

Report of the Directors

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the financial year ended 31 December 2000.

The company was incorporated as a private limited company under the name of Innovalues Precision Pte Ltd. On 10 January 2001 the name of the company was changed to Innovalues Precision Limited on conversion of the company to a public limited company.

DIRECTORS AT DATE OF REPORT

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

Mr Goh Leng Tse	
Mr Hein Ke Long	
Mr Ong Tiak Beng	
Mr Loo Tian Sze, Melvin	
Mr Chow Kok Kee	– appointed on 9.2.2001
Mr Ong Sim Ho	– appointed on 9.2.2001

PRINCIPAL ACTIVITIES

The principal activities of the company are those of manufacturer, assembly, sub-assembly of precision machining parts, components and electronic and mechanical devices.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

RESULTS FOR THE FINANCIAL YEAR

	Group \$'000	Company \$'000
Profit after income tax	3,848	2,652
Minority interests	(64)	–
Profit attributable to shareholders	3,784	2,652
Accumulated profits at the beginning of year	2,837	1,910
Dividends paid and proposed	6,621 (495)	4,562 (495)
Accumulated profits at end of year	6,126	4,067

MATERIAL TRANSFERS TO OR FROM RESERVES OR PROVISIONS

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

Report of the Directors

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The following subsidiaries were incorporated during the financial year.

Name of subsidiary	Country of incorporation and place of business	Interest Held %
Innovalues Precision (Kluang) Sdn Bhd	Malaysia	100
Innovalues Precision (Thailand) Ltd	Thailand	90

There were no disposals of subsidiaries during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares or debentures by the company or any corporation in the group during the financial year.

Subsequent to the end of the financial year, at an Extraordinary General Meeting held on 9 February 2001, the shareholders approved, inter alia, the following:

- an increase in the authorised share capital of the company from \$1,000,000 divided into 1,000,000 ordinary shares of \$1.00 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1.00 each;
- the capitalisation of \$2,075,000 out of the company's revenue reserves by way of a bonus issue of 2,075,000 ordinary shares of \$1.00 each credited as fully paid to the shareholders of the company;
- the sub-division of each ordinary share of \$1.00 each in the authorised and issued and paid-up share capital of the company into 20 ordinary shares of \$0.05 each so that the authorised share capital is \$50,000,000 divided into 1,000,000,000 shares of \$0.05 each of which 58,100,000 ordinary shares of \$0.05 each are issued and fully paid; and
- the issue of 15,400,000 new ordinary shares of \$0.05 each comprising 14,400,000 shares for a cash consideration of \$0.35 each and 1,000,000 shares for a cash consideration of \$0.31 each by way of public offer and placement (initial public offer).

The company was admitted to the official list of the Singapore Exchange Securities Trading Limited on 2 March 2001.

During the financial year, the following changes in the capital structure of the subsidiaries were made:

Name of subsidiary	Shares issued	Consideration	Purpose of issue
Innovalues Precision (Kluang) Sdn Bhd	300,700 ordinary shares of RM1 each at par	Non-cash	Conversion of shareholders' loan.
Innovalues Microtech Sdn Bhd	224,978 ordinary shares of RM1 each at par	Non-cash	Conversion of shareholders' loan.
	19 ordinary shares of RM1 each at par	Cash	Pursuant to joint venture agreement

Report of the Directors

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARE 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.

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 and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act except as follows:-

Name of directors	At beginning of year	At end of year
The Company	Ordinary shares of \$1 each	
Mr Goh Leng Tse	270,000	270,000
Mr Hein Ke Long	150,000	150,000
Mr Ong Tiak Beng	200,000	200,000
Mr Loo Tian Sze, Melvin	50,000	50,000

By virtue of section 7 of the Companies Act, the above directors of the company are deemed to have an interest in the share capital of the subsidiaries at the relevant dates.

DIVIDENDS

Since the end of the previous financial year, the company has proposed an interim dividend of \$0.80 per ordinary shares less 25.5% tax amounting to \$494,680 in respect of the financial year ended 31 December 2000.

The directors of the company do not recommend that a final dividend be paid.

ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

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

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

ACTIONS RELATING TO CURRENT ASSETS

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

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

Report of the Directors

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

At the date of this report:

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

ABILITY TO MEET OBLIGATIONS

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

OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

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

UNUSUAL ITEMS DURING THE YEAR

In the opinion of the directors of the company, the results of the operations of the company and of the group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year except for those disclosed in the notes to the financial statements.

UNUSUAL ITEMS AFTER YEAR END DATE

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

CONTRACTUAL BENEFITS OF DIRECTORS

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 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 as disclosed in the financial statements.

There were certain transactions (shown in the financial statements) with corporations in which certain directors have an interest.

Report of the Directors

OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

OPTIONS EXERCISED

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

AUDIT COMMITTEE

An audit committee was established in accordance with Section 201B of the Companies Act, Cap. 50, following the successful completion of the company's initial public offer of new shares. The audit committee of the board of directors consists of three members including two non-executive independent directors. The members of the committee are :

Mr Chow Kok Kee (Chairman)
Mr Goh Leng Tse
Mr Ong Sim Ho

The audit committee performed the functions set out in the Companies Act. In performing those functions, the committee reviewed :

- (a) the audit plan of the company's external auditors and their evaluation of the systems of internal accounting controls arising from their audit examination ;
- (b) the announcement of the annual results prior to their release by the company ; and
- (c) the financial statements and the auditors' report thereon of the company and of the group for the financial year ended 31 December 2000 before their submission to the board of directors.

The committee has held one meeting up to the date of this report.

The committee recommended to the board of directors the nomination of Chio Lim & Associates as auditors of the company at the forthcoming annual general meeting.

Report of the Directors

AUDITORS

The auditors, Chio Lim & Associates, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Goh Leng Tse

Director

Hein Ke Long

Director

Singapore

16 April 2001

Statement of Directors

In the opinion of the directors, the accompanying financial statements set out on pages 21 to 37 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 31 December 2000 and of the results and changes in equity of the company and of the group and of the cash flows of the group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Goh Leng Tse

Director

Hein Ke Long

Director

Singapore

16 April 2001

We have audited the accompanying balance sheets of Innovalues Precision Limited and of the group as at 31 December 2000 and the related statements of profit and loss and changes in equity and consolidated cash flows for the year then ended. 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 from 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 accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of :
 - i) the state of affairs of the company and of the group as at 31 December 2000 and of the results and changes in equity of the company and of the group and cash flows of the group for the financial year then ended, and
 - ii) the other matters required by section 201 of the Act to be dealt with in the financial statements and consolidated financial statements.
- b) the accounting and other records and the registers required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of the subsidiaries are stated in Note 8 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 a form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification.

Chio Lim & Associates

Certified Public Accountants

Mr. Lim Lee Meng

(Partner-in-charge)

Singapore

16 April 2001

		Group		Company	
		2000	1999	2000	1999
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	4	1,138	1,138	941	722
Trade receivables	5	8,378	4,104	7,197	4,337
Other receivables and prepayments	6	494	237	6,079	150
Inventories	7	2,529	938	994	460
Total current assets		12,539	6,417	15,211	5,669
Non-current assets:					
Investment in subsidiaries	8	-	-	1,541	211
Property, plant and equipment	9	11,716	3,634	1,084	2,213
Preliminary expenses		-	2	-	-
Total non-current assets		11,716	3,636	2,625	2,424
Total assets		24,255	10,053	17,836	8,093
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables and accrued liabilities	10	4,143	3,724	2,336	3,185
Other payables	11	1,535	923	935	870
Short-term borrowings	12	5,675	-	5,675	-
Income tax payable		1,562	601	1,468	601
Current portion of hire purchase creditors	14	800	479	147	278
Total current liabilities		13,715	5,727	10,561	4,934
Non-current liabilities:					
Other payables	11	-	48	-	-
Long-term borrowings	13	1,623	-	1,623	-
Hire purchase creditors	14	944	362	175	244
Deferred tax	23	199	252	175	175
Total non-current liabilities		2,766	662	1,973	419
Capital and reserves:					
Issued capital	15	830	830	830	830
Reserves	16	6,301	2,834	4,067	1,910
Proposed dividends		405	-	405	-
Total equity		7,536	3,664	5,302	2,740
Minority interests		238	-	-	-
Total liabilities and equity		24,255	10,053	17,836	8,093

See accompanying notes to financial statements.

Profit and Loss Statements

year ended 31 December 2000

	Notes	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
REVENUE	17	24,601	13,017	28,478	13,981
Cost of sales		(16,158)	(8,220)	(22,963)	(10,359)
GROSS PROFIT		8,443	4,797	5,515	3,622
Other operating income	18	69	78	67	35
Distribution costs		(534)	(167)	(246)	(117)
Administration and general expenses		(2,330)	(865)	(1,490)	(762)
Other operating expenses		(363)	(360)	(395)	(238)
Other credits / (charges)	19	(115)	78	268	80
PROFIT FROM OPERATIONS		5,170	3,561	3,719	2,620
Finance costs	20	(237)	(82)	(108)	(61)
Exceptional item	21	-	(300)	-	(300)
PROFIT BEFORE INCOME TAX	22	4,933	3,179	3,611	2,259
Income tax expense	23	(1,085)	(733)	(959)	(690)
PROFIT AFTER INCOME TAX		3,848	2,446	2,652	1,569
Minority interests		(64)	-	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,784	2,446	2,652	1,569
Basic earnings per share (cents)	24	456	295		

See accompanying notes to financial statements.

Statements of changes in Equity

year ended 31 December 2000

Group

	Share Capital \$'000	Translation Reserve \$'000	Accumulated Profits \$'000	Proposed Dividends \$'000	Total \$'000
At 1 January 1999	785	-	401	-	1,186
Net profit for the year	-	-	2,446	-	2,446
Foreign currency translation differences	-	(3)	-	-	(3)
Issue of ordinary shares	35	-	-	-	35
Issue of bonus shares	10	-	(10)	-	-
At 31 December 1999	830	(3)	2,837	-	3,664
Net profit for the year	-	-	3,784	-	3,784
Dividends proposed (Note 25)	-	-	(495)	495	-
Dividends paid	-	-	-	(90)	(90)
Foreign currency translation differences	-	178	-	-	178
At 31 December 2000	830	175	6,126	405	7,536

Company

	Share Capital \$'000	Accumulated Profits \$'000	Proposed Dividends \$'000	Total \$'000
At 1 January 1999	785	351	-	1,136
Net profit for the year	-	1,569	-	1,569
Issue of ordinary shares	35	-	-	35
Issue of bonus shares	10	(10)	-	-
At 31 December 1999	830	1,910	-	2,740
Net profit for the year	-	2,652	-	2,652
Dividends proposed (Note 25)	-	(495)	495	-
Dividends paid	-	-	(90)	(90)
At 31 December 2000	830	4,067	405	5,302

See accompanying notes to financial statements.

Consolidated Cashflow Statement

year ended 31 December 2000

	Group	
	2000 \$'000	1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	4,933	3,179
Adjustments for :		
Depreciation	1,086	471
Interest expense	164	56
Interest income	(21)	(15)
Loss on sale of property, plant and equipment		35
	6,197	3,691
Working capital changes, excluding changes relating to cash		
Inventories	(1,591)	(771)
Trade receivables	(4,274)	(2,423)
Other receivables and prepayments	(257)	(204)
Trade and other payables and accrued liabilities	1074	2,663
	(5,048)	(735)
Cash Generated From Operating Activities	1,149	2,956
Interest paid	(164)	(56)
Income tax paid	(146)	(11)
Interest received	21	15
Dividends paid	(90)	-
	770	2,904
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,421)	(2,234)
Proceeds from sale of property, plant and equipment	274	5
Preliminary expenses	(2)	(2)
	(9,149)	(2,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
Hire purchase creditors	903	208
Proceeds from borrowings	7,298	-
Proceeds from issue of shares	-	35
	8,201	243
Net Cash Inflow From Financing Activities	8,201	243
Net effect of exchange rate changes in consolidating foreign subsidiaries	178	(3)
Net Increase/(decrease) In Cash	-	913
Cash and Cash Equivalents at Beginning of the Year (Note 4)	1,138	225
Cash and Cash Equivalents at End of the Year (Note 4)	1,138	1,138

See accompanying notes to financial statements.

1. GENERAL

The company is incorporated in Singapore. The financial statements are expressed in Singapore dollars. They are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard.

The principal activities of the company are those of manufacturer, assembly, sub-assembly of precision machining parts, components and electronic and mechanical devices.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The registered office address of the company is 9 Kallang Place #07-08/10, Singapore 339154. The company is domiciled in Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION – The financial statements are prepared in accordance with the historical cost convention.

BASIS OF PRESENTATION – The consolidated financial statements include the financial statements of the company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the respective date of acquisition or up to the date of disposal. All intercompany transactions and balances have been eliminated on consolidation.

The excess of the cost of acquisition over the value of net assets acquired, if any, represents goodwill arising on consolidation which is written off to the profit and loss statement over its estimated useful life up to a maximum of 20 years.

The excess of the value of the net assets acquired over the cost of acquisition is credited directly against capital reserves as reserves arising on consolidation.

INVESTMENT IN SUBSIDIARIES – Investment in subsidiaries are stated in the company's balance sheet at cost. Provision is made for impairment in value that is not considered temporary.

Dividend income from subsidiaries are recorded gross on the date it is declared payable by the subsidiaries.

REVENUE RECOGNITION – Revenue from sale of products is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably. Revenue from rendering of services that are on short duration is recognised when the services are completed.

INVENTORIES – Inventories are measured at the lower of cost (first in first out 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.

FOREIGN CURRENCY TRANSACTIONS – Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the date of the transactions. At each balance sheet date, recorded monetary balances carried at fair value that are denominated in foreign currencies are reported at the rate ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOREIGN CURRENCY TRANSLATION – Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at the exchange rates ruling at the balance sheet date. The results of foreign subsidiaries are translated into Singapore dollars at the average exchange rates for the financial period. Share capital of foreign subsidiaries is translated at historical rates and accumulated profits brought forward at exchange rates at which they were previously reported. Foreign currency translation adjustments are taken directly to reserves.

INCOME TAX – Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant timing differences.

DEPRECIATION – Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated useful lives of the assets. The useful lives are as follows :

Plant & machinery	5 - 10 years
Equipment, furniture & fittings	5 - 10 years
Air-conditioners	3 - 10 years
Motor vehicles	5 years
Computers	3 years
Renovation	5 years

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

FINANCIAL ASSETS – Financial assets that potentially subject the company to concentrations of credit risk consist principally of cash, cash equivalents and trade accounts receivable. The directors believe that the financial risks associated with these financial instruments are minimal. The company places its cash and cash equivalents with high credit quality institutions. The company performs ongoing credit evaluation of its customers' financial condition and maintains a provision for doubtful trade accounts receivable based upon the expected collectibility of all trade accounts receivable.

LEASED OR HIRE PURCHASE ASSETS – Where assets are financed by lease or hire purchase agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present values of the total rental payable during the periods of the lease or hire purchase and the corresponding lease or hire purchase commitments are included under liabilities. The excess of the lease or hire purchase payments over the recorded obligation under lease or hire purchase contracts is treated as finance charges which are amortised over each lease or hire purchase term to give a constant rate of interest on the outstanding balance at the end of each period. The assets are depreciated as owned depreciable assets.

Rental on operating leases is charged to the profit and loss statement.

FAIR VALUE OF FINANCIAL INSTRUMENTS – The carrying values of cash, accounts receivable, other current assets, accounts payable and other current liabilities approximate their fair market values due to the short-term maturity of these instruments. The fair value of long-term debt was not determined because the book values approximate the market value.

NON-CURRENT ASSETS – Non-current assets, such as plant and equipment and investments are reviewed for impairment whenever events or changes in circumstances indicate that the net book value of these assets may not be recoverable. Impairment losses are determined based on the difference between fair value, which would generally approximate estimated future cash flows discounted at the company's cost of capital or where appropriate the sale value, and net book value.

ACCOUNTING ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH – For the purpose of the cashflow statement, cash and cash equivalents consist of cash and bank balances and fixed deposits.

3. RELATED PARTY TRANSACTIONS

Related parties are entities with common directors or management. Parties are considered to be related if one party has the ability to control the other party to exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangement are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

	Group & Company	
	2000	1999
	\$'000	\$'000
Sub-contractors fees	87	140
Purchases and rental of equipment	29	14
Rental income	-	(22)
Sales of plant and equipment	-	(9)

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	1,086	1,105	936	717
Fixed deposits	52	33	5	5
	1,138	1,138	941	722

The fixed deposits of subsidiaries amounting to \$47,000 (1999 : \$27,190) have been pledged to obtain bankers' guarantees.

The fixed deposit of the company amounting to \$5,000 (1999 : \$5,000) has been pledged to obtain a guarantee for rental deposit.

5. TRADE RECEIVABLES

	Group		Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Outside parties	8,528	4,099	7,170	3,911
Provision for doubtful debts	(150)	-	(150)	-
	8,378	4,099	7,020	3,911
Subsidiaries (Note 8)	-	-	177	421
Related party (Note 3)	-	5	-	5
	8,378	4,104	7,197	4,337
Movement in provision:				
Balance at beginning of year	-	-	-	-
Charge to profit and loss	150	-	150	-
Balance at end of year	150	-	150	-

6. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Deposits	151	103	42	53
Directors	-	28	-	28
Other receivables	45	86	26	69
Subsidiaries (Note 8)	-	-	5,828	-
Prepayments	298	20	183	-
	494	237	6,079	150

The amounts due from directors are unsecured, interest free with no fixed terms of repayment.

7. INVENTORIES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Finished goods	1,138	152	635	-
Work-in-progress	416	505	182	401
Raw materials	975	281	177	59
	2,529	938	994	460

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2000 \$'000	1999 \$'000
Unquoted shares, at cost	1,541	211

The balances with subsidiaries are without fixed repayment terms and interest unless stated otherwise.

Details of the subsidiaries are as follows :

Name of company	Principal activities	Place of business and incorporation	% of equity		Cost of investment	
			2000 %	1999 %	2000 \$'000	1999 \$'000
@ Innovalues Precision Sdn Bhd	Manufacture and sale of precision-machined parts, components and sub-assemblies	Malaysia	100	100	211	211
@ Innovalues Microtech Sdn Bhd	Electroless plating	Malaysia	51	66.67	51	*
@ Innovalues Precision (Kluang) Sdn Bhd	Manufacture and sale of precision-machined parts, components and sub-assemblies	Malaysia	100	-	145	-
@ Innovalues Precision (Thailand) Limited	Manufacture and sale of precision-machined parts, components and sub-assemblies	Thailand	90	-	1,134	-
					1,541	211

@ Audited by member firms of Horwath International, of which Chio Lim & Associates, Singapore, is a member.

* Amount is less than \$1,000.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Plant & Machinery \$'000	Equipment, Furniture & Fittings \$'000	Air-conditioners \$'000	Motor Vehicles \$'000	Computers \$'000	Renovation \$'000	Total \$'000
Cost							
As at 1.1.2000	4,052	110	61	135	26	112	4,496
Exchange differences	79	(14)	-	-	16	(17)	64
Additions	8,252	330	68	327	102	342	9,421
Disposals	(792)	(20)	(28)	(86)	(7)	(13)	(946)
As at 31.12.2000	11,591	406	101	376	137	424	13,035
Depreciation							
As at 1.1.2000	745	26	18	42	12	19	862
Exchange differences	9	(6)	-	-	6	(1)	8
For the year	914	57	13	41	28	33	1,086
Disposals	(558)	(7)	(20)	(40)	(6)	(6)	(637)
As at 31.12.2000	1,110	70	11	43	40	45	1,319
Net Book Value As at 31.12.2000	10,481	336	90	333	97	379	11,716
Net Book Value As at 31.12.1999	3,307	84	43	93	14	93	3,634
Depreciation For 1999	404	17	7	27	5	11	471
Company							
Cost							
As at 1.1.2000	2,522	70	52	135	16	78	2,873
Additions	325	43	32	197	52	40	689
Disposals	(1,944)	(16)	(28)	(86)	(7)	(13)	(2,094)
As at 31.12.2000	903	97	56	246	61	105	1,468
Depreciation							
As at 1.1.2000	559	17	18	42	11	13	660
For the year	260	16	9	34	12	17	348
Disposals	(544)	(8)	(20)	(40)	(6)	(6)	(624)
As at 31.12.2000	275	25	7	36	17	24	384
Net Book Value As at 31.12.2000	628	72	49	210	44	81	1,084
Net Book Value As at 31.12.1999	1,963	53	34	93	5	65	2,213
Depreciation For 1999	254	9	7	26	5	8	309

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Included in property, plant and equipment are the following assets under hire purchase contracts, at cost:

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Plant & machinery	3,435	2,057	537	1,338
Motor vehicles	361	128	246	128
Equipment, furniture & fittings	13	5	13	5
	3,809	2,190	796	1,471

A motor vehicle costing \$195,688 (1999: \$78,600) is held in trust by a director of the company.

10. TRADE PAYABLES AND ACCRUED LIABILITIES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Outside parties	3,372	3,390	1,483	1,706
Subsidiaries (Note 8)	-	-	452	1,281
Related party (Note 3)	25	1	25	1
Accrued liabilities	746	333	376	197
	4,143	3,724	2,336	3,185

11. OTHER PAYABLES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
For purchase of non-current assets	1,003	481	667	481
Directors' fees	130	89	130	89
Others	402	353	138	300
	1,535	923	935	870

Non-current other payables represent amounts due to a shareholder of a subsidiary.

12. SHORT-TERM BORROWINGS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Bank overdraft (secured) (Note 13)	2,185	-	2,185	-
Bank loan (secured) (Note 13)	975	-	975	-
Bills payable to banks	2,515	-	2,515	-
	5,675	-	5,675	-

13. LONG-TERM BORROWINGS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Bank loan (secured)	1,623	-	1,623	-

The bank loan, overdraft and other credit facilities are secured by a first fixed and floating charge over the company's assets and joint and several personal guarantees of the directors of the company.

Interest rates for the bank loan and overdraft were at 6.25% per annum. The bank loan is repayable in 48 equal instalments from the date of disbursement.

14. HIRE PURCHASE CREDITORS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Instalments payable				
Within one year	1,134	544	148	310
Within 2 to 5 years	902	411	223	273
	2,036	955	371	583
Finance charges allocated to future periods	(292)	(114)	(49)	(61)
	1,744	841	322	522
Current portion	(800)	(479)	(147)	(278)
Non-current portion	944	362	175	244

Hire purchase interest rates ranged from 5.5% to 12.0% during the year.

15. ISSUED CAPITAL

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Authorised				
- 1,000,000 ordinary shares of \$1.00 each	1,000	1,000	1,000	1,000
Issued and fully paid				
- 830,000 ordinary shares of \$1.00 each	830	830	830	830

Subsequent to the end of the financial year, at an Extraordinary General Meeting held on 9 February 2001, the shareholders approved, inter alia, the following:

- (a) an increase in the authorised share capital of the company from \$1,000,000 divided into 1,000,000 ordinary shares of \$1.00 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1.00 each;
- (b) the capitalisation of \$2,075,000 out of the company's revenue reserves by way of a bonus issue of 2,075,000 ordinary shares of \$1.00 each credited as fully paid to the shareholders of the company;

15. ISSUED CAPITAL (Cont'd)

- (c) the sub-division of each ordinary share of \$1.00 each in the authorised and issued and paid-up share capital of the company into 20 ordinary shares of \$0.05 each so that the authorised share capital is \$50,000,000 divided into 1,000,000,000 shares of \$0.05 each of which 58,100,000 ordinary shares of \$0.05 each are issued and fully paid; and
- (d) the issue of 15,400,000 new ordinary shares of \$0.05 each comprising 14,400,000 shares for a cash consideration of \$0.35 each and 1,000,000 shares for a cash consideration of \$0.31 each by way of public offer and placement (initial public offer).

The company was admitted to the official list of the Singapore Exchange Securities Trading Limited on 2 March 2001.

At the date of this report, the authorised share capital of the company is \$50,000,000 divided into 1,000,000,000 ordinary shares of \$0.05 each and the issued and fully paid-up capital of the company is \$3,675,000 comprising 73,500,000 ordinary shares of \$0.05 each.

16. RESERVES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Accumulated profits	6,126	2,837	4,067	1,910
Foreign currency translation reserve	175	(3)	-	-
	6,301	2,834	4,067	1,910

In accordance with Singapore Statement of Accounting Standard 1 – Presentation of Financial Statements, movements in reserves of the group and the company are set out in the Statements of Changes in Equity.

17. REVENUE

Revenue represents the value of goods sold and services rendered during the year net of returns, discounts and allowances.

18. OTHER OPERATING INCOME

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest income	21	15	21	13
Rental income	-	-	-	22
Other income	48	63	46	-
	69	78	67	35

19. OTHER CREDITS/ (CHARGES)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Unrealised exchange loss	(206)	-	-	-
Unrealised exchange gain	-	32	175	32
Realised exchange gain	91	46	93	48
	(115)	78	268	80

20. FINANCE COSTS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest expense	164	56	76	37
Bank charges	73	26	32	24
	237	82	108	61

21. EXCEPTIONAL ITEM

In 1999, the company was fined \$300,000 for engaging illegal workers during that year in contravention of the Immigration Act (Cap. 133) of Singapore. This item was disclosed in the 1999 financial statements as an extraordinary item.

22. PROFIT BEFORE INCOME TAX

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

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Directors' fees	145	137	145	137
Directors' remuneration				
- holding company	619	273	619	273
- subsidiaries	233	66	-	-
Consultancy fees paid to a director	46	-	46	-
Auditors' remuneration				
- Auditors of the company	18	10	18	10
- Other auditors	23	4	-	-
Non-audit fees paid to auditors of the company	2	-	2	-
Depreciation expense	1,086	471	348	309
Loss on sale of property, plant and equipment	35	-	23	-
Provision for doubtful debts - trade	150	-	150	-

23. INCOME TAX EXPENSE

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current	1,138	563	959	563
Deferred (reversal)	(53)	170	-	127
	1,085	733	959	690

The income tax expense in respect of the group varies from the amount of income tax expense determined by applying the Singapore tax rate of 25.5% (1999 : 26%) primarily due to the utilisation of reinvestment allowances claimed by a subsidiary under section 7 of the Malaysian Income Tax Act, 1967.

The income tax expense in respect of the company varies from the amount of income tax expense determined by applying the Singapore tax rate of 25.5% (1999 : 26%) to profit before income tax as a result of non-allowable items.

The deferred tax balance is principally due to the excess of net book value over the tax written down value of fixed assets.

24. EARNINGS PER SHARE

The basic earnings per share is calculated based on the group profit after tax and minority interests of \$3,784,000 (1999: \$2,446,000) and 830,000 (1999: 830,000) ordinary shares, being the shares in issue during and at the end of the financial year.

25. DIVIDENDS

	Group & Company	
	2000 \$'000	1999 \$'000
Dividends paid and proposed during the year:		
Interim dividend of \$0.80 per share less 25.5% tax	495	-

26. STAFF

	Group		Company	
	2000	1999	2000	1999
Staff costs in \$'000 (excluding directors)	3,072	1,335	1,172	863
Number of employees at end of year (including directors)	383	153	41	43

27. DIRECTORS REMUNERATION AND FEES

The number of directors of the company whose remuneration and fees fall between the following ranges are as follows:

	Company	
	2000 \$'000	1999 \$'000
Below \$250,000	2	5
\$250,000 - \$499,999	1	-
Total	3	5

28. CONTINGENT LIABILITIES

	Group		Company	
	2000 \$	1999 \$	2000 \$	1999 \$
Secured :				
Guarantee for rental deposit (Note 4)	17	17	17	17
Bankers guarantees (Note 4)	47	27	-	-
Guarantees for subsidiary's hire purchase facilities	-	-	84	339
Letters of credit (Note 13)	591	-	591	-
Unsecured :				
Guarantees for rental deposits	38	38	38	38

The guarantees for the subsidiary's hire purchase facilities are secured by the related hire purchase assets.

29. COMMITMENTS

(i)	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Operating lease rental expense for the year	385	214	179	134

(ii) At the balance sheet date, the company and group had rental commitments under operating leases for factories as follows :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Within 1 year	374	207	139	132
Within 2 - 5 years	276	128	203	-

(iii) At the balance sheet date, the company and group had the following capital expenditure commitments:

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Machinery	1,025	1,471	1,025	351

30. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to comply with the requirements of Singapore Statement of Accounting Standard 1 - Presentation of Financial Statements and to enhance comparability with the current year's financial statements. These included amounts in the balance sheet, profit and loss statement and the cashflow statement.

31. SEGMENT REPORTING

Business Segments : For management purposes, the group is organised into two operating divisions – precision turned parts and plating. The precision turned parts segment relates to the manufacturing of customised precision turned parts and components such as printer shafts, rod carriages and sliders, pins and sleeves. The plating segment relates to the business of plating metal parts and components with materials such as nickel, zinc, silver or gold.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist principally of cash and cash equivalents, receivables, inventories and property, plant and equipment. Segment liabilities include trade payables and accrued liabilities, borrowings, income tax payable and hire purchase creditors. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment directly attributable to each segment.

Geographical segments : The group operates in three principal geographical areas, Singapore, Malaysia and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

Business Segments

2000 Group revenue and results

	Precision turned parts \$'000	Plating \$'000	Total \$'000
Total revenue from external customers	24,601	-	24,601
Segment results	7,902	541	8,443
Other operating income	65	4	69
Operating expenses	(3,444)	(135)	(3,579)
Profit from operations	4,523	410	4,933
Income tax expense	(968)	(117)	(1,085)
Net profit for the year	3,555	293	3,848

Group assets and liabilities

Segment assets	24,136	119	24,255
Segment liabilities	15,738	743	16,481

Other information

Capital expenditure	8,892	529	9,421
Depreciation	1,024	62	1,086

31. SEGMENT REPORTING (cont'd)
Business Segments
**1999
Group revenue and results**

	Precision turned parts \$'000	Plating \$'000	Total \$'000
Total revenue from external customers	13,017	-	13,017
Segment results	4,797	-	4,797
Other operating income	78	-	78
Operating expenses	(1,688)	(8)	(1,696)
Profit from operations	3,187	(8)	3,179
Income tax expense	(733)	-	(733)
Net profit for the year	2,454	(8)	2,446

Group assets and liabilities

Segment assets	9,954	99	10,053
Segment liabilities	6,341	48	6,389

Other information

Capital expenditure	2,234	-	2,234
Depreciation	471	-	471

Geographical Segments

	Revenue by geographical market			
	2000 \$'000		1999 \$'000	
Singapore	13,700		9,847	
Malaysia	7,396		2,984	
Others	3,505		186	
Total	24,601		13,017	
	Carrying amount of segment assets		Additions to Property, plant and equipment	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Singapore	1,084	2,213	688	1,148
Malaysia	5,877	1,421	3,793	1,086
Thailand	4,755	-	4,940	-
	11,716	3,634	9,421	2,234

Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

Innovalues Precision Limited is committed to establishing and maintaining a high standard of corporate governance within the Group and continually strives to preserve the interests of all stakeholders. During the period, the Group has devised and adopted its own corporate governance which complied with the principles set out in the Best Practice Guide of the SGX.

BOARD OF DIRECTORS

The Board consists of six members out of which two are independent directors. The Board meets a minimum of two times annually and is responsible for the Group's overall business direction, management and internal control, approval of major projects and significant financing matters. The Board also reviews the Group's financial performance.

To ensure that corporate governance is effectively practised, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the Audit Committee.

AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are independent directors :

Mr Chow Kok Kee (Chairman)

Mr Ong Sim Ho

Mr Goh Leng Tse

To carry out its functions in accordance with the Companies Act, Cap 50 and the Listing Manual of the SGX, the Audit Committee meets at least three times a year. In addition to the members of the Audit Committee, the meetings are attended by external auditors and appropriate members of the executive management by invitation. The Committee reviewed the following, where relevant, with the executive directors and the external auditors:-

- (a) the audit plans of the external auditors and results of their examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the financial statements and the auditor's report before submission to the Board of Directors;
- (d) the annual announcements on the financial results of the Group;
- (e) the co-operation given by the management to the external auditors; and
- (f) the appointment of the external auditors of the Company;

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

The Audit Committee has recommended to the Board of Directors the nomination of Chio Lim and Associates for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

INTERESTED PARTY TRANSACTIONS

The Audit Committee reviewed interested party transactions for the financial year ended 2000 in accordance with the Listing manual of the SGX. The review followed the set guidelines and procedures adopted by the Company to ensure that the transactions are on normal commercial terms.

SECURITIES TRANSACTIONS

The Company has devised and adopted its own internal Code of Conduct on Dealing in Securities. The Code was modelled along the Best Practice Guide in the Listing Manual. This code will provide guidance to the Group's directors and employees on their dealings in its securities. All relevant transactions are reported immediately to the Company Secretary.

CORPORATE DISCLOSURE

The Group believes that a high level of disclosure is essential to enhance the standard of corporate governance. The Group is committed to provide a high level of disclosure in public announcements, press releases and annual reports.

Supplementary Information

REMUNERATION PAID TO CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES

The Company has undertaken to disclose the total remuneration paid to the controlling shareholders and their associates. Total remuneration paid to these controlling shareholders for the year under review amounted to \$810,020.

Statistics of Shareholders

as at 16 April 2001

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 1,000	120	16.15	101,000	0.14
1,001 - 10,000	428	57.60	1,878,000	2.56
10,001 - 1,000,000	189	25.44	9,881,000	13.44
1,000,001 and above	6	0.81	61,640,000	83.86
TOTAL	743	100.00	73,500,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Goh Leng Tse	19,295,000	26.25
2	Ong Tiak Beng	14,000,000	19.05
3	Hein Ke Long	10,500,000	14.29
4	Teo Jok Chang	10,500,000	14.29
5	DBS Nominees Pte Ltd	3,845,000	5.23
6	Loo Tian Sze Melvin	3,500,000	4.76
7	OCBC Securities Private Ltd	855,000	1.16
8	Steven Tiong Choon Hieng	750,000	1.02
9	Hoon Eel An	714,000	0.97
10	Lim Kong Seng	520,000	0.71
11	Tan Boon Guan	358,000	0.49
12	Kim Eng Securities Pte Ltd	300,000	0.41
13	UOB Kay Hian Pte Ltd	226,000	0.31
14	Lai Chee Weng	212,000	0.29
15	DMG & Partners Securities Pte Ltd	200,000	0.27
16	Ang Guan Ho	150,000	0.20
17	United Overseas Bank Nominees Pte Ltd	123,000	0.17
18	Pung Tong Seng	112,000	0.15
19	Raffles Nominees Pte Ltd	110,000	0.15
20	China Insurance Co Ltd (Singapore Branch)	100,000	0.14
TOTAL		66,370,000	90.32

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No of Shares	%
1	Goh Leng Tse	19,295,000	26.25	Nil	Nil
2	Ong Tiak Beng	14,000,000	19.05	Nil	Nil
3	Teo Jok Chang	10,500,000	14.29	Nil	Nil
4	Hein Ke Long	10,500,000	14.29	Nil	Nil

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2001 Annual General Meeting of the shareholders of the Company will be held on Wednesday, 30 May 2001 at 95 South Bridge Road #07-28 Pidemco Centre Singapore 058717 at 11.00 a.m. to transact the following businesses :

AS ORDINARY BUSINESS

- | | |
|--|------------------------------|
| 1. To adopt the Audited Accounts of the Company for the year ended 31 December 2000 together with the Reports of the Directors and the Auditors. | Resolution 1 |
| 2. To re-elect the following directors retiring pursuant to the Company's Articles of Association :
Ong Sim Ho (Article 90)
Chow Kok Kee (Article 90) | Resolution 2
Resolution 3 |
| [Mr Ong Sim Ho and Mr Chow Kok Kee will, upon re-election as Directors of the Company, remain as Members of the Audit Committee. Mr Ong Sim Ho and Mr Chow Kok Kee are independent directors.] | |
| 3. To approve the Directors' fees for the year ended 31 December 2000. | Resolution 4 |
| 4. To re-appoint the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 5 |

AS SPECIAL BUSINESS

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

- | | |
|--|--------------|
| 5. "That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors, may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50 per centum of the issued share capital of the Company for the time being, of which the aggregate number of shares issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20 per centum of the issued share capital of the Company for the time being."
[See Explanatory Note (i)] | Resolution 6 |
| 6. "That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Innovalues Group Share Option Scheme 2001 ("the Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 per cent of the total issued share capital of the Company from time to time." | Resolution 7 |
| 7. "That approval be and is hereby given for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited for the Company, its subsidiaries or any of them in respect of recurrent revenue or trading transactions falling within the Interested Person Transactions with Interested Persons for the period until the conclusion of the Company's next Annual General Meeting."
[See Explanatory Note (ii)] | Resolution 8 |

Notice of Annual General Meeting

8. “That authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to Resolution 8 above as they may think fit.” Resolution 9
[See Explanatory Note (iii)]
9. And to transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Tan Siok Kheng
Company Secretary

Singapore
Date : 11 May 2001

Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 5 above, if passed, will empower the Directors from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the Resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.
- (ii) The Ordinary Resolution proposed in item 7 above, if passed, will renew the shareholders’ mandate for recurrent revenue or trading transactions with Interested Persons. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
- (iii) The Ordinary Resolution proposed in item 8 above, if passed, will empower the Directors from the date of the above meeting until the next Annual General Meeting to do all acts necessary to give effect to the ordinary resolution proposed in item 7 above.

Note :

- a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 9 Kallang Place #07-08/09 Singapore 339154 not less than 48 hours before the meeting.
- c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- d) In the case of joint shareholders, all holders must sign the form of proxy.

Proxy Form

IMPORTANT

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

 of _____

being a member(s) of INNOVALUES PRECISION LIMITED (the“Company”), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 2001 Annual General Meeting of the Company to be held at 95 South Bridge Road #07-28 Pidemco Centre Singapore 058717 on Wednesday, 30 May 2001 at 11.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any matter arising at the Meeting.

*(delete as appropriate)

No.	Resolutions	For	Against
1	Adoption of Directors’ Report and Audited Accounts for the year ended 31 December 2000		
2	Re-election of Mr Ong Sim Ho as Director		
3	Re-election of Mr Chow Kok Kee as Director		
4	Approval of Directors’ fees for the year ended 31 December 2000		
5	Re-appointment of Auditors		
6	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap 50		
7	Authorise Directors to offer and grant options and issue shares in accordance with the Innovalues Group Share Option Scheme 2001		
8	Interested Person Transactions		
9	Authority to do all acts to give effect to resolution 8		

Signed this _____ day of _____ 2001

Total number of shares held in :	
CDP Register	
Register of Members	

 Signature or Common Seal of shareholder



Proxy Form

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
4. Should you desire your proxy to vote on the resolutions set out in the Notice of Meeting and summarised above, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.
5. To be effective, the instrument appointing a proxy or proxies, must be deposited at the Registered Office of the Company at 9 Kallang Place #07-08/10 Singapore 339154 not less than 48 hours before the time set for holding the Annual General Meeting.