Depreciation and amortisation | 14,010 | 4,822 | 1,106 | (15) | 19,923 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

30 SEGMENT INFORMATION (cont'd)

| | Singapore | Asia-Pacific (excluding Singapore) | United States of America | Eliminations | Group |
|--|------------------|---|-------------------------------------|---------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Geographical segments by location of assets | | | | | |
| 2000 | | | | | |
| Assets: | | | | | |
| Segment assets | 614,297 | 127,510 | 16,885 | - | 758,692 |
| Investment in associates | 472 | - | - | - | 472 |
| | | | | | <u>759,164</u> |
| Liabilities: | | | | | |
| Segment liabilities – restated (Note 34) | 173,962 | 35,830 | 4,673 | - | 214,465 |
| Unallocated corporate liabilities | | | | | <u>9,109</u> |
| | | | | | <u>223,574</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

30 SEGMENT INFORMATION (cont'd)

Business segments

The following table provides an analysis of the group's turnover by business segments.

| | 2001 \$'000 | 2000 \$'000 |
|---|------------------------|------------------------|
| Electronic manufacturing and engineering services | 1,430,150 | 1,455,011 |
| Investments | 712 | 1,379 |
| | 1,430,862 | 1,456,390 |

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets, analysed by the business segments in which the assets are located:

| | Segment assets | | Capital additions | |
|---|------------------------|------------------------|--------------------------|------------------------|
| | 2001 \$'000 | 2000 \$'000 | 2001 \$'000 | 2000 \$'000 |
| Electronic manufacturing and engineering services | 861,090 | 734,120 | 51,214 | 64,559 |
| Investments | 24,895 | 25,044 | - | - |
| | 885,985 | 759,164 | 51,214 | 64,559 |

31 SUBSEQUENT EVENTS

Subsequent to the year end date,

- 1) The company entered into a non-binding Memorandum of Understanding to acquire 67% equity interest in Univac Precision Engineering Pte Ltd ("Univac"). In addition, the company has a call option to buy and each of the shareholders of Univac has a put option to require the company to purchase the remaining equity stake in Univac exercisable at any time after the audited accounts of the company for the financial year ending December 31, 2002 have been approved at an annual general meeting of the company but no later than the date falling three years after the date of such annual general meeting (unless extended by mutual agreement).

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

31 SUBSEQUENT EVENTS (cont'd)

2) The company incorporated the following subsidiaries:

| Name of company | Country of incorporation and operation | Principal activities | Effective equity interest held by group | Cost of investment by the group |
|---|---|--|--|--|
| | | | % | |
| Venture Electronics International, Inc. | United States of America | Trading in and manufacturing of electronic and computer-related products | 100 | US\$100,000 |
| Venture Electronics (Europe), B.V. | The Netherlands | Trading in and manufacturing of electronic and computer-related products | 100 | Euro18,000 |
| Venture Electronics Spain S.L. | Spain | Trading in and manufacturing of electronic and computer-related products | 100 | Euro3,006 |
| Venture Electronics Solutions Pte Ltd | Singapore | Trading in and manufacturing of electronic and computer-related products | 80 | \$800,000 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

31 SUBSEQUENT EVENTS (cont'd)

- 3) The directors of the company propose a first and final tax exempt dividend of 10% and a tax exempt bonus dividend of 10% on the ordinary shares of the company, amounting to \$11,555,131 in respect of the company's financial year ended December 31, 2001.

The proposed first and final tax exempt dividend and tax exempt bonus dividend are subject to the approval of the shareholders.

- 4) 20,000 shares were issued for options exercised, hence the issued and paid up capital of the company was increased to \$57,780,654 divided into 231,122,617 shares of \$0.25 each.

32 MAJOR PROPERTIES

The schedule below shows the group's major properties together with particulars of their tenure and usage:

| Held by | Location | Description and Approx. Land Area | Tenure | Usage |
|---|--|--|--|-----------------------------|
| Pintarmas Sdn Bhd | Lot 3789 Mukim of Terbau, Johore Bahru, Malaysia | Land area: 40,469 sq. m. Industrial land | Freehold | Manufacturing facilities |
| Cebelian Holdings Pte Ltd | 69 Huang Yang Road Block 2, 6/F Unit D, Xinhe Gardens, Jinqiao Pudong Shanghai 201206 China | Gross floor area: 156.48 sq. m. | 70 years leasehold from November 30, 1994 | Lease |
| Venture Manufacturing (Singapore) Ltd | Lot 7114 Mukim 17 Singapore | Gross floor area: 1,424.6 sq. m. | Freehold | Residential Property |

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

33 FINANCIAL INSTRUMENTS

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the group. This risk is managed through the application of credit approvals, credit limits and monitoring procedures. The group has adopted a policy of only dealing with creditworthy counterparties and generally do not require collateral from customers. The group performs ongoing credit evaluation of their counterparties' financial condition and regular meetings are conducted to monitor debt collection and credit risk exposure on the group basis.

(ii) Interest rate risk

Interest rate risk refers to the risk experienced by the company and the group as a result of the fluctuation in interest rates. The group has cash balances placed as various forms of deposits with reputable international financial institutions and investments in fixed rate bonds of strong financial ratings. These deposits and investments are generally with short-term maturities to provide the group the flexibility to meet working capital and other investments needs. The group's borrowings are also short-term in nature and kept at a minimal level.

(iii) Foreign currency risk

Foreign exchange exposures are naturally hedged as both the group's trade sales and purchases are primarily denominated in US dollars. This reduces significantly the impact of movements in the foreign exchange rates.

(iv) Liquidity risk

Liquidity risk refers to the risk in which the group has difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The group's operations are financed mainly through equity and accumulated profits.

(v) Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities reported in the balance sheet approximate the carrying amount of those assets and liabilities, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

34 CHANGE IN ACCOUNTING POLICY

With effect from January 1, 2001, the company and the group adopted revised SAS 10 (2000) "Events After The Balance Sheet Date", which is effective for financial statements beginning on or after October 1, 2000, where proposed dividends that are recommended by the directors after the balance sheet date are not recognized as a liability at the balance sheet date. The effect of this change in accounting policy is adjusted retrospectively against accumulated profits brought forward from the previous financial year.

The effects of the change in accounting policy on the company and group's financial statements are as follows:

| | Previously reported | Restatement | Restated |
|--------------------------|------------------------|-------------|----------|
| | \$'000 | \$'000 | \$'000 |
| Company | | | |
| As at December 31, 1999: | | | |
| Accumulated profits | 148,919 | 9,118 | 158,037 |
| Current liabilities | 89,919 | (9,118) | 80,801 |
| As at December 31, 2000: | | | |
| Accumulated profits | 207,127 | 11,540 | 218,667 |
| Current liabilities | 119,819 | (11,540) | 108,279 |
| Group | | | |
| As at December 31, 1999: | | | |
| Accumulated profits | 252,332 | 9,118 | 261,450 |
| Current liabilities | 184,015 | (9,118) | 174,897 |
| As at December 31, 2000: | | | |
| Accumulated profits | 345,822 | 11,540 | 357,362 |
| Current liabilities | 231,468 | (11,540) | 219,928 |

35 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements due to the adoption of the requirements in accordance with SAS 10 (2000) "Events After The Balance Sheet Date" and SAS 34 "Intangible Assets". As a result, certain line items have been amended on the face of the balance sheet, profit and loss statement, the statement of changes in equity and the related notes to the financial statements. Comparative figures have been adjusted to conform with current year's presentation.

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements of the company and consolidated financial statements of the group set out on pages 13 to 52 are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at December 31, 2001, and of the results of the business and changes in equity of the company and of the group, and of the cash flows of the group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD

Wong Ngit Liong

Cecil Vivian Richard Wong

March 1, 2002

SHAREHOLDERS' INFORMATION

As At 5 April 2002

| | | |
|----------------------------------|---|--------------------------------|
| Authorised share capital | : | \$125,000,000 |
| Issued and fully paid-up capital | : | \$58,005,154.25 |
| Class of shares | : | Ordinary shares of \$0.25 each |

Analysis of Shareholdings as at 5 April 2002

| Range of Shareholdings | No. of Share Holders | % | No. of Shares | % |
|------------------------|----------------------|--------|---------------|--------|
| 1 - 1,000 | 1,255 | 56.43 | 1,234,082 | 0.53 |
| 1,001 - 10,000 | 818 | 36.78 | 2,886,376 | 1.24 |
| 10,001 - 1,000,000 | 136 | 6.12 | 9,199,662 | 3.97 |
| 1,000,001 and above | 15 | 0.67 | 218,700,497 | 94.26 |
| | 2,224 | 100.00 | 232,020,617 | 100.00 |

Substantial Shareholders as recorded in the Register of Substantial Shareholders

| No. | Name | Direct Interest | % | Deemed Interest | % |
|-----|--------------------------------------|-----------------|------|-----------------|------|
| 1 | Metchem Engineering SA | 18,744,007 | 8.08 | - | - |
| 2 | Schroder Investment Management Group | - | - | 17,897,790 | 7.71 |
| 3 | Wong Ngit Liong | 15,802,141 | 6.81 | - | - |
| 4 | The Capital Group Companies, Inc | - | - | 14,679,900 | 6.33 |

Notes:

- (1) Schroder Investment Management Group is deemed to have an interest in the 17,897,790 shares registered in the name of Schroder Investment Management (Singapore) Limited, Schroder Investment Management (Japan) Limited, Schroder Investment Management (Hong Kong) Limited and Schroder Investment Management Limited.
- (2) The Capital Group Companies, Inc is deemed to have an interest in the 14,679,900 shares registered in the name of DBS Nominees Pte Ltd, HSBC (Singapore) Pte Ltd, United Overseas Bank Nominees Pte Ltd, Raffles Nominees Pte Ltd and Deutsche Bank AG.

Major Shareholders List - Top 20 as at 5 April 2002

| No. | Name | No. of Shares Held | % |
|-----|--|--------------------|-------|
| 1 | DBS Nominees Pte Ltd | 65,949,455 | 28.42 |
| 2 | Raffles Nominees Pte Ltd | 57,763,568 | 24.90 |
| 3 | Citibank Nominees Singapore Pte Ltd | 36,154,514 | 15.58 |
| 4 | HSBC (Singapore) Nominees Pte Ltd | 20,944,060 | 9.03 |
| 5 | United Overseas Bank Nominees Pte Ltd | 11,870,838 | 5.12 |
| 6 | DB Nominees (S) Pte Ltd | 9,030,957 | 3.89 |
| 7 | Overseas Union Bank Nominees Pte Ltd | 3,975,000 | 1.71 |
| 8 | Oversea-Chinese Bank Nominees Pte Ltd | 3,208,999 | 1.38 |
| 9 | Soo Eng Hiong | 1,836,862 | 0.79 |
| 10 | Metchem Engineering SA | 1,654,034 | 0.71 |
| 11 | Tan Choon Huat | 1,619,430 | 0.70 |
| 12 | NTUC Income Insurance Co-Operative Limited | 1,444,000 | 0.62 |
| 13 | Lew Kim Soon | 1,188,780 | 0.51 |
| 14 | Singapore Nominees Pte Ltd | 1,056,000 | 0.46 |
| 15 | Morgan Stanley Asia (S'pore) Secs Pte Ltd | 1,004,000 | 0.43 |
| 16 | Chang Kok Choi Mark | 835,781 | 0.36 |
| 17 | Phillip Securities Pte Ltd | 692,000 | 0.30 |
| 18 | Citibank Consumer Nominees Pte Ltd | 600,802 | 0.26 |
| 19 | HSBC Republic Bank (Suisse) SA | 468,278 | 0.20 |
| 20 | GK Goh Stockbrokers Pte Ltd | 413,365 | 0.18 |
| | | 221,710,723 | 95.56 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VENTURE MANUFACTURING (SINGAPORE) LTD (“the Company”) will be held at the Board Room, 5006, Ang Mo Kio Avenue 5 #05-01/12 TECH Place II, Singapore 569873 on Friday, 17 May 2002 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company for the year ended 31 December 2001 together with the Auditors’ Report thereon. (Resolution 1)
2. To declare a final tax-exempt dividend of 10% and a bonus tax-exempt dividend of 10% for the year ended 31 December 2001. (Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 92 of the Company’s Articles of Association and Section 153(6) of the Companies Act, Cap. 50 (the “Act”):

| | | |
|------------------------------|---------------------------------|----------------|
| Mr Koh Lee Boon | [Retiring under Article 92] | (Resolution 3) |
| Mr Cecil Vivian Richard Wong | [Retiring under Section 153(6)] | (Resolution 4) |
| Mr Gopala Achuta Menon | [Retiring under Section 153(6)] | (Resolution 5) |

[See Explanatory Note (i)]

Mr Koh Lee Boon will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Mr Cecil Vivian Richard Wong will, upon re-election as a Director of the Company, hold office until the next Annual General Meeting of the Company. He will remain as a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of Listing Manual of the SGX-ST.

Mr Gopala Achuta Menon will, upon re-election as a Director of the Company, hold office until the next Annual General Meeting of the Company. He will remain as a member of the Audit Committee and will be considered non-independent for the purposes of Clause 902(4)(a) of Listing Manual of the SGX-ST.

4. To approve the payment of Directors’ fees of S\$62,000 for the year ended 31 December 2001 (2000: S\$62,000). (Resolution 6)
5. To re-appoint Deloitte & Touche as the Company’s Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary/Special Resolutions, with or without any modifications:

7. **Authority to allot and issue shares up to 10 per centum (10%) of issued capital**

- Ordinary Resolution

“That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this resolution shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting.”

[See Explanatory Note (ii)]

(Resolution 8)

8. **Authority to grant options and issue shares under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme – Ordinary Resolution**

“That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme (“the Scheme”) established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed twenty five per centum (25%) of the issued share capital of the Company from time to time.”

[See Explanatory Note (iii)]

(Resolution 9)

9. **Change of Name - Special Resolution**

“That the name of the Company be changed to “Venture Corporation Limited” and that the name “Venture Corporation Limited” be substituted for “Venture Manufacturing (Singapore) Ltd” wherever the latter name appears in the Memorandum & Articles of Association of the Company.”

[See Explanatory Note (iv)]

(Resolution 10)

By Order of the Board

Yvonne Choo

Tan Lay Hong

Company Secretaries

Singapore, 24 April 2002

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolutions 4 and 5 proposed in item 3 above, are to re-appoint Directors who are over 70 years of age. Section 153(6) of the Act provides that these resolutions have to be passed by a majority of three-fourths of shareholders voting at the Annual General Meeting of the Company.
- (ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares which the Directors may allot and issue under this Resolution would not exceed ten per centum (10%) of the issued share capital of the Company for the time being.
- (iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total twenty five per centum (25%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.
- (iv) Your Directors wish to propose that the name of the Company be changed from “Venture Manufacturing (Singapore) Ltd” to “Venture Corporation Limited”. To implement the proposed change of the Company’s name, your Directors have proposed a special resolution for Shareholders’ approval. Further, your Directors also wish to add that after the change of name, existing share certificates bearing the name “Venture Manufacturing (Singapore) Ltd” will still be valid. Shareholders should note that notwithstanding the change of the Company’s name, the Company will not recall existing share certificates which will continue to be prima facie evidence of legal title. No further action would be required on the part of Shareholders.

The use of the proposed name “Venture Corporation Limited” has been approved by the Registry of Companies and Business.

(a) Rationale for the change

As you are aware, the Company started as a contract manufacturer but has evolved into an integrated group with expertise in areas of Electronics Services Providers (ESP) providing a full range of integrated services such as Electronics Manufacturing Services (EMS), Original Design Manufacturing (ODM) and e-Fulfillment Services (EPS) and with a global presence.

Since the Company has diversified from manufacturing, it would be appropriate for the Company to adopt a name that would better reflect the business it is involved in. Your Directors therefore propose for the Company to adopt the new name “Venture Corporation Limited” which would better reflect its diverse operations and activities.

(b) Directors’ recommendation

Your Directors are of the opinion that the proposed change of name of the Company to “Venture Corporation Limited” is in the best interest of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 10 at the AGM.

(c) Action to be taken by Shareholders

If a Shareholder is unable to attend the AGM, and wishes to appoint a proxy to attend and vote on his/her behalf, he/she should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not less than forty-eight (48) hours before the time for holding the AGM. The completion and return of the Proxy Form by a Shareholder will not prevent him/her from attending and voting at the AGM in person if he/she so wishes.

(d) Responsibility statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Notice are fair and accurate and that there are no material facts the omission of which would make any statement in this Notice misleading.

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not less than forty-eight hours 48 hours before the time for holding the meeting.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 29 May 2002 to 30 May 2002 (both dates inclusive), for the purpose of determining Members' entitlements to the final and bonus tax-exempt dividends to be proposed at the Annual General Meeting of the Company to be held on 17 May 2002.

The proposed tax-exempt dividends (comprises a final dividend of 10% and a bonus dividend of 10%), if approved at the Annual General Meeting to be held on 17 May 2002, will be paid on 11 June 2002.

Duly completed registrable transfer of the shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 28 May 2002 by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road #17-00 The Corporate office, Singapore 068906 will be registered to determine shareholders' entitlements to such dividends. Subject to the aforesaid, Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 28 May 2002 will be entitled to the proposed dividends.

BY ORDER OF THE BOARD

Yvonne Choo
Company Secretary

24 April 2002

PROXY FORM

VENTURE MANUFACTURING (SINGAPORE) LTD

(Incorporated In The Republic Of Singapore)

(Please see notes overleaf before completing this Form)

I/We, _____ of

being a member/members of Venture Manufacturing (Singapore) Ltd (the "Company"), hereby appoint _____

of _____

or, failing him, _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Board Room, 5006 Ang Mo Kio Avenue 5 #05-01/12 Techplace II Singapore 569873 on 17 May 2002 at 11.30 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the meeting:

| No. | Resolutions relating to: | For | Against |
|-----|---|-----|---------|
| 1 | Directors' Report and Accounts for the year ended 31 December 2001 | | |
| 2 | Payment of proposed final dividend and bonus tax-exempt dividend | | |
| 3 | Re-election of Mr Koh Lee Boon | | |
| 4 | Re-election of Mr Cecil Vivian Richard Wong | | |
| 5 | Re-election of Mr Gopala Achuta Menon | | |
| 6 | Approval of Directors' fees amounting to S\$62,000 | | |
| 7 | Re-appointment of Deloitte & Touche as Auditors | | |
| 8 | Authority to allot and issue new shares | | |
| 9 | Authority to grant options and issue shares under the the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme | | |
| 10 | Change of Name | | |

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolutions as set out in the Notice of the Meeting.)

Dated this _____ day of _____ 2002

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

| Total Number of Shares in | Number of Shares Held |
|---------------------------|-----------------------|
| (a) CDP Register | |
| (b) Register of Members | |

PROXY FORM

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

