

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company and consolidated financial statements of the group for the financial year ended December 31, 2003.

1 DIRECTORS

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

Wong Ngit Liong

Cecil Vivian Richard Wong

Tan Choon Huat

Koh Lee Boon

Soo Eng Hiong

Goh Geok Ling (Appointed on February 27, 2004)

Goon Kok Loon (Appointed on February 27, 2004)

2 AUDIT COMMITTEE

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

Cecil Vivian Richard Wong (Chairman)

Koh Lee Boon

Goh Geok Ling (Appointed on February 27, 2004)

Goon Kok Loon (Appointed on February 27, 2004)

The Audit Committee is chaired by Cecil Vivian Richard Wong, an independent non-executive director and includes Goh Geok Ling, Goon Kok Loon, and Koh Lee Boon, all independent non-executive directors. The Audit Committee held four meetings since the last directors' report.

The functions of the Audit Committee are disclosed in the [Corporate Governance](#) Report.

The Audit Committee recommends the re-appointment of Deloitte & Touche as auditors of the company.

3 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 below.

4 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:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors	
	At	At
	<u>January 1, 2003</u>	<u>December 31, 2003</u>
	<u>Shares of \$0.25 each</u>	
<u>The Company</u>		
Wong Ngit Liong	15,802,141	15,802,141
Tan Choon Huat	4,228,145	3,888,145
Soo Eng Hiong	3,671,362	3,191,362
Koh Lee Boon	3,000	3,000
	Share options to subscribe	
<u>The Company</u>	<u>for shares of \$0.25 each</u>	
Wong Ngit Liong	5,000,000	5,100,000
Tan Choon Huat	2,280,000	1,750,000
Soo Eng Hiong	2,030,000	2,100,000

The directors' interests in the share capital of the company and its subsidiaries as at January 21, 2004 are the same as at December 31, 2003.

5 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 in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

6 OPTIONS TO TAKE UP UNISSUED SHARES

Under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme (the "Scheme"), options to take up 3,821,000 shares of \$0.25 each were granted to 3 directors and 764 employees of the group during the financial year at an exercise price of \$16.17 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.

7 OPTIONS EXERCISED

- a) Except for the options exercised as disclosed in Note 19 to the financial statements, 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 the directors and employees of the group under the Scheme:

<u>Name of participant</u>	<u>Options granted during financial year under review</u>	<u>Aggregate options granted since commencement of scheme to end of financial year under review</u>	<u>Aggregate options exercised since commencement of scheme to end of financial year under review</u>	<u>Aggregate options lapsed since commencement of scheme to end of financial year under review</u>	<u>Aggregate options outstanding as at end of financial year under review</u>
i) Directors of the company:					
Wong Ngit Liong	100,000	5,100,000	–	–	5,100,000
Tan Choon Huat	70,000	3,728,989	1,978,989	–	1,750,000
Soo Eng Hiong	70,000	3,478,989	1,378,989	–	2,100,000
ii) Others	3,581,000	46,877,747	32,092,254	1,950,493	12,835,000
Total	3,821,000	59,185,725	35,450,232	1,950,493	21,785,000

The 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
Koh Lee Boon
Wong Ngit Liong

8 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 Scheme:

Number of options to subscribe for ordinary shares	:	(i) 1,264,000 ordinary shares of \$0.25 each
		(ii) 2,106,000 ordinary shares of \$0.25 each
		(iii) 1,668,000 ordinary shares of \$0.25 each
		(iv) 9,274,000 ordinary shares of \$0.25 each
		(v) 3,652,000 ordinary shares of \$0.25 each
		(vi) 3,821,000 ordinary shares of \$0.25 each
Price of issue per share	:	(i) \$14.40 payable in full on notification by cash
		(ii) \$14.60 payable in full on notification by cash
		(iii) \$12.27 payable in full on notification by cash
		(iv) \$8.05 payable in full on notification by cash
		(v) \$13.77 payable in full on notification by cash
		(vi) \$16.17 payable in full on notification by cash

8 UNISSUED SHARES UNDER OPTION (cont'd)

Option exercisable period	:	(i)	November 9, 2000 to November 8, 2004
		(ii)	October 23, 2001 to October 22, 2005
		(iii)	April 30, 2002 to April 29, 2006
		(iv)	September 25, 2002 to September 24, 2006
		(v)	July 1, 2003 to June 30, 2007
		(vi)	June 27, 2004 to June 26, 2008

Options to take up 39,000 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.

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wong Ngit Liong

Cecil Vivian Richard Wong

March 5, 2004