



VENTURE CORPORATION LIMITED
(Incorporated in the Republic of Singapore
with limited liability)
(Company Registration No: 198402886H)

PROPOSED ACQUISITION OF SHARES IN GES INTERNATIONAL LIMITED

1. INTRODUCTION

- 1.1 **Proposed Acquisition.** The Board of Directors ("**Board**") of Venture Corporation Limited (the "**Company**") refers to the joint announcement (the "**Joint Announcement**") by the Company and GES International Limited ("**GES**") released today in relation to the implementation agreement (the "**Implementation Agreement**") entered into by the Company with GES to acquire (the "**Proposed Acquisition**") all the issued ordinary shares ("**GES Shares**") in GES by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and the Singapore Code on Take-overs and Mergers (the "**Code**"). A copy of the Joint Announcement is enclosed with this Announcement. You are urged to carefully read the contents of the Joint Announcement.

2. PROPOSED ACQUISITION

- 2.1 **Implementation Agreement.** As set out in the Joint Announcement, the Company proposes to acquire all the GES Shares by way of the Scheme, pursuant to which:

- (a) all the GES Shares (the "**Scheme Shares**") held by the shareholders of GES (the "**Entitled Scheme Shareholders**") as at a books closure date to be announced by GES will be transferred to the Company; and
- (b) in consideration for each GES Share to be transferred, the Company will pay S\$1.25 in cash for each GES Share (the "**Scheme Price**") held by the Entitled Scheme Shareholders.

Upon the Scheme becoming effective, the GES Shares held by the Entitled Scheme Shareholders will be transferred to the Company (a) fully paid; (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any third party rights or interests of any nature whatsoever; and (c) together with all rights attached thereto as at the date of the Implementation Agreement, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by GES on or after the date of the Implementation Agreement.

The Scheme will become effective and binding on GES and the Entitled Scheme Shareholders subject to the fulfillment or waiver (as applicable) of certain conditions precedent as described in paragraph 6 of the Joint Announcement. Please refer to the Joint Announcement for details of the Scheme and the principal terms of the Implementation Agreement.

2.2 **Consideration.** Based on the Scheme Price, the aggregate consideration for the Proposed Acquisition will be between approximately S\$930.8 million (assuming that none of the outstanding employee share options of GES are exercised) and approximately S\$980.0 million (assuming that all the outstanding employee share options of GES are exercised). The consideration was arrived at on a willing seller willing buyer basis after taking into consideration, amongst other things, the net earnings of GES and the recent market price of the GES Shares.

The consideration will be funded by the Company from bank borrowings and internal cash resources.

2.3 **Asset Value.** Based on the unaudited third quarter financial statement of GES for the period ended 31 March 2006, as at 31 March 2006, the unaudited consolidated net asset value of GES and its subsidiaries (the “**GES Group**”) attributable to its shareholders amounted to approximately S\$251 million.

2.4 **Profit.** Based on the unaudited third quarter financial statement of GES for the period ended 31 March 2006, the unaudited consolidated profit before income tax, minority interests and exceptional items of the GES Group for the nine months ended 31 March 2006 was approximately S\$43 million.

2.5 **Information on GES.** GES was incorporated on 10 July 1986 and was listed on the SGX-ST on 3 February 1999. GES is an original design and manufacturer (“**ODM**”) of Point of Sales (“**POS**”) systems and other industrial applications such as metering products, industrial controllers and diagnostic test equipments as well as an original equipment manufacturer of electronics products. GES has manufacturing facilities in the People’s Republic of China, Singapore, Malaysia and the United States.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Board is of the view that a combination of Venture and GES will create a strong player with high growth potential, scale of operations, extensive design capabilities and leading industry position. Some of the key benefits from the proposed combination of businesses include:

(a) **Enhanced growth opportunity:** The acquisition is in line with Venture’s strategy to focus on niche, high mix, but high growth and stable margin businesses. GES is a leading provider of ODM and EMS services to the high growth POS segment. GES’ revenues and profit after tax for the quarter ended 31 March 2006 grew 11% and 35%, respectively, over the quarterly period ended 31 March 2005.

This transaction will enhance the customer base and product portfolio, allowing the combined business to cross-sell its products and services. For example, Venture will have the opportunity to cross-sell printer and other accessories to POS customers. The extended list of EMS customers will also provide more opportunities for both companies for conversion to ODM.

- (b) **Enhanced design capabilities:** The design capabilities of Venture and GES are complementary in nature. Put together, these capabilities will allow the combined businesses to offer a range of design services that extends beyond the existing offerings and strengthen its position in the higher margin ODM business. This will provide good opportunity for the combined businesses to venture into new and exciting markets.
- (c) **Financial rationale:** The transaction is expected to be earnings accretive to Venture shareholders. Based on the proforma analysis, the transaction, had it been completed on 31 March 2006, would have resulted in a 12% higher earnings per share for the three months ended 31 March 2006.

The enlarged group will be able to achieve further cost savings through economies of scale. Consolidation of purchasing volumes will enable the Venture and GES to enjoy increased purchasing power and better management of supply chain.

- (d) **Stronger management team:** Venture intends to retain the core management of GES and leverage on their expertise and experience. The combined experience of senior management from the two most successful ODM and EMS companies in Singapore will be a force to reckon with.

4. FINANCIAL EFFECTS

- 4.1 **Assumptions.** The proforma financial effects of the Proposed Acquisition on the earnings per share (“**EPS**”), the net tangible assets (“**NTA**”) per share, the net assets value (“**NAV**”) per share and the share capital of the Company are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company and its subsidiaries (the “**Group**”) after the completion of the Proposed Acquisition. The proforma financial effects have been computed based on the consolidated audited financial statements of the Group for FY2005.
- 4.2 **NTA /NAV.** Assuming that the Proposed Acquisition had been completed on 31 December 2005, being the most recently completed financial year, the effect on the NTA per share and NAV per share of the Group as at 31 December 2005 is as follows:

Financial effect on NTA/NAV	Before the Proposed Acquisition (Sgp cents)	After the Proposed Acquisition (Sgp cents)
NTA per share	586.1	329.2
NAV per share	617.2	617.2

- 4.3 **Earnings.** Assuming that the Proposed Acquisition had been completed on 1 January 2005, the proforma financial effects on the consolidated earnings of the Group for FY2005 are as follows:

Financial effect on EPS	Before the Proposed Acquisition	After the Proposed Acquisition
(1) Profit after tax (S\$'000)	201,171	222,803
Weighted average number of shares used in the calculation of basic EPS ('000)	267,732	267,732
Weighted average number of shares used in the calculation of diluted EPS ('000)	269,859	269,859
Basic EPS based on (1) (Sgp cents)	75.1	83.2
Diluted EPS based on (1) (Sgp cents)	74.5	82.6

- 4.4 **Share Capital.** The Proposed Acquisition will not have any impact on the issued share capital of the Company.

5. APPROVAL OF SHAREHOLDERS

- 5.1 **Major Transaction.** The relative figures for the Proposed Acquisition computed on the relevant bases set out in Rule 1006 ("**Rule 1006**") of the SGX-ST Listing Manual (the "**Listing Manual**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(b)	Net profits ⁽¹⁾ attributable to the GES Shares to be acquired compared with the Group's net profits	27

Rule 1006	Bases	Relative Figures (%)
(c)	The Consideration ⁽²⁾ compared with the market capitalisation of Company	37

Notes:

⁽¹⁾ Under Rule 1002(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items.

⁽²⁾ The Company's market capitalization used in the above computation is approximately S\$2.62 billion determined by multiplying 270,778,577 shares in issue as at the date of this Announcement by the weighted average price of S\$9.675 per share on 25 July 2006.

As the relative figures under Rules 1006 (b) and (c) exceed 20 per cent., the Proposed Acquisition constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is therefore subject to the approval of the shareholders of the Company.

5.2 **EGM.** A circular to Shareholders (the "**Circular**") setting out information on the Proposed Acquisition, together with a notice of the meeting convened by the Company to approve the Proposed Acquisition (the "**EGM**"), will be despatched to the shareholders of the Company in due course. In the meantime, shareholders are advised to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

5.3 **Irrevocable Undertaking from Certain Shareholders of the Company.** Mr Wong Ngit Liong, Mr Soo Eng Hiong and Mr Tan Choon Huat have each executed an irrevocable undertaking (the "**Irrevocable Undertakings**") pursuant to which they have, *inter alia*, undertaken to vote the shares in the Company which they hold in favour of the resolution(s) to approve the Proposed Acquisition at the EGM (or any adjournment thereof).

6. FURTHER INFORMATION

6.1 **Interests of Directors and Controlling Shareholders.** Save as disclosed in paragraph 5.3 above, none of the Directors or controlling shareholders of the Company has any interest in the Proposed Acquisition.

6.2 **Document for Inspection.** Copies of the Implementation Agreement and the Irrevocable Undertakings are available for inspection during normal business hours at the registered office of the Company at 5006 Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873, for a period of three months commencing from the date of this announcement.

7. RESPONSIBILITY STATEMENT

The Directors of Venture (including any Director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to GES) are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources, the sole responsibility of the Directors of Venture has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD

Yvonne Choo
Company Secretary
Singapore

26 July 2006