

# FINANCIAL REPORT

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## 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  
6 Shenton Way #32-00  
DBS Building Tower Two  
Singapore 068809  
Tel : (65) 6224 8288  
Fax : (65) 6538 6166

Partner-in-charge : Philip Yuen Ewe Jin  
Date of appointment : January 1, 2002

### **Principal Banks**

Citibank N.A.  
ABN-AMRO Bank  
JPMorgan Chase Bank

## 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

## AUDITORS' REPORT

### TO THE MEMBERS OF VENTURE CORPORATION LIMITED

We have audited the accompanying financial statements of Venture Corporation Limited for the year ended December 31, 2003 as set out on pages 30 to 62. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the consolidated financial statements of the group and the balance sheet of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2003 and of the results of the group, changes in equity of the group and of the company and of the cash flows of the group for the financial year ended on that date; and
- b) the accounting and other records 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, and also considered the financial statements of those subsidiaries which are not required by the laws of their countries of incorporation to be audited, being financial statements included in the consolidated financial statements of the group. The names of these subsidiaries are disclosed in Note 9 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the company are in 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

Philip Yuen Ewe Jin  
Partner

Singapore  
March 5, 2004

## BALANCE SHEETS

December 31, 2003

	<u>Note</u>	<u>The Company</u>		<u>The Group</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash		38,898	53,394	155,556	153,729
Fixed deposits	5	507,072	211,943	624,577	266,004
Trade receivables	6	155,664	198,580	439,629	451,387
Other receivables and prepayments	7	8,797	9,984	29,752	26,152
Inventories	8	66,523	65,260	254,164	217,803
Amount due from subsidiaries (trade)	9	64,265	88,969	–	–
Amount due from subsidiaries (non-trade)	9	69,770	66,866	–	–
Amount due from associates (trade)	10	–	–	883	2,730
Amount due from joint venture (trade)	11	–	–	9	74
Total current assets		<u>910,989</u>	<u>694,996</u>	<u>1,504,570</u>	<u>1,117,879</u>
<b>Non-current assets:</b>					
Investments in subsidiaries	9	154,128	122,345	–	–
Investments in associates	10	–	–	23,284	24,194
Investment in joint venture	11	1,000	1,000	–	–
Other investments	12	8,250	914	47,034	46,034
Property, plant and equipment	13	23,813	29,345	159,362	162,430
Intangible assets	14	648	–	17,568	25,101
Goodwill on consolidation	15	–	–	57,515	51,466
Total non-current assets		<u>187,839</u>	<u>153,604</u>	<u>304,763</u>	<u>309,225</u>
<b>Total assets</b>		<u>1,098,828</u>	<u>848,600</u>	<u>1,809,333</u>	<u>1,427,104</u>



		<u>The Company</u>		<u>The Group</u>	
	<u>Note</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
		\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Bank overdrafts (unsecured)		–	–	821	–
Short-term bank loans	16	–	–	9,043	6,054
Trade payables		66,448	76,900	380,000	372,841
Other payables and accrued expenses	17	29,695	36,948	59,691	65,748
Amount due to subsidiaries (trade)	9	69,459	61,915	–	–
Amount due to subsidiaries (non-trade)	9	1,016	–	–	–
Amount due to associates (trade)	10	630	1,162	2,167	5,708
Amount due to joint venture (trade)	11	124	274	70	142
Income tax payable		–	637	5,427	7,732
Total current liabilities		<u>167,372</u>	<u>177,836</u>	<u>457,219</u>	<u>458,225</u>
<b>Non-current liabilities:</b>					
Deferred tax liabilities	18	<u>–</u>	<u>–</u>	<u>2,746</u>	<u>3,458</u>
<b>Minority interests</b>					
		<u>–</u>	<u>–</u>	<u>8,310</u>	<u>22,451</u>
<b>Capital and reserves:</b>					
Issued capital	19	64,281	60,079	64,281	60,079
Share premium		420,131	239,389	420,131	239,389
Accumulated profits		447,044	371,296	871,857	649,955
Reserve on consolidation		–	–	51	51
Currency translation reserves		–	–	(15,262)	(6,504)
Total equity		<u>931,456</u>	<u>670,764</u>	<u>1,341,058</u>	<u>942,970</u>
<b>Total liabilities and equity</b>		<u>1,098,828</u>	<u>848,600</u>	<u>1,809,333</u>	<u>1,427,104</u>

See accompanying notes to financial statements.

## CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended December 31, 2003

		The Group	
	Note	<u>2003</u> \$'000	<u>2002</u> \$'000
<b>Revenue</b>	20	3,170,018	2,366,252
Other operating income	21	11,379	6,063
Changes in inventories of finished goods and work in progress		2,289	55,430
Raw materials and consumables used		(2,583,582)	(1,935,688)
Staff costs	22	(192,095)	(154,383)
Depreciation and amortisation expense		(55,930)	(42,650)
Research and development expense		(32,611)	(29,675)
Foreign currency exchange adjustment loss		(4,999)	(12,730)
Other operating expenses		(78,865)	(72,099)
<b>Profit from operations</b>	22	235,604	180,520
Interest income (net of interest expense)	23	12,141	12,117
Income from associates		2,401	1,552
<b>Profit before income tax</b>		250,146	194,189
Income tax expense	24	(3,613)	(10,116)
<b>Profit after income tax but before minority interests</b>		246,533	184,073
Minority interests		(6,147)	(2,974)
<b>Net profit attributable to the shareholders of the company</b>		240,386	181,099
Basic earnings per share (cents)	25	96.3	77.1
Fully diluted earnings per share (cents)	25	93.0	73.8

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2003

	<u>Note</u>	<u>Issued capital \$'000</u>	<u>Share premium \$'000</u>	<u>Accumulated profits \$'000</u>	<u>Total \$'000</u>
<u>Company</u>					
Balance at December 31, 2001		57,776	126,547	304,677	489,000
Net profit attributable to the shareholders of the company		–	–	78,256	78,256
First and final tax exempt dividend and bonus tax exempt dividend paid in respect of the previous financial year	30	–	–	(11,637)	(11,637)
Issue of shares		<u>2,303</u>	<u>112,842</u>	<u>–</u>	<u>115,145</u>
Balance at December 31, 2002		60,079	239,389	371,296	670,764
Net profit attributable to the shareholders of the company		–	–	94,232	94,232
First and final tax exempt dividend and bonus tax exempt dividend paid in respect of the previous financial year	30	–	–	(18,484)	(18,484)
Issue of shares		<u>4,202</u>	<u>180,742</u>	<u>–</u>	<u>184,944</u>
Balance at December 31, 2003		<u>64,281</u>	<u>420,131</u>	<u>447,044</u>	<u>931,456</u>

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

Year ended December 31, 2003

	Note	Issued capital \$'000	Share premium \$'000	Currency translation reserves \$'000	Reserve on consolidation \$'000	Accumulated profits \$'000	Total \$'000
<u>Group</u>							
Balance at December 31, 2001		57,776	126,547	522	51	480,493	665,389
Currency translation differences		–	–	(7,026)	–	–	(7,026)
Net profit attributable to the shareholders of the company		–	–	–	–	181,099	181,099
First and final tax exempt dividend and bonus tax exempt dividend paid in respect of the previous financial year	30	–	–	–	–	(11,637)	(11,637)
Issue of shares		2,303	112,842	–	–	–	115,145
Balance at December 31, 2002		60,079	239,389	(6,504)	51	649,955	942,970
Currency translation differences		–	–	(8,758)	–	–	(8,758)
Net profit attributable to the shareholders of the company		–	–	–	–	240,386	240,386
First and final tax exempt dividend and bonus tax exempt dividend paid in respect of the previous financial year	30	–	–	–	–	(18,484)	(18,484)
Issue of shares		4,202	180,742	–	–	–	184,944
Balance at December 31, 2003		64,281	420,131	(15,262)	51	871,857	1,341,058

See accompanying notes to financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 2003

	The Group	
	2003	2002
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profit before income from associates, income tax and minority interests	247,745	192,637
Adjustments for:		
Depreciation expense	41,362	34,256
Amortisation of goodwill	3,095	1,511
Amortisation of intangible assets	11,473	6,883
(Reversal of) Impairment loss on other investments	(4,586)	8,808
Interest income	(12,484)	(12,560)
Dividend income	(1,473)	(738)
Interest expense	343	443
Gain on disposal of other investments	(33)	–
Loss on disposal of plant and equipment, net	602	41
Operating profit before working capital changes	286,044	231,281
Trade receivables	15,564	(193,961)
Other receivables and prepayments	1,034	(2,431)
Amount due from joint venture (trade)	(6)	1,477
Inventories	(35,089)	(55,472)
Trade payables	4,900	189,625
Other payables and accrued expenses	(8,472)	8,929
Amount due from associates (trade)	(1,694)	2,978
Cash generated from operations	262,281	182,426
Interest paid	(343)	(443)
Interest received	12,484	12,560
Income tax paid	(10,504)	(19,927)
Dividends received	1,473	738
Dividends paid	(18,484)	(11,637)
Net cash from operating activities	246,907	163,717
<b>Cash flows from investing activities:</b>		
Contribution from minority shareholders	363	187
Purchase of property, plant and equipment	(36,778)	(49,515)
Proceeds on disposal of plant and equipment	1,134	3,514
Addition of intangible assets	(3,951)	(8,777)
Proceeds on disposal of other investments	9,972	–
Purchase of other investments	(6,353)	(33,259)
Dividends received from associates	674	449
Acquisition of subsidiaries, net of cash acquired (Note A)	(88)	(14,041)
Net cash used in investing activities	(35,027)	(101,442)

**CONSOLIDATED CASH FLOW STATEMENT** (cont'd)**Year ended December 31, 2003**

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
<b>Cash flows from financing activities:</b>		
Increase in short-term bank loans	1,021	875
Proceeds from issue of shares	153,160	56,705
Net cash from financing activities	<u>154,181</u>	<u>57,580</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(6,482)</u>	<u>(4,571)</u>
Net increase in cash and cash equivalents	359,579	115,284
Cash and cash equivalents at beginning of year	<u>419,733</u>	<u>304,449</u>
<b>Cash and cash equivalents at end of year</b>	<u>779,312</u>	<u>419,733</u>
Cash and cash equivalents at end of year include the following:		
Cash	155,556	153,729
Fixed deposits	624,577	266,004
Bank overdrafts	<u>(821)</u>	<u>-</u>
	<u>779,312</u>	<u>419,733</u>
<u>Note A:</u>		
Summary of the effects of acquisition of subsidiaries:		
Net assets acquired:		
Current assets	6,237	61,674
Non-current assets	5,615	63,170
Current liabilities	(6,325)	(49,587)
Non-current liabilities	(318)	(1,232)
Minority interests	<u>(2,312)</u>	<u>(18,849)</u>
Net assets acquired	2,897	55,176
Reclassified from associates to subsidiaries	<u>(2,074)</u>	<u>-</u>
Goodwill arising on acquisition of subsidiaries	96	51,041
Purchase consideration	<u>919</u>	<u>106,217</u>
Purchase consideration satisfied by:		
Cash paid	919	47,777
Shares issued	<u>-</u>	<u>58,440</u>
Purchase consideration	<u>919</u>	<u>106,217</u>
Net cash flow on acquisition:		
Cash paid	(919)	(47,777)
Cash acquired	<u>831</u>	<u>33,736</u>
Cash outflow on acquisition, net of cash acquired	<u>(88)</u>	<u>(14,041)</u>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2003

## 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 9, 10 and 11 to the financial statements.

The financial statements of the company and of the group for the year ended December 31, 2003 were authorised for issue by the Board of Directors on March 5, 2004.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) **BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS").

The company and the group have adopted all the applicable new/revised FRS and INT FRS which became effective during the year. The adoption of the new/revised FRS and INT FRS does not affect the results of the company and of the group for the current or prior periods.

- 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 December 31 each year. Control is achieved when 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 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.

Associates are entities over which the group exercises significant influence through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used. 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.

A joint venture is an entity whose activities the group has joint control over by contractual agreement. The group reports its interests in the joint venture using proportionate consolidation where the group's share of the assets, liabilities, income and expenses of the joint venture are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- c) **GOODWILL** - Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over 20 years. Any impairment loss where the recoverable amount of goodwill is lower than its carrying amount is charged to the profit and loss statement.
- d) **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - Transactions in foreign currencies are recorded at the rates ruling on 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 the currency translation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities 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 is 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 gain or loss on disposal.

- e) **OTHER INVESTMENTS** - Other investments held for long-term are stated at cost less any impairment in net recoverable value. Investments held for short-term are stated at the lower of cost or market value determined on a portfolio basis.
- f) **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:

Leasehold land	-	60 years
Factory building	-	50 years
Freehold building	-	30 years
Leasehold building	-	25 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.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- g) **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.

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.

- h) **SOFTWARE DEVELOPMENT COSTS** - Costs that are directly associated with the development of identifiable and unique software products controlled by the group 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 direct overheads. Costs that 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.
- i) **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.
- j) **FINANCIAL ASSETS** - Financial assets include cash and fixed deposits, trade and other receivables and other investments. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other investments are stated in accordance with the accounting policy enumerated above.
- k) **FINANCIAL LIABILITIES AND EQUITY** - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include trade and other payables, bank loans and bank overdrafts. Trade and other payables are stated at their nominal value.

Bank loans and bank 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 fair value of the consideration received, net of direct issue costs.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- l) **SHARE OPTIONS** - Share options are not expensed. When exercised, the exercise price is allocated between issued capital and share premium accordingly.
- m) **IMPAIRMENT OF ASSETS** - At each balance sheet date, the company and the group review the carrying amounts of its 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). When it is not possible to estimate the recoverable amount of an individual asset, the company and the group estimate the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/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/cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent 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/cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

- n) **REVENUE RECOGNITION** - Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of transaction can be measured reliably. Revenue from the rendering of services that are of a short term duration is recognised when the services are completed. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.
- o) **LEASES** - Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.
- p) **RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.
- q) **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. Government grants relating to expenditures which are not capitalised are credited to the profit and loss statement to match the related expenditure when incurred.
- r) **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 bases 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 realisation and the potential tax saving relating to a tax loss carryforward and unutilised capital allowances is not recorded as an asset unless there is a reasonable expectation of realisation in the foreseeable future.

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.

- s) **CASH** - Cash for the cash flow statement includes cash and cash equivalents.

### 3 FINANCIAL RISKS AND MANAGEMENT

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 does 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.

Cash and cash equivalents are placed with creditworthy financial institutions.

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

The company and the group transact business in various foreign currencies and are therefore exposed to foreign exchange risk. These risks are managed through natural hedges.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. No hedge has been taken up to mitigate this exposure.

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) Investment risk

Investment risk refers to the risk experienced by the group in its management of the return of funds invested in financial instruments. This risk includes market price risk due to fluctuations in interest rates, foreign currency exchange rates, prices of equities, debt securities and other financial contracts. Investment risk is managed through sound investment policies and guidelines. These policies and guidelines are constantly reviewed taking into consideration changes in the overall market environment.

vi) Fair value of financial assets and financial liabilities

Except for other investments where the fair values are disclosed in Note 12, the carrying amounts of the financial assets and financial liabilities reported in the balance sheet approximate the fair values of those assets and liabilities, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

#### 4 RELATED COMPANY TRANSACTIONS

Some of the company's transactions and arrangements are with members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and without fixed repayment terms.

Significant intercompany transactions, other than those disclosed elsewhere in the notes to profit and loss statement:

	<u>The Company</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Revenue	12,543	86,780
Management fee income	666	1,172
Purchases of goods	358,640	613,941
Purchases of services	4,852	19,207
Other charges	3,681	3,370
Other income	288	2,275

#### 5 FIXED DEPOSITS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2002</u> \$'000
Fixed deposits	464,760	176,742	552,001	223,615
Fixed rate bonds	42,312	32,363	72,576	39,551
Equity linked deposits	—	5,338	—	5,338
	<u>507,072</u>	<u>214,443</u>	<u>624,577</u>	<u>268,504</u>
Impairment loss on equity linked deposits	—	(2,500)	—	(2,500)
	<u>507,072</u>	<u>211,943</u>	<u>624,577</u>	<u>266,004</u>
Movement in impairment loss on equity linked deposits:				
Balance at beginning of year	2,500	4,300	2,500	4,300
Reversal during the year (Note 22)	(2,500)	(1,800)	(2,500)	(1,800)
Balance at end of year	<u>—</u>	<u>2,500</u>	<u>—</u>	<u>2,500</u>

The fixed deposits interest rates for the company is 0.44% (2002 : 0.68% to 1.3%) and for the group range from 0.23% to 4% (2002 : 0.44% to 4%) per annum.

The fixed rate bonds interest rates for the company range from 2.375% to 8.625% (2002 : 4.15% to 8.625%) and for the group range from 1.06% to 8.625% (2002 : 1.875% to 8.625%) per annum.

Fixed deposits of certain subsidiaries amounting to \$2,394,702 (2002 : \$2,731,226) are pledged to banks to secure bank credit facilities granted to the subsidiaries.

## 6 TRADE RECEIVABLES

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Outside parties	155,664	198,580	439,629	451,403
Less allowance for doubtful debts	–	–	–	(16)
	<u>155,664</u>	<u>198,580</u>	<u>439,629</u>	<u>451,387</u>
Movement in allowance:				
Balance at beginning of year	–	–	16	–
On acquisition of subsidiaries	–	–	–	16
Amount written off against allowance	–	–	(16)	–
Balance at end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>16</u>

## 7 OTHER RECEIVABLES AND PREPAYMENTS

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Other receivables	5,436	8,882	15,090	15,993
Deposits	475	365	3,128	2,944
Prepayments	780	737	1,873	1,859
Income tax recoverable	2,106	–	9,661	5,356
	<u>8,797</u>	<u>9,984</u>	<u>29,752</u>	<u>26,152</u>

## 8 INVENTORIES

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At cost:				
Raw materials	25,184	30,411	126,999	85,445
Work in progress	33,570	28,748	70,010	70,677
Finished goods	7,200	3,947	46,848	43,892
	<u>65,954</u>	<u>63,106</u>	<u>243,857</u>	<u>200,014</u>
At net realisable value:				
Raw materials	569	2,154	10,307	17,789
	<u>66,523</u>	<u>65,260</u>	<u>254,164</u>	<u>217,803</u>
Movement in allowance:				
Balance at beginning of year	2,337	2,212	4,556	3,274
On acquisition of subsidiaries	–	–	–	1,819
(Reversal) Charge to profit and loss (Note 22)	(125)	125	(125)	176
Amount written off against allowance	–	–	(1,041)	(713)
Exchange differences	–	–	(48)	–
Balance at end of year	<u>2,212</u>	<u>2,337</u>	<u>3,342</u>	<u>4,556</u>

## 9 INVESTMENTS IN SUBSIDIARIES

						<u>The Company</u>	
						<u>2003</u>	<u>2002</u>
						\$'000	\$'000
Unquoted equity shares, at cost						154,128	122,345
<u>Name of Subsidiaries</u>	<u>Country of Incorporation and Operation</u>	<u>Cost of Investment</u>		<u>Effective Equity Interest held by Group</u>		<u>Principal Activities</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>		
		\$'000	\$'000	%	%		
Advanced Products Corporation Pte Ltd	Singapore	863	863	100	100	Dormant	
Cebelian Holdings Pte Ltd	Singapore	2,500	2,500	100	100	Investment holding	
EAS Security Systems Pte Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)	Singapore	–	–	100	100	Dormant	
Shanghai Waigaoqiao Venture Electronics Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) <sup>(5)</sup>	People's Republic of China	–	–	100	–	Design, engineering and customisation services	
Venture Design Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) <sup>(4)</sup>	United States of America	–	–	100	–	Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation, logistics and repair services	
Venture Electronics (Europe), B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) <sup>(4)</sup>	The Netherlands	–	–	100	100	Investment holding	
Venture Hungary Electronics Manufacturing Limited Liability Company (95% owned by Venture Electronics (Europe), B.V. and 5% owned by Cebelian Holdings Pte Ltd) <sup>(4)</sup>	Hungary	–	–	100	100	Design, manufacture, assemble and distribute electronic products	
Venture Electronics Spain S.L. (wholly-owned subsidiary of Venture Electronics (Europe), B.V.) <sup>(4)</sup>	Spain	–	–	100	100	Manufacture, design, engineering, customisation and logistic services	

## 9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) <sup>(1)</sup>	People's Republic of China	–	–	100	100	Trading in and manufacturing of electronic and computer-related products
VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) <sup>(4)</sup>	United States of America	–	–	100	100	Trading in and manufacturing of electronic and computer-related products
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) <sup>(4)</sup>	United States of America	–	–	100	100	Manufacture, design, engineering, customisation and logistic services
VIPColor Technologies Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd)	Singapore	–	–	93.8	93.8	Develop and market colour imaging products for label printing
VIPColor Technologies USA, Inc (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) <sup>(4)</sup>	United States of America	–	–	93.8	93.8	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	1,780	1,780	100	100	Information system development and support
Venture Electronics Mexico S.A. de C.V. (98% owned by Innovative Trek Technology Pte Ltd and 2% owned by Cebelian Holdings Pte Ltd) <sup>(1)</sup>	Mexico	–	–	100	100	Trading in and manufacturing of electronic and computer-related products (During 2003, the company ceased operations)
Multitech Systems Pte Ltd	Singapore	3,215	3,215	100	100	Trading in and manufacturing of electronic and computer-related products

## 9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Technocom Systems Sdn Bhd <sup>(1)</sup>	Malaysia	1,543	1,543	100	100	Trading in and manufacturing of electronic and computer-related products
Pintarmas Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) <sup>(1)</sup>	Malaysia	–	–	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) <sup>(1)</sup>	Malaysia	–	–	100	100	Dormant
PT Venture Electronics Indonesia (99% owned by the company and 1% owned by Multitech Systems Pte Ltd) <sup>(1)</sup>	Indonesia	337	337	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 (During 2003, the company ceased operations)
Venture Electronics Services (Malaysia) Sdn Bhd <sup>(1)</sup>	Malaysia	17,777	17,777	100	100	Manufacture and sale of removable disk drives and cartridge storage media
Venture Electronics Solutions Pte Ltd	Singapore	800	800	80	80	Manufacture, design, engineering, customisation and logistic services
Ventech Investments Ltd <sup>(4)</sup>	British Virgin Islands	90	90	100	100	Investment holding
Univac Precision Engineering Pte Ltd	Singapore	120,223	88,440	100	67	Manufacture, design, fabricate, stamping and injection, metal punching and spraying, industrial metal parts, tools and dies



## 9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Unison Precision Industries (M) Sdn Bhd (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) <sup>(1)</sup>	Malaysia	–	–	100	67	Dormant (In the process of voluntary liquidation)
Munivac Sdn Bhd (65.6% owned by Unison Precision Industries Sdn Bhd and 23.8% owned by Univac Precision Engineering Pte Ltd) <sup>(1)</sup>	Malaysia	–	–	89.4	59.9	Manufacture of electronic and mechanical components
Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) <sup>(4)</sup>	United States of America	–	–	100	–	Design, customisation and marketing of tool-making and precision engineering solutions
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) <sup>(2)</sup>	Singapore	–	–	58.8	*	Investment holding
Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) <sup>(3)</sup>	People's Republic of China	–	–	58.8	*	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
Total		154,128	122,345			

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

<sup>(1)</sup> Audited by overseas practices of Deloitte Touche Tohmatsu.

<sup>(2)</sup> Audited by another firm of auditors, Boon Suan Lee & Co.

<sup>(3)</sup> Audited by another firm of auditors, Shanghai Shangshen Certified Public Accountants Co., Ltd

<sup>(4)</sup> Not required to be audited by law in its country of incorporation.

<sup>(5)</sup> Not audited (newly incorporated).

\* During the financial year, Univac Precision Engineering Pte Ltd acquired additional interest in Univac Design & Engineering Pte Ltd, previously an associate.

The net assets of the subsidiaries referred to in notes (2) to (4) are less than 20% of the net assets of the group at the financial year end.

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

## 10 INVESTMENTS IN ASSOCIATES

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Quoted equity shares, at cost	18,266	18,887
Unquoted equity shares, at cost	3,237	4,419
	<u>21,503</u>	<u>23,306</u>
Share of post-acquisition profits	1,875	910
Currency realignment on translation of foreign associates	(94)	(22)
Net	<u>23,284</u>	<u>24,194</u>
Market value of quoted equity shares	<u>35,520</u>	<u>21,173</u>

The investments in associates are held by Univac Precision Engineering Pte Ltd, a subsidiary of the group.

<u>Name of Associates</u>	<u>Country of Incorporation and Operation</u>	<u>Effective Equity Interest held by Group</u>		<u>Principal Activities</u>
		<u>2003</u> %	<u>2002</u> %	
Acumen Engineering Pte Ltd and its subsidiaries: <sup>(1)</sup>	Singapore	40.0	26.8	Trading of plastic resins
Acumen Kinetics Sdn Bhd <sup>(2)</sup>	Malaysia	20.4	13.7	Trading of plastic resins and other related products
Acumen Engineering (China) Pte Ltd <sup>(1)</sup>	Singapore	40.0	–	Trading of plastic resins and other related products
Avaplas Ltd and its subsidiaries: <sup>(3)</sup>	Singapore	28.2	18.9	Plastic injection moulding with secondary processes and sub-assembly
Avaplas Nypro (Thailand) Limited (formerly known as Avaplas (Thailand) Limited) <sup>(3)</sup>	Thailand	*	18.9	Plastic injection moulding with secondary processes and sub-assembly
Avaplas Precision Plastics (Shanghai) Co., Ltd <sup>(3)</sup>	People's Republic of China	28.2	18.9	Plastic injection moulding with secondary processes and sub-assembly
Fischer Tech Ltd and its subsidiaries: <sup>(3)</sup>	Singapore	24.7	16.5	Manufacture of plastic injection moulds and mouldings with secondary processes
Fon-Fischer Pte Ltd <sup>(3)</sup>	Singapore	24.7	16.5	Manufacture of plastic injection moulds and mouldings with secondary processes
Fischer Tech International Pte Ltd <sup>(3)</sup>	Singapore	21.0	14.1	Investment holding

## 10 INVESTMENTS IN ASSOCIATES (cont'd)

Name of Associates	Country of Incorporation and Operation	Effective Equity Interest held by Group		Principal Activities
		2003 %	2002 %	
Fischer Tech (Suzhou) Co., Ltd <sup>(3)</sup>	People's Republic of China	21.0	14.1	Plastic injection moulding with secondary processes and sub-assembly
SEB Corporation Pte Ltd and its subsidiaries: <sup>(4)</sup>	Singapore	32.7	21.9	Investment holding
SEB Engineering & Trading Pte Ltd <sup>(4)</sup>	Singapore	32.7	21.9	Manufacture and trading of printed circuit board toolings, metal tools and dies and metal stamping
SEB Plastic Pte Ltd <sup>(4)</sup>	Singapore	32.7	21.9	Plastic injection moulding
SEB Precision Pte Ltd <sup>(4)</sup>	Singapore	32.7	14.2	Manufacture of printed circuit board tools and mechanical engineering works
SEB Engineering (HK) Limited <sup>(5)</sup>	Hong Kong	32.7	21.9	Investment holding
SEB Metal & Plastic (Panyu) Co Ltd <sup>(6)</sup>	People's Republic of China	32.7	21.9	Plastic injection moulding and metal stamping
SEB Precision Pte Ltd (formerly known as Sin Star Hou Engineering Pte Ltd) <sup>(7)</sup>	Singapore	32.7	21.9	Manufacture of plastic injection moulds and related engineering activities
SEB Manufacturing (Malaysia) Sdn Bhd (formerly known as Sin Star Hou Engineering Sdn Bhd) <sup>(8)</sup>	Malaysia	32.7	21.9	Manufacture of plastic injection moulds, metal tools and dies, plastic injection moulding and metal stamping
SEB Technologies Pte Ltd (formerly known as Western Univac Pte Ltd) <sup>(7)</sup>	Singapore	32.7	21.9	Manufacture of plastic injection moulds and mould components
Univac Design & Engineering Pte Ltd and its subsidiary: <sup>(7)</sup>	Singapore	**	31.7	Investment holding
Univac Precision Plastics (Shanghai) Co Ltd <sup>(9)</sup>	People's Republic of China	**	31.7	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly

## 10 INVESTMENTS IN ASSOCIATES (cont'd)

- (1) Audited by Deloitte & Touche, Singapore.  
 (2) Audited by another firm of auditors, OEK & Partners.  
 (3) Audited by another firm of auditors, Ernst & Young.  
 (4) Audited by another firm of auditors, PricewaterhouseCoopers.  
 (5) Audited by another firm of auditors, Ho, Sneddon, Chui.  
 (6) Audited by another firm of auditors, Guangzhou Yang Cheng Certified Public Accountants.  
 (7) Audited by another firm of auditors, Boon Suan Lee & Co.  
 (8) Audited by another firm of auditors, Horwath Teoh Yap.  
 (9) Audited by another firm of auditors, Shanghai Shangshen Certified Public Accountants Co., Ltd.  
 \* During the financial year, Avaplas Ltd reduced its equity interest in Avaplas Nypro (Thailand) Limited to 50% to become a joint venture of Avaplas Ltd.  
 \*\* During the financial year, Univac Precision Engineering Pte Ltd acquired additional interest in Univac Design & Engineering Pte Ltd which became a subsidiary.

The net assets of the associates referred to in notes (2) to (9) are less than 20% of the net assets of the group at the financial year end.

Significant related party transactions:

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Purchases of goods from associates	20,218	9,323

## 11 INVESTMENT IN JOINT VENTURE

	<u>The Company</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'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 \$369,000 (2002 : \$470,000), non-current assets of \$220,000 (2002 : \$201,000), current liabilities of \$89,000 (2002 : \$108,000) and net loss after tax of \$63,000 (2002 : \$79,000).

## 12 OTHER INVESTMENTS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Quoted equity shares, at cost	10,861	5,522	48,542	53,559
Impairment loss	(2,611)	(4,608)	(5,211)	(10,826)
	8,250	914	43,331	42,733
Unquoted equity shares, at cost	–	–	3,703	3,301
Total	8,250	914	47,034	46,034
Market value of quoted equity shares	5,650	914	43,565	33,778
Movement in impairment loss:				
Balance at beginning of year	4,608	–	10,826	2,018
(Reversal) Charge during the year (Note 22)	(1,997)	4,608	(4,586)	8,808
Utilised	–	–	(1,029)	–
Balance at end of year	2,611	4,608	5,211	10,826

## 13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold building \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
<u>The Company</u>							
Cost:							
At beginning of year	6,576	2,500	66,649	3,496	7,080	1,506	87,807
Additions	-	-	1,862	227	1,009	400	3,498
Disposals	-	-	(4,960)	-	(136)	(481)	(5,577)
At end of year	6,576	2,500	63,551	3,723	7,953	1,425	85,728
Accumulated depreciation:							
At beginning of year	-	333	49,148	2,555	5,609	817	58,462
Additions	-	83	6,252	299	1,040	180	7,854
Disposals	-	-	(3,885)	-	(88)	(428)	(4,401)
At end of year	-	416	51,515	2,854	6,561	569	61,915
Depreciation for last year	-	83	6,161	429	1,237	141	8,051
Carrying amount:							
At beginning of year	6,576	2,167	17,501	941	1,471	689	29,345
At end of year	6,576	2,084	12,036	869	1,392	856	23,813

	Freehold land \$'000	Leasehold land \$'000	Factory building \$'000	Freehold building \$'000	Leasehold building \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Computer hardware \$'000	Motor vehicles \$'000	Total \$'000
<u>The Group</u>											
Cost:											
At beginning of year	9,931	3,467	12,283	2,837	28,658	250,495	11,630	20,988	3,189	3,504	346,982
On acquisition of subsidiaries	-	-	-	-	-	6,597	1,145	182	-	186	8,110
Exchange differences	(82)	(85)	(301)	-	(701)	(3,332)	(374)	(191)	(33)	(20)	(5,119)
Additions	-	-	-	-	-	29,640	2,194	4,141	33	770	36,778
Disposals	-	-	-	-	-	(4,713)	(412)	(533)	(434)	(916)	(7,008)
At end of year	9,849	3,382	11,982	2,837	27,957	278,687	14,183	24,587	2,755	3,524	379,743
Accumulated depreciation:											
At beginning of year	-	348	1,049	402	10,893	145,076	8,177	15,216	1,050	2,341	184,552
On acquisition of subsidiaries	-	-	-	-	-	1,823	551	58	-	64	2,496
Exchange differences	-	(10)	(30)	-	(285)	(2,088)	(167)	(162)	(20)	5	(2,757)
Additions	-	57	244	91	951	33,858	1,477	3,346	892	446	41,362
Disposals	-	-	-	-	-	(3,601)	(228)	(336)	(280)	(827)	(5,272)
At end of year	-	395	1,263	493	11,559	175,068	9,810	18,122	1,642	2,029	220,381
Depreciation for last year	-	10	250	92	161	28,549	1,540	2,720	653	281	34,256
Carrying amount:											
At beginning of year	9,931	3,119	11,234	2,435	17,765	105,419	3,453	5,772	2,139	1,163	162,430
At end of year	9,849	2,987	10,719	2,344	16,398	103,619	4,373	6,465	1,113	1,495	159,362

## 14 INTANGIBLE ASSETS

	Computer software \$'000
<u>The Company</u>	
Costs:	
At beginning of year	-
Additions	883
At end of year	<u>883</u>
Accumulated amortisation:	
At beginning of year	-
Amortisation for the year	235
At end of year	<u>235</u>
Carrying amount:	
At beginning of year	-
At end of year	<u>648</u>

	Development expenditure \$'000	Computer software \$'000	Total \$'000
<u>The Group</u>			
Costs:			
At beginning of year	21,419	11,608	33,027
On acquisition of subsidiaries	231	-	231
Additions	653	3,298	3,951
Exchange differences	(19)	-	(19)
At end of year	<u>22,284</u>	<u>14,906</u>	<u>37,190</u>
Accumulated amortisation:			
At beginning of year	4,337	3,589	7,926
On acquisition of subsidiaries	231	-	231
Amortisation for the year	7,097	4,376	11,473
Exchange differences	(8)	-	(8)
At end of year	<u>11,657</u>	<u>7,965</u>	<u>19,622</u>
Amortisation for last year	<u>4,536</u>	<u>2,347</u>	<u>6,883</u>
Carrying amount:			
At beginning of year	<u>17,082</u>	<u>8,019</u>	<u>25,101</u>
At end of year	<u>10,627</u>	<u>6,941</u>	<u>17,568</u>

## 15 GOODWILL ON CONSOLIDATION

	<u>The Group</u> \$'000
Costs:	
At beginning of year	54,011
Acquisition of subsidiaries	9,144
At end of year	<u>63,155</u>
Accumulated amortisation:	
At beginning of year	2,545
Amortisation for the year	3,095
At end of year	<u>5,640</u>
Amortisation for last year	<u>1,511</u>
Carrying amount:	
At beginning of year	<u>51,466</u>
At end of year	<u>57,515</u>

## 16 SHORT TERM BANK LOANS

The short-term bank loans of subsidiaries bear interest at rates ranging from 2.1% to 5.3% (2002 : 2.2% to 6%) per annum. The short-term bank loans include bank loans of certain subsidiaries which are covered by proportionate corporate guarantees provided by the shareholders of the subsidiaries.

## 17 OTHER PAYABLES AND ACCRUED EXPENSES

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Other creditors	986	579	6,773	4,950
Salary related accruals	13,416	14,010	21,362	26,667
Accrued expenses	6,459	11,656	22,722	23,339
Due to directors	8,834	10,703	8,834	10,792
Total	<u>29,695</u>	<u>36,948</u>	<u>59,691</u>	<u>65,748</u>

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

## 18 DEFERRED TAX LIABILITIES

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Balance at beginning of year	3,458	4,188
On acquisition of subsidiaries	–	1,191
Credit to income for the year (Note 24)	(658)	(1,823)
Exchange differences	(54)	(98)
Balance at end of year	<u>2,746</u>	<u>3,458</u>

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.

## 19 ISSUED CAPITAL

	<u>The Company and The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Authorised:		
500,000,000 (2002 : 500,000,000) ordinary shares of \$0.25 each	<u>125,000</u>	<u>125,000</u>
Issued and fully paid:		
257,123,057 (2002 : 240,314,280) ordinary shares of \$0.25 each	<u>64,281</u>	<u>60,079</u>
Movement during the year was:		
Balance at beginning of year	60,079	57,776
Shares issued upon exercise of options	3,775	1,431
Shares issued in consideration for acquisition of a subsidiary	427	872
Balance at end of year	<u>64,281</u>	<u>60,079</u>

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

- i) 18,000 new ordinary shares of \$0.25 each at a price of \$5.40 per ordinary 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) 1,166,000 new ordinary shares of \$0.25 each at a price of \$14.40 per ordinary 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) 1,296,000 new ordinary shares of \$0.25 each at a price of \$14.60 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.



## 19 ISSUED CAPITAL (cont'd)

- iv) 1,566,000 new ordinary shares of \$0.25 each at a price of \$12.27 per ordinary 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) 9,454,000 new ordinary shares of \$0.25 each at a price of \$8.05 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- vi) 1,600,000 new ordinary shares of \$0.25 each at a price of \$13.77 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- vii) 1,708,777 new ordinary shares of \$0.25 each at a price of \$18.60 per ordinary share to the shareholders of Univac Precision Engineering Pte Ltd ("Univac") as consideration paid to acquire the remaining 33% of the issued share capital of Univac pursuant to the Sale and Purchase Agreement.

The total number of options outstanding to subscribe for ordinary shares as at end of the year was 21,785,000 (2002 : 33,103,000).

## 20 REVENUE

	The Group	
	2003 \$'000	2002 \$'000
Rendering of electronic manufacturing and engineering services	3,168,545	2,365,514
Dividend income	1,473	738
	<u>3,170,018</u>	<u>2,366,252</u>

## 21 OTHER OPERATING INCOME

	The Group	
	2003 \$'000	2002 \$'000
Government grants	378	2,628
Research and development income	151	591
Bad debts recovered	–	11
Reversal of impairment loss on equity linked deposits	2,500	1,800
Reversal of impairment loss on other investments	4,586	–
Rental income	109	181
Commission received	361	292
Other income	3,294	560
	<u>11,379</u>	<u>6,063</u>

## 22 PROFIT FROM OPERATIONS

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
Number of employees at end of year	11,553	11,277
	<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Directors' remuneration:		
Directors of the company	10,356	12,064
Directors of the subsidiaries and joint venture	2,466	1,271
Directors' fees paid to directors of the company	86	86
Professional fees paid to a firm of which a director of the subsidiary is a member	2	1
Staff costs (including directors' remuneration)	192,095	154,383
Costs of defined contribution plans included in staff costs	10,907	8,908
Non-audit services paid to auditors:		
Auditors of company	32	105
Auditors of subsidiaries	58	23
(Reversal of) Allowance for inventories, net (Note 8)	(125)	176
Reversal of impairment loss on equity linked deposits (Note 5)	(2,500)	(1,800)
(Reversal of) Impairment loss on other investments (Note 12)	(4,586)	8,808

## 23 INTEREST INCOME (NET OF INTEREST EXPENSE)

	<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Interest income from outside parties	12,484	12,560
Interest expense to outside parties	(343)	(443)
	<u>12,141</u>	<u>12,117</u>

## 24 INCOME TAX EXPENSE

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Income tax on profit for the year:		
Current year	6,821	11,712
(Over) Under provision in prior years	(2,929)	33
Deferred income tax (Note 18):		
Overprovision in prior years	(658)	(1,823)
Share of tax attributable to associates	379	194
Total	<u>3,613</u>	<u>10,116</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 22% (2002 : 22%) to profit before income tax as a result of the following differences:

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Income tax expense at statutory tax rate	55,032	42,722
Non-allowable items	501	1,118
Overprovision of income tax in prior years	(3,587)	(1,790)
Prior years' tax loss carryforwards utilised	–	(281)
Deferred tax benefits not recognised	4,441	2,024
Effect of different tax rates of overseas operations	6,770	5,028
Tax exempt income	(59,314)	(38,672)
Utilisation of deferred tax benefits previously not recognised	(83)	–
Other items	(147)	(33)
Total income tax expense	<u>3,613</u>	<u>10,116</u>
Effective tax rate	<u>1.44%</u>	<u>5.21%</u>

The income tax expense for the group is less than the amount determined by applying the statutory tax rates primarily due to tax incentives granted to the company and its subsidiaries.

The Economic Development Board ("EDB") of Singapore granted the company and one of its subsidiaries, Multitech Systems Pte Ltd, Pioneer Status for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing August 1, 1999.

In addition, as at December 31, 2003, in-principle approval was given by EDB in granting a subsidiary, Venture Electronics Solutions Pte Ltd, Pioneer Status and Development and Expansion Incentive for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing on July 1, 2002.

## 24 INCOME TAX EXPENSE (cont'd)

3 subsidiaries in Malaysia were granted Pioneer Status which exempts profits derived from pioneer products from income tax for the following periods:

- a) Technocom Systems Sdn Bhd : 10 years commencing January 1, 2002.
- b) Pintarmas Sdn Bhd : 6 years commencing January 1, 2001.
- c) Venture Electronics Services (Malaysia) Sdn Bhd : 5 years commencing September 1, 2001.

The group has estimated tax losses and unabsorbed capital allowances amounting to approximately \$30,203,000 (2002 : \$10,394,000) 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. The potential deferred tax benefits of approximately \$6,645,000 (2002 : \$2,287,000) have not been recognised in the financial statements in accordance with the group's accounting policy.

## 25 EARNINGS PER SHARE

	<u>2003</u>		<u>2002</u>	
	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>The Group</u>				
Net profit attributable to shareholders	<u>240,386</u>	<u>240,386</u>	<u>181,099</u>	<u>181,099</u>
	<u>Number of shares</u>		<u>Number of shares</u>	
	<u>'000</u>		<u>'000</u>	
Weighted average number of ordinary shares	<u>249,744</u>	<u>249,744</u>	<u>234,870</u>	<u>234,870</u>
Adjustment for potential dilutive ordinary shares	<u>-</u>	<u>8,781</u>	<u>-</u>	<u>10,426</u>
Weighted average number of ordinary shares used to compute earnings per share	<u>249,744</u>	<u>258,525</u>	<u>234,870</u>	<u>245,296</u>
Earnings per share (cents)	<u>96.3</u>	<u>93.0</u>	<u>77.1</u>	<u>73.8</u>

## 26 OPERATING LEASE COMMITMENTS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments paid under operating leases	5,876	5,520	15,169	12,166

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

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Within one year	5,391	5,545	11,389	12,617
In the second to fifth year inclusive	3,387	1,268	11,283	10,320

## 27 FUTURE CAPITAL EXPENDITURE

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	1,639	3,410

## 28 CONTINGENT LIABILITIES (UNSECURED)

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Letters of guarantee issued by bankers	3,817	4,798	6,728	6,188
Standby letter of credit	5,819	5,975	5,819	5,975
Corporate guarantees given to banks for banking facilities granted to associates	—	—	3,300	4,320

## 29 SEGMENT INFORMATION

The group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. Geographical segments are reported based on the location of the group's production and service facilities and assets.

Segment revenue and expenses are the operating revenue and expenses in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Inter-segment pricing is determined on terms agreed between the parties of the transaction.

### Geographical segments

	<u>Singapore</u> \$'000	<u>Asia-Pacific</u> (excluding <u>Singapore</u> ) \$'000	<u>United States</u> of America/ <u>Mexico/Others</u> \$'000	<u>Eliminations</u> \$'000	<u>Group</u> \$'000
<u>2003</u>					
Revenue:					
External sales	2,832,757	286,705	50,556	–	3,170,018
Inter-segment sales	161,153	1,874,867	22,894	(2,058,914)	–
Total revenue	<u>2,993,910</u>	<u>2,161,572</u>	<u>73,450</u>	<u>(2,058,914)</u>	<u>3,170,018</u>
Results:					
Profit from operations	116,023	145,546	2,182	(28,147)	235,604
Interest income (net of interest expense)	10,947	657	537	–	12,141
Income from associates	2,401	–	–	–	2,401
Profit before income tax	129,371	146,203	2,719	(28,147)	250,146
Income tax expense					(3,613)
Profit after income tax					<u>246,533</u>
Other information:					
Capital additions	21,611	26,687	1,575	–	49,873
Depreciation and amortisation	31,997	20,411	3,563	(41)	55,930
Assets:					
Segment assets	1,287,359	424,588	64,441	–	1,776,388
Investment in associates	23,284	–	–	–	23,284
Unallocated corporate assets					9,661
					<u>1,809,333</u>
Liabilities:					
Segment liabilities	188,745	249,504	13,543	–	451,792
Unallocated corporate liabilities					8,173
					<u>459,965</u>

## 29 SEGMENT INFORMATION (cont'd)

	<u>Singapore</u> \$'000	<u>Asia-Pacific</u> <u>(excluding</u> <u>Singapore)</u> \$'000	<u>United States</u> <u>of America/</u> <u>Mexico/Others</u> \$'000	<u>Eliminations</u> \$'000	<u>Group</u> \$'000
<u>2002</u>					
Revenue:					
External sales	2,155,289	177,069	33,894	–	2,366,252
Inter-segment sales	422,344	1,298,295	39,626	(1,760,265)	–
Total revenue	<u>2,577,633</u>	<u>1,475,364</u>	<u>73,520</u>	<u>(1,760,265)</u>	<u>2,366,252</u>
Results:					
Profit (Loss) from operations	105,241	85,534	(6,763)	(3,492)	180,520
Interest income (net of interest expense)	9,540	755	1,822	–	12,117
Income from associates	1,552	–	–	–	1,552
Profit (Loss) before income tax	116,333	86,289	(4,941)	(3,492)	194,189
Income tax expense					(10,116)
Profit after income tax					<u>184,073</u>
Other information:					
Capital additions	69,821	36,767	2,745	–	109,333
Depreciation and amortisation	24,714	13,966	4,053	(83)	42,650
Assets:					
Segment assets	1,013,489	316,849	67,216	–	1,397,554
Investment in associates	24,194	–	–	–	24,194
Unallocated corporate assets					5,356
					<u>1,427,104</u>
Liabilities:					
Segment liabilities	217,010	224,212	9,271	–	450,493
Unallocated corporate liabilities					11,190
					<u>461,683</u>

Business segments

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

	<u>2003</u> \$'000	<u>2002</u> \$'000
Design, manufacturing and fulfilment services in electronics industry	<u>3,170,018</u>	<u>2,366,252</u>

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

	<u>Segment assets</u>		<u>Capital additions</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2002</u> \$'000
Design, manufacturing and fulfilment services in electronics industry	<u>1,776,388</u>	<u>1,397,554</u>	<u>49,873</u>	<u>109,333</u>

### 30 DIVIDENDS

- i) During the financial year ended December 31, 2002, the company declared and paid a first and final tax exempt dividend of \$0.025 per ordinary share and bonus tax exempt dividend of \$0.025 per ordinary share on the ordinary shares of the company totalling \$11,636,832 in respect of the financial year ended December 31, 2001.
- ii) During the financial year ended December 31, 2003, the company declared and paid a first and final tax exempt dividend of \$0.0375 per ordinary share and bonus tax exempt dividend of \$0.0375 per ordinary share on the ordinary shares of the company totalling \$18,483,696 in respect of the financial year ended December 31, 2002.
- iii) Subsequent to December 31, 2003, the directors of the company proposed a first and final tax exempt dividend of \$0.0625 per ordinary share and a bonus dividend of \$0.125 per ordinary share less tax for the financial year just ended on the ordinary shares of the company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 - Events After The Balance Sheet Date.

### 31 MAJOR PROPERTIES

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

<u>Held by</u>	<u>Location</u>	<u>Description and Approx. Land Area</u>	<u>Tenure</u>	<u>Usage</u>
Pintarmas Sdn Bhd	Lot 3789 (sub-divided into 5 lots PTD 67770-67774) Mukim of Tebrau, Johor Bahru, Malaysia	Land area: 29,029 sq. m. Industrial land	Freehold	Manufacturing facilities
Venture Electronics Services (Malaysia) Sdn Bhd	No.44, Hilir Sungai Keluang Satu, Taman Perindustrian Bayan Lepas (Fasa IV), 11900 Bayan Lepas, Penang, Malaysia	Land area: 39,536 sq. m. Industrial land	60 years leasehold from June 13, 1995	Manufacturing facilities
Venture Corporation Limited	Lot 7114 Mukim 17 Singapore	Gross floor area: 1,424.6 sq. m.	Freehold	Residential Property
Cebelian Holdings Pte Ltd	69 Huang Yang Road Block 2, 6/F Unit D, Xinh Garden, Jinqiao Pudong Shanghai 201206 People's Republic of China	Gross floor area: 156.48 sq. m.	70 years leasehold from November 30, 1994	Lease



## STATEMENT OF DIRECTORS

In the opinion of the directors, the accompanying financial statements of the company and consolidated financial statements of the group set out on pages 30 to 62 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, 2003, and of the results of the group, 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 DIRECTORS

Wong Ngit Liong

Cecil Vivian Richard Wong

March 5, 2004

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance and to describe its corporate governance practices with specific reference to the code of Corporate Governance ("Code") issued by the Ministry of Finance's Corporate Governance Committee ("CGC").

### 1. Board Matters

- 1.1 The Board supervises the management of the Group's business and affairs and approves its strategic operational initiatives, major investments and capital structure. In addition to its statutory responsibilities, the Board approves the Group's financial plans and reviews its financial performance.
- 1.2 The Board held four meetings in 2003. The attendance of the Directors at meetings of the Board and Board Committees, as well as frequency of such meetings, are as follows:

	Board		Board Committee					
	a	b	Audit Committee		Nominating Committee		Compensation Committee	
	a	b	a	b	a	b	a	b
G. A. Menon *	4	4	4	4	–	–	2	2
Wong Ngit Liong	4	4	–	–	2	2	–	–
Cecil Vivian Richard Wong	4	4	4	4	2	2	2	2
Koh Lee Boon	4	4	4	4	2	2	2	2
Goh Geok Ling **	–	–	–	–	–	–	–	–
Goon Kok Loon **	–	–	–	–	–	–	–	–
Tan Choon Huat	4	1	–	–	–	–	–	–
Soo Eng Hiong ***	4	3	–	–	–	–	–	–

Column a : Number of meetings held while as a member

Column b : Number of meetings attended

\* Passed away on 1 December 2003

\*\* Appointed on 27 February 2004

\*\*\* Alternate Director to Tan Choon Huat up to 18 November 2003

- 1.3 The Board comprises seven directors namely Messrs. Wong Ngit Liong (Executive Chairman), Cecil Vivian Richard Wong (Independent, Non-Executive), Koh Lee Boon (Independent, Non-Executive), Goh Geok Ling (Independent, Non-Executive), Goon Kok Loon (Independent, Non-Executive), Tan Choon Huat (Executive) and Soo Eng Hiong (Executive). The independence of each director is reviewed annually by the Nominating Committee ("NC"). The NC adopts the Code's definition of what constitutes an independent director in its review. Key information regarding the Directors is given in this annual report.
- 1.4 The Company's Executive Chairman is Mr. Wong Ngit Liong, a role he assumed following the passing away of Mr. G. A. Menon. Mr. Wong Ngit Liong is also the CEO of the Company. The roles of the Chairman and the CEO are separate. The Chairman's principal role is to manage the business of the Board and Board Committees, and to preserve harmonious relations with the shareholders. The CEO, together with his team of executives, is responsible for making key decisions on the management and operation of the Group.

- 1.5 In order to ensure that the Board is able to fulfill its responsibilities, Management provides annual budget figures, monthly management accounts and other relevant information as and when required. The Directors are provided with the contact details of the Company's senior management and Company Secretaries to facilitate access to them.
- 1.6 The Company will consider appropriate training programmes for Directors to meet their relevant training needs. Orientation programmes are organized for new Directors to ensure that they are familiar with the Company's business and governance policies.
- 1.7 At least one of the Company Secretaries is present at Board meetings. It is the responsibility of the Company Secretaries to ensure that Board procedures and applicable rules and regulations are followed and complied with.

#### **1.8 Nominating Committee ("NC")**

- 1.8.1 The Code prescribes guidelines on various Board matters, including the Board's conduct of its affairs, its composition, membership, performance and access to information. The NC is tasked with the responsibility of overseeing Board membership and monitoring Board performance.
- 1.8.2 The NC's principal functions are to:
- a) ensure that the Board comprises members with suitably diverse backgrounds in order to meet the Company's operational and business requirements;
  - b) establish a formal and transparent process for the appointment of new Directors;
  - c) nominate Directors retiring by rotation for re-election at every Annual General Meeting ("AGM") pursuant to Articles 92 and 93 of the Company's Articles;
  - d) ensure that all Directors submit themselves for re-nomination and re-election at least once every three years;
  - e) assess the Directors' independence;
  - f) evaluate the Board's performance and effectiveness and propose recommendations, if any, for the Board's approval.
- 1.8.3 The NC is chaired by Mr. Koh Lee Boon and comprises two other members, namely Messrs. Cecil Vivian Richard Wong and Wong Ngit Liong.
- 1.8.4 The NC met twice in 2003.
- 1.8.5 The NC evaluates the Board's performance as a whole. The assessment measurements are both quantitative and qualitative in nature, such as the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring Management's performance against the goals set. The NC initiated a Board performance evaluation in 2003. Information was gathered through questionnaire to the Directors. The evaluation concluded that:
- i) the quality of information disseminated to the Board members was good;
  - ii) the Board and the Company's management enjoyed a cordial relationship that encourages communication and participation;
  - iii) the Board demonstrated responsibility and proactiveness;
  - iv) there was a high standard of conduct among members of the Board;

- v) the Board conducted its meetings well and decision-making processes were satisfactory; and
- vi) the Board comprised competent directors.

1.8.6 The evaluation process recommended that:

- i) the Board's size be increased to 7 or 8 members, with a majority comprising Independent Directors. This recommendation has been implemented with the recent appointment of 2 new Independent Directors, Messrs. Goh Geok Ling and Goon Kok Loon;
- ii) a formal evaluation process be implemented to assess the CEO's performance; and
- iii) the NC initiates the planning of CEO succession.

1.8.7 The NC has nominated the Directors retiring by rotation and for re-election at the forthcoming Annual General Meeting ("AGM"). In considering the nomination, the NC took into account the contribution of the directors with reference to their attendance and participation at Board and other Board committee meetings as well as the proficiency with which they have discharged their responsibilities.

## 2. Remuneration Matters

### 2.1 Compensation Committee ("CC")

2.1.1 The CC is chaired by Mr. Koh Lee Boon and comprises three other members, namely Messrs. Cecil Vivian Richard Wong, Goon Kok Loon, and Wong Ngit Liong

2.1.2 The CC's principal functions are to:

- a) approve the structure of the compensation programme for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required calibre to contribute effectively to the Company;
- b) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives;
- c) undertake specific administrative roles including:
  - (i) reviewing Directors' and senior management's compensation annually and determining appropriate adjustments;
  - (ii) reviewing and recommending the CEO's pay adjustment with respect to other management appointments; and
  - (iii) participating in hiring decisions of senior management appointments in the office of the CEO.

2.1.3 The CC met twice in 2003.

2.1.4 Directors' fees are set in accordance with a remuneration framework of basic fees. Executive Directors do not receive fees. Non-Executive Directors are paid fees, subject to shareholders' approval at the AGM. The CC has recommended that directors' fees be paid for 2003, subject to approval by shareholders at the Company's forthcoming AGM. A breakdown showing the level and mix of each Director's remuneration paid and payable for 2003 is as follows:

Remuneration Band <sup>#</sup> and Name of Director	Fee* (%)	Basic Remuneration* (%)	Variable Remuneration** (%)	Total Remuneration (%)
Below S\$250,000				
- G A Menon	100	–	–	100
- Cecil Vivian Richard Wong	100	–	–	100
- Koh Lee Boon	100	–	–	100
S\$1,000,000 to S\$1,249,999				
- Soo Eng Hiong	–	22	78	100
S\$5,750,000 to S\$5,999,999				
- Tan Choon Huat	–	5	95	100
S\$7,750,000 to S\$7,999,999				
- Wong Ngit Liong	–	8	92	100

2.1.5 Rather than list the names of the top five key executives who are not directors of the Company, the Company has shown a group-wide cross-section of key executives' remuneration in terms of the number of executives earning within bands of S\$250,000 and breakdown of remuneration into fixed and variable components. This should give a macroscopic perspective of the remuneration pattern of the Group, while maintaining confidentiality with respect to each employee's remuneration.

Remuneration Band <sup>#</sup>	No. of Key Executives	Basic Remuneration* (%)	Variable Remuneration** (%)	Total Remuneration (%)
Below S\$250,000	4	43	57	100
S\$250,000 - S\$499,999	7	50	50	100
S\$500,000 - S\$749,999	4	46	54	100
S\$1,000,000 - S\$1,249,999	3	11	89	100
S\$1,250,000 - S\$1,499,999	1	11	89	100
S\$1,500,000 - S\$1,749,999	1	5	95	100
S\$2,000,000 - S\$2,249,999	1	4	96	100
S\$2,250,000 - S\$2,499,999	1	4	96	100
S\$2,500,000 - S\$2,749,999	1	5	95	100
S\$3,250,000 - S\$3,499,999	1	3	97	100
S\$4,250,000 - S\$4,499,999	1	4	96	100
S\$4,500,000 - S\$4,749,999	1	4	96	100
S\$4,750,000 - S\$4,999,999	1	7	93	100
S\$5,250,000 - S\$5,499,999	1	3	97	100
S\$5,750,000 - S\$5,999,999	1	3	97	100

# Remuneration bands within which no directors and executives fall will not be included.

\* These fees are subject to approval by shareholders as a lump sum at the AGM for FY2003.

+ Inclusive of CPF

\*\* Includes CPF, annual wage supplement, bonuses, gains from exercise of share options granted under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme and benefits in kind such as housing and car allowance.

2.1.6 There are no employees in the Group who are immediate family members of a Director or the CEO.

## 2.2 Share Option Committee ("SOC")

- 2.2.1 The Company's Executive Share Option Scheme ("ESOS"), which has been approved by the shareholders of the Company, is administered by the SOC comprising Messrs. Cecil Vivian Richard Wong (Chairman), Koh Lee Boon and Wong Ngit Liong. In discharging its responsibilities, the SOC takes into account performance indicators as established within the Company's ESOS for evaluating the eligibility of employees to participate in the scheme.
- 2.2.2 The SOC met once in FY2003.

## 3. Accountability and Audit

- 3.1 The Board currently provides shareholders with the Company's performance, position and prospects on a quarterly basis via announcements to the SGX and the Company's corporate website.

### 3.2 Audit Committee ("AC")

- 3.2.1 The AC comprises four members, all of whom are non-executive directors. They are Messrs. Cecil Vivian Richard Wong (Chairman), Koh Lee Boon, Goh Geok Ling and Goon Kok Loon.
- 3.2.2 The functions of the AC are to:
- a) recommend to the Board the re-appointment of external auditors, to approve the remuneration of the external auditors, and to review the scope and results of the audit and its cost effectiveness;
  - b) inquire of other committees, the Management, Head of Internal Audit ("IA") and external auditors about significant risks and exposure that exist, and assess the steps Management has taken to minimize such risks to the Company;
  - c) review with the Chief Financial Officer and external auditors at the completion of the quarterly reviews and annual examination:
    - (i) the Company's quarterly, interim and annual financial statements and related footnotes, including accounting principles;
    - (ii) the external auditors' audit of the financial statements and reports thereto;
    - (iii) the adequacy of the Company's system of accounting controls;
    - (iv) the assistance given by the Management to external auditors;
    - (v) any related significant findings and recommendations of the external auditors and internal auditors together with Management's responses thereto; and
    - (vi) any significant changes required in the external auditors' plan, serious difficulties or disputes with Management encountered during the course of the audit and their resolution, and any other matters related to the conduct of the audit.
  - d) consider and review with Management and the Head of IA annually:
    - (i) significant findings during the year and Management's responses thereto;
    - (ii) the effectiveness of the Company's internal controls over management, business and service systems and practices;
    - (iii) any changes required in the planned scope of their audit plan and difficulties encountered in the course of their audit, including any restrictions on the scope of their work or access to required information; and
    - (iv) the internal audit department budget and staffing.

- e) review legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programmes and reports reviewed from regulators;
- f) meet with the Head of IA, the external auditors, other committees and Management in separate executive sessions to discuss issues that these groups believe should be discussed privately with the AC; and
- g) report actions and minutes of the AC to the Board with such recommendations as the AC may deem appropriate.

3.2.3 The AC met four times in 2003.

3.2.4 The AC has full access to, and the co-operation of Management. The external auditors and Head of IA have unrestricted access to the AC.

3.2.5 The AC meets with the external auditors, without the presence of Management, at least once a year.

3.2.6 The AC has reviewed the Company's risk assessment and, based on management controls in place, is satisfied that there are adequate controls within the Company. The AC expects risk assessment to be a continuing process.

3.2.7 The AC has reviewed all non-audit services provided by the external auditors during the year and is of the opinion that the provision of such services will not affect the independence of the external auditors.

3.3 The Company's IA function was established in 2002. The IA Department reports directly to the Chairman of the AC on audit matters, and to the Chief Financial Officer on administrative matters. The AC reviews and approves the annual IA plans and resources to ensure that the IA Department has the necessary resources to adequately perform its function.

3.4 The IA Department is responsible for the review of the effectiveness of the internal control system and procedures, such as financial, operational and compliance controls, for the Company as well as its subsidiaries (both local and overseas). The IA will meet the standards set by nationally or internationally recognized professional bodies.

## 4. Communication with Shareholders

4.1 The Company conveys its financial performance, position and prospects on a quarterly basis via announcements to the SGX and the Company's corporate website. The Company also holds briefing sessions with the media and the investment community when its results are announced.

4.2 The Company does not practise selective disclosure. Price-sensitive information is first publicly released, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's corporate website.

4.3 The Company has a corporate communications team to communicate with investors on a regular basis and attend to their queries. All shareholders of the Company receive its annual report and a notice of AGM. The notice is also advertised in the newspapers. At AGMs, shareholders are given the opportunity to air their views and ask directors, Management or external auditors questions regarding the Company. All directors, external auditors and company secretaries are present at every AGM.

4.4 The Articles currently do not provide for shareholders to vote at AGMs in absentia such as by mail, email or fax. The Company will consider implementing the relevant amendment to the Articles if the Board is of the view that there is demand for same, and after the Company has evaluated and put in place the security and other measures necessary to facilitate absentia voting and protect against errors, fraud and other irregularities.

## 5. Internal Code on Dealings in Securities

- 5.1 An internal code on dealing in the securities of the Company has been issued to directors and officers setting out the implications on insider trading. The Company's directors and officers are not allowed to deal in the Company's shares during the period commencing at least one month before the announcement of the Company's results and ending on the date of the announcement of the results.
- 5.2 The directors and officers are not expected to deal in the Company's securities on considerations of a short-term nature.
- 5.3 Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. To enable the Company to monitor such transactions, directors of the Company are required to report all dealings to the Company Secretaries.

## 6. Material Contracts

- 6.1 There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO or any director.

VENTURE'S EFFORT IN PURSUING WORLD-CLASS EXCELLENCE IN ALL ASPECTS OF ITS BUSINESS HAS BEEN SIGNIFICANTLY RECOGNIZED BY THE FINANCIAL MEDIA. SUCH RECOGNITION EXTENDS ALSO TO ITS CORPORATE GOVERNANCE INITIATIVES, AS TESTIFIED BY THE FOLLOWING ACCOLADES AWARDED TO THE COMPANY IN 2003 :

- Euromoney – Best Asian Companies
- FinanceAsia – Singapore's Best Managed Companies
- The Asset – A Leader in Corporate Governance in Singapore
- Euromoney – Best in Corporate Governance in Singapore
- Asiamoney – Best in Corporate Governance in Singapore



## SHAREHOLDERS' INFORMATION

AS AT 8 MARCH 2004

Authorised share capital : \$125,000,000  
 Issued and fully paid-up capital : \$64,686,764.25  
 Class of shares : Ordinary share of \$0.25 each

### Analysis of Shareholdings as at 8 March 2004

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	38	1.92	11,511	0.00
1,000 - 10,000	1,792	90.46	3,978,149	1.54
10,001 - 1,000,000	142	7.17	10,855,407	4.20
1,000,001 and above	9	0.45	243,901,990	94.26
	<u>1,981</u>	<u>100.00</u>	<u>258,747,057</u>	<u>100.00</u>

### Substantial Shareholders as recorded in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
The Capital Group Companies, Inc	—	—	23,889,123	9.23
Schroder Investment Management Group	—	—	16,173,010	6.25
Wong Ngit Liong	15,802,141	6.11	—	—
Metchem Engineering SA	15,015,007	5.80	—	—

#### Notes:

- (1) The Capital Group Companies, Inc is deemed to have an interest in the 23,889,123 shares registered in the name of ABN Amro Nominees Singapore Pte Ltd, Citibank Nominees Singapore Pte Ltd, DBS Nominees Pte Ltd, Deutsche Bank AG, HSBC (Singapore) Nominees Pte Ltd, Raffles Nominees Pte Ltd and United Overseas Bank Nominees Pte Ltd.
- (2) Schroder Investment Management Group is deemed to have an interest in the 16,173,010 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.

### Major Shareholders List – Top 20 as at 8 March 2004

No.	Name	No. of shares held	%
1	DBS Nominees Pte Ltd	89,942,742	34.76
2	Raffles Nominees Pte Ltd	56,707,794	21.92
3	Citibank Nominees Singapore Pte Ltd	48,040,798	18.57
4	HSBC (Singapore) Nominees Pte Ltd	26,390,161	10.20
5	United Overseas Bank Nominees Pte Ltd	16,248,753	6.28
6	Overseas Union Bank Nominees Pte Ltd	2,856,000	1.10
7	Oversea-Chinese Bank Nominees Pte Ltd	1,619,677	0.62
8	DB Nominees (S) Pte Ltd	1,059,203	0.41
9	Soo Eng Hiong	1,036,862	0.40
10	Oh Ah Kok @ Sandy Oh Ah Kok	994,554	0.38
11	Morgan Stanley Asia (Singapore) Secs Pte Ltd	923,632	0.36
12	Société Générale Singapore Branch	648,000	0.25
13	Metchem Engineering SA	611,034	0.24
14	DBS Vickers Secs (S) Pte Ltd	517,925	0.20
15	The Asia Life Assurance Society Ltd – Singapore Life Fund	516,000	0.20
16	Citibank Consumer Nominees Pte Ltd	432,802	0.17
17	Choi Peng Kum	414,395	0.16
18	Chang Kok Choi Mark	392,781	0.15
19	Philip Securities Pte Ltd	228,649	0.09
20	Kim Eng Securities Pte. Ltd.	210,983	0.08
		<u>249,792,745</u>	<u>96.54</u>

### Shareholding held in the hands of the public

Based on information available to the Company as at 8 March 2004, approximately 91.2% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VENTURE CORPORATION LIMITED ("the Company") will be held at the Board Room, 5006, Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873 on 30 April 2004 at 11.30 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2003 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 25% (tax-exempt) and a bonus dividend of 50% (less income tax) for the year ended 31 December 2003 (2002: final tax-exempt dividend of 15% and bonus tax-exempt dividend of 15%). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 74 of the Company's Articles of Association:

Mr. Soo Eng Hiong

**(Resolution 3)**

Mr. Goh Geok Ling

**(Resolution 4)**

Mr. Goon Kok Loon

**(Resolution 5)**

Mr. Goh Geok Ling 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 purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr. Goon Kok Loon will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Compensation Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-elect Mr. Cecil Vivian Richard Wong, a Director retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 6)**

Mr. Cecil Vivian Richard Wong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and Share Option Committee and member of the Nominating Committee and Compensation Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To approve the payment of Directors' fees of S\$86,000 for the year ended 31 December 2003 (2002: S\$86,000). **(Resolution 7)**
6. To re-appoint Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

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

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

That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to issue shares in the capital of the Company at any time, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being.  
[See Explanatory Note (i)] **(Resolution 9)**

9. **Authority to allot and issue shares under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme**

That approval be and is hereby given to the Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme (the "Scheme") provided always that the aggregate number of shares to be 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, and that the aggregate number of shares to be issued to controlling shareholders (as defined in the Scheme) or their associates shall not exceed twenty five per centum (25%) of the total number of shares available under the Scheme and the number of shares to be issued to each controlling shareholder or his associate shall not exceed ten per centum (10%) of the total number of shares available under the Scheme.

[See Explanatory Note (ii)]

**(Resolution 10)**

By Order of the Board

Yvonne Choo  
Tan Lay Hong  
Company Secretaries

Singapore, 5 April 2004

**Explanatory Notes:**

- (i) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors to issue shares in the capital of the Company, provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being.
- (ii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors to issue shares in the capital of the Company pursuant to the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme provided that the aggregate number of shares to be issued shall not exceed twenty five per centum (25%) of the issued share capital of the Company for the time being.

**Notes:**

- 1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. 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 48 hours before the time appointed for holding the Meeting.

## NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Venture Corporation Limited (the "Company") will be closed on 10 May 2004 for the purpose of determining Members' entitlements to the final and bonus dividends to be proposed at the Annual General Meeting of the Company to be held on 30 April 2004.

The proposed dividends (comprising a final tax-exempt dividend of 25% and a bonus dividend of 50% less income tax), if approved at the Annual General Meeting to be held on 30 April 2004, will be paid on 19 May 2004.

Duly completed registrable transfers of the shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 7 May 2004 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 5.00 p.m. on 7 May 2004 will be entitled to the proposed dividends.

BY ORDER OF THE BOARD

Yvonne Choo  
Tan Lay Hong  
Company Secretaries

Singapore, 5 April 2004