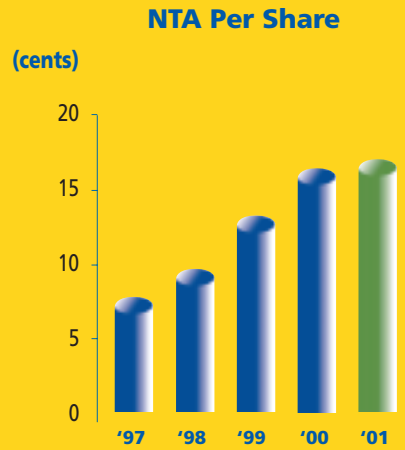
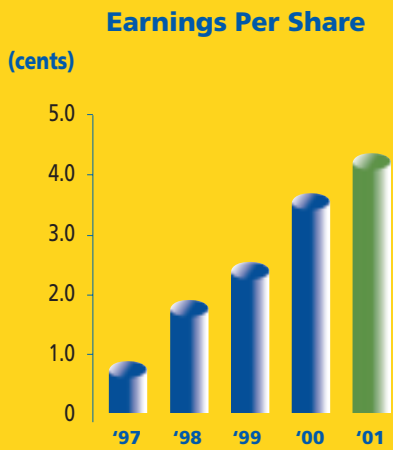
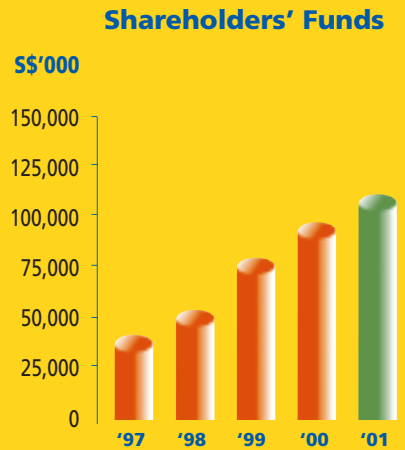
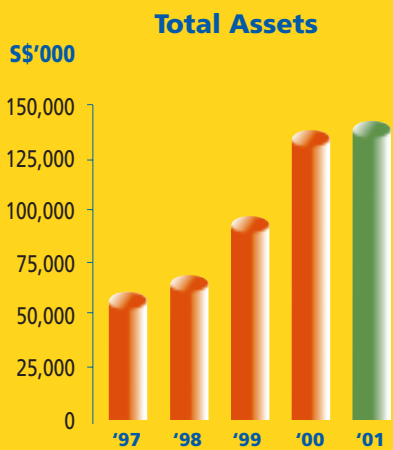
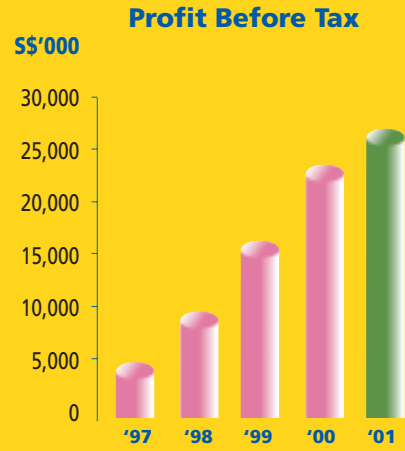
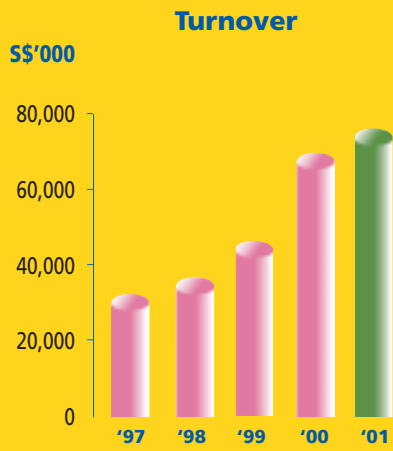


Making A
Difference
In



DIGITAL STORAGE
I N N O V A T I O N



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Chairman's Statement

Chairman's Statement



On behalf of the Board of Directors, I have the pleasure to present the Annual Report and Financial Statements of the Company for the financial year ended 31 July 2001.

During the twelve months ended 31 July 2001, the Group had been operating in a landscape marked by slowing economic activities, and the downturn became more evident in the second half of the financial year under review. In spite of the challenging conditions, we are pleased to report that the Group had been able to exhibit improvement in turnover and profitability.

We are also delighted to share with all stakeholders the good news that Datapulse has been selected by Forbes Global as one of the 200 Best Small Companies outside the United States on 29 October 2001, joining six other Singapore companies that have also made it to the list. This is the second year that Datapulse has been awarded this honour and we are very appreciative to all parties who have supported us and helped us reach this new milestone.



REVIEW OF PERFORMANCE

Company

For the financial year ended 31 July 2001, the Company registered a turnover of \$73.7 million, representing a growth of 6.6% over the previous year. The rise in turnover was attributed to additional sales from compact discs, compact disc packaging materials and compact disc services. The turnover recorded for the second half of the financial year was 15.1% lower than the first half of the financial year. Amid the global slowdown in information technology industry and delayed launch of a new operating system, revenues were negatively impacted during the last two months of the financial year.

The Company achieved an operating profit before taxation of \$26.1 million in the year under review, an increase of 13.6% compared to the previous year. Despite increased competition and higher depreciation expenses, the improvement in profit was attained through better management of overall costs and efficiencies, and contributions from higher interest income and exchange gain.

For the financial year, the Company registered a taxation charge of \$1.0 million to provide for deferred taxation and income tax on non-pioneer activities. This brought the operating profit after taxation for the year to \$25.1 million.

Group

At the Group level, turnover grew 9.9% to \$76.0 million with contribution of \$2.3 million from the Taiwan subsidiary, which started operation in January 2001. The operating profit after taxation of the Group was lower than that of the Company by \$0.4 million due to the Group's share of the losses incurred by the subsidiary.

PROPOSED DIVIDENDS

In respect of previous financial year ended 31 July 2000, the Board of Directors recommended a special dividend of 0.5 cents per ordinary share to celebrate the 20th anniversary of the Company. The special dividend was approved at the Twentieth Annual General Meeting and paid on 19 January 2001. For the financial year ended 31 July 2001, the Board of Directors also intends to recommend the payment of a special dividend.

The Group had been able to build up its cash position to \$56.7 million for the financial year ended 31 July 2001, registering an increase of \$19.6 million. This was due mainly to a lower level of investment in property, plant and equipment during the year, a \$7.5 million investment in the financial year ended 2001 compared to a \$35.2 million investment in the previous financial year.

Having considered the existing cash holdings of the Company, it is the view of the Board of Directors that the Company currently has more than sufficient cash to meet its operating and investing needs and to fund its future growth. As such, the Board of Directors is pleased to recommend a one-off special tax-exempt dividend of 60% or 3 cents per ordinary share and the first and final tax-exempt dividend of 5% or 0.25 cents per ordinary share. This represents a total of 65% tax-exempt rate per ordinary share and a total dividend payout of approximately 78.2% of the Group's profit after taxation for the financial year ended

Chairman's Statement

31 July 2001. In dollars term, the total dividends payable will be approximately \$19.3 million. The proposed dividends are subject to the approval of the members at the forthcoming Annual General Meeting. If approved, the dividends will be paid on 20 December 2001.

BUSINESS PROSPECT

The negative impact of the global economic downturn on software and hardware sales is expected to continue. In this challenging operating environment, sales of compact disc and its complementary services will be negatively affected. The launch of a new operating system may spur purchases of personal computers and software, hence, increasing the need for compact disc replication services.

With the industry expected to be more competitive, the Group will remain vigilant to further streamline operations and improve overall cost management. In addition, the Group will continue to expand the range of DVD products to include DVD recordable.

However, the horrific events on September 11 in the US have clouded business visibility and increased uncertainty.

In the face of a protracted economic downturn, the Directors do not expect the profitability of the current financial year to match that of the previous financial year.

NEW BOARD APPOINTMENT

On behalf of the Board, I would like to welcome Mr Ng Boon Yew to the Board. Mr Ng joined the Board on 3 September 2001 as an Independent Director and was also appointed as a member of the Audit Committee. Mr Ng is an independent corporate consultant with extensive experiences in corporate finance services in the areas of valuation, mergers and acquisitions, and corporate and business restructuring.

GOING FORWARD

Technology is undergoing constant transformation. Our accumulated experience and track record in the manufacturing of storage products for more than twenty years have demonstrated our agility to constantly transform ourselves to keep up with new digital innovations. We will continue to keep abreast on the pioneering development in digital storage technology and invest in the latest technology to enhance our competitiveness. We also expect to continue our efforts to expand regionally to provide better level of services to our customers.

Our competitive strengths lie in our technical ingenuity and manufacturing excellence. To transform ourselves through diversification, we are proactively looking for businesses that capitalise on our strengths.

COMPANY/COUNTRY	BUSINESS	RECENT PRICE \$	2000 P/E	PRICE/BOOK	PRICE/SALES	LATEST ROE%	EARNINGS GROWTH*	SALES US\$MM	NET INC. US\$MM	MKT CAP US\$MM
Datapulse Tech / SG	computer communications	3.84	22.7	8.0	5.7	22.8	45.8	433.9	31.8	1,805
Datapulse Tech / SG	electronic equipment	0.27	6.1	1.6	2.3	25.3	34.8	42.2	12.7	208
HTV Holdings / SG	electronic equipment	0.90	4.3	1.4	0.8	35.8	22.2	139.1	22.4	99
Infowarelink / SG	consumer services	0.80	13.8	8.1	1.8	37.4	25.5	154.4	9.8	208
Malayan Railway / SG	railroad	0.83	6.8	1.5	1.1	26.8	41.8	154.6	26.8	268
SMRT Corp / SG	railroads	0.45	14.8	3.6	2.8	33.8	198	228.7	57.8	874
West West / SG	hotel	1.84	10.8	3.8	3.3	25.4	23.8	325.3	88.8	1,888

APPRECIATION

On behalf of the Board of Directors, I would like to thank our management and staff whose dedication and teamwork have contributed to the achievements of the Group. In addition, I would also like to express our deepest appreciation to our customers, vendors, business partners and associates, and government agencies such as EDB, PSB, NSTB and TDB for their valued support. To the shareholders, I would also like to thank them for their continued confidence in Datapulse.



Ng Khim Guan
Chairman
31 October 2001

Board of Directors

Board of Directors



Ng Khim Guan @ Ngadimin,
Non-executive Chairman



Ng Cheow Chye,
Managing Director



Ng Leok Cheng,
Executive Director,
General Manager



**Si Yok Fong @
Chin Yok Fong,**
Executive Director, Technical



Ng Cheow Leng,
Executive Director,
Administration



**Ng Bie Tjin @
Djuniarti Intan,**
Executive Director, Finance



Lim Lee Meng,
Independent Director



Hee Theng Fong,
Independent Director



Hilary Quah Lam Seng,
Independent Director



Ng Boon Yew,
Independent Director

Corporate Information

Corporate Information

AUDIT COMMITTEE

Lim Lee Meng, Chairman
Hee Theng Fong, Member
Hilary Quah Lam Seng, Member
Ng Boon Yew, Member
Ng Bie Tjin @ Djuniarti Intan, Member

SHARE OPTION COMMITTEE

Hee Theng Fong, Chairman
Lim Lee Meng, Member
Hilary Quah Lam Seng, Member
Ng Cheow Chye, Member
Ng Bie Tjin @ Djuniarti Intan, Member

COMPANY SECRETARY

Lee Kay Beng

REGISTERED OFFICES

Company :

15A Tai Seng Drive
Datapulse Industrial Building
Singapore 535225
Tel : (65) 382 7989
Fax : (65) 382 8070
E-mail : datapulse@datapulse.com.sg
Website : www.datapulse.com.sg

Subsidiary :

4th Floor No. 103
Feen Liao Street
Taipei Taiwan
Republic of China
Tel : (886) 2 2659 7733
Fax : (886) 2 2659 7742
E-mail : dttdatapulse.com.tw

REGISTRARS

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS

KPMG
Certified Public Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Engagement Partner : Eng Chin Chin

PRINCIPAL BANKERS

ABN AMRO Bank N.V.
DBS Bank
Overseas-Chinese Banking Corporation Ltd
United Overseas Bank Ltd

FINANCIAL CALENDAR

Financial Year End	31 July 2001
Announcement of Half Year Results	18 April 2001
Announcement of Full Year Results	3 October 2001
Despatch of Annual Reports	13 November 2001
Annual General Meeting	30 November 2001
Extraordinary General Meeting	30 November 2001
Proposed Dividends	
Books Closure Date	10 December 2001
Payment Date	20 December 2001

Corporate Governance

Corporate Governance

Datapulse Technology Limited is committed to good standards of corporate governance in order to protect the interests of its shareholders and has established various self-regulating and monitoring mechanisms to ensure that effective corporate governance is practised.

BOARD OF DIRECTORS

The Board of Directors consists of 10 directors including 4 independent non-executive directors and is responsible for the overall corporate governance of the Group. They meet regularly throughout the year. The Board sets the overall strategy of the Group and sets policies on matters such as financial control, financial performance, and risk management procedures. The Board approves the appointment of board directors and reviews the compensation of each director. In order to ensure that the Board is able to fulfill its responsibilities, the Board is provided with a half yearly financial report of the Group's performance.

To give effect to the discharge of its responsibilities, the Board has established the Audit Committee and the Share Option Committee.

AUDIT COMMITTEE

The Audit Committee comprises five directors, four of whom are independent non-executive directors, as follows:

Mr Lim Lee Meng (Chairman)
Mr Hee Theng Fong
Mr Hilary Quah Lam Seng
Mr Ng Boon Yew (appointed on 3 September 2001)
Ms Ng Bie Tjin @ Djuniarti Intan

The Audit Committee performs the functions specified by section 201B of the Companies Act, and the Listing Manual and the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited ("SGX"). In the opinion of the Audit Committee, the Company has complied with the Best Practices Guide on Audit Committee.

The Audit Committee holds at least 2 meetings every year. In performing its functions, the Audit Committee meets with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviews the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the Board for adoption; and
- interested person transactions (as defined in Chapter 9A of the Listing Manual of the SGX).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

Having reviewed the volume of non-audit services to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the Audit Committee is pleased to recommend to the Board that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

SHARE OPTION COMMITTEE

The Share Option Committee comprises five directors, three of whom are independent non-executive directors, as follows:

Mr Hee Theng Fong (Chairman)
Mr Lim Lee Meng
Mr Hilary Quah Lam Seng
Mr Ng Cheow Chye
Ms Ng Bie Tjin @ Djuniarti Intan

The Committee is responsible for the administration of DT Share Option Scheme 1999 established on 30 October 1999, in accordance with the rules as approved by shareholders. The Committee approves the quantum of share options to be granted to directors and employees, based on their performances and contributions to the Group.

SECURITIES TRANSACTIONS

The Company has adopted internal codes pursuant to the SGX Best Practices Guide applicable to all directors and certain employees of the Group in relation to dealings in the Company's securities.

DISSEMINATION OF PUBLIC INFORMATION

The Company believes that a high standard of disclosure is important to raising the level of corporate governance. Accordingly, the Company adopts a policy of giving timely and full disclosure in all public announcements, press releases, circulars to shareholders and annual reports.

31 October 2001

Operations Overview

Operations Overview



THE PULSE OF OUR HISTORY

For more than twenty years, the heart of Datapulse has been pulsating unrelentlessly in the media storage industry, from magnetic to optical, from analog to digital.

Incorporated in 1980 under the name of Sound Technic, Datapulse Technology started as a manufacturer of cassette-related products and distributor of Ampex's line of products. Recognising the huge potential generated by the boom of PC application software in the late 1980s, Datapulse made a strategic switch to the production of micro-floppy diskettes and became the leading manufacturer of micro-floppy diskettes in Singapore.

In 1994, riding on the impetus of this growth, Datapulse went public with an initial public offering of 54 million shares. On 1 March 1994, the Company was admitted to the official list of the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ). On 23 November 2000, the Company was transferred to the official list of the Main Board of the Singapore Exchange Securities Trading Limited (SGX Mainboard).

With the explosion of compact disc as a medium of choice for distribution of software, multimedia, games, video and audio, Datapulse committed its entry into compact disc market in 1995. Over the years the Company has continuously made significant investment in state-of-the-art production technology.

Applying cutting edge technology to deliver high quality products, Datapulse has become

one of the leading software replicators in the Asia Pacific region. Our timely entry into the manufacturing of compact disc and other optical media has propelled the growth of the Company from strength to strength.

THE PULSE OF OUR PRODUCTS AND SERVICES

The rhythm of our philosophy at Datapulse is simple: to provide total solutions at competitive prices to meet the digital storage needs of our customers. We believe in providing our customers with uncompromisingly high standard of quality and services.

For all media products and services that we provide, quality is our first and foremost concern. The combination of experienced engineers and technicians, top quality state-of-the-art equipment and rigorous procedures give rise to the exacting standard that you can expect of Datapulse. A whole array of quality control and testing equipment ensures we deliver superior products and services.

Digital Versatile Disc Services

Our ultraviolet Dual Beam Recorder is capable of producing the entire range of digital versatile disc formats. The state-of-the-art bonding systems enable bonding of the disc to the centre hole, ensuring bubble-free bonding layer.



Our Digital Versatile Disc (DVD) services include:

- DVD Stamper Making
- DVD Replication
- DVD Printing, DVD Labeling, DVD Packaging and Turnkey services

Compact Disc Services

We offer a one-stop compact disc development solutions: premastering, mastering, replication, printing, customised packaging and distribution. We understand the importance of timing in compact disc development. We provide turnkey solutions with fast turnaround time without compromising the quality of our personal services.

Our Compact Disc (CD) services include:

- CD Premastering, Glass Mastering and Stamper Making
- CD Replication: CD ROM, CD Video, CD Interactive, CD Graphic and CD Audio
- CD Silkscreen and Offset Printing, CD Labeling, CD Packaging and Turnkey Services

For the protection of our customers' intellectual property, we offer SafeDisc™ Copy Protection system designed to protect the executable program of a computer game or application from being copied illegally.

Compact Disc Recordable Services

Datapulse multi-speed compact disc recordable is manufactured in accordance with the standard of Orange Book Part II. The wide power ensures compatibility with an extensive range of CD recorders and recording speeds to deliver the highest performance. Specifically formulated dyes also further enhance long term archival stability.

Our Compact Disc Recordable (CD R) services include:

- CD R Stamper Making
- CD R Bulk and OEM
- CD R Duplication
- CD R Printing and Packaging

Micro-floppy Diskette

Datapulse is a pioneering manufacturer of micro-floppy diskettes in South East Asia. The majority of our products are used by renowned companies worldwide.

Our Micro-floppy Diskette (MFD) products include:

- Bulk Diskettes
- Diskette Duplication Services and Turnkey Services

Quantegy

Datapulse also distributes the Quantegy professional lines of audio and video products in Singapore.

Financial Highlights

Financial Highlights

Financial Year	1997	1998	1999	2000	2001
Operating Results	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	30,768	34,534	45,852	69,195	76,012
Profit before taxation	4,302	9,606	15,470	23,009	25,350
Profit after taxation	4,302	9,606	14,556	22,058	24,530
Profit attributable to shareholders	4,072	9,606	14,556	22,058	24,723
Dividend paid / proposed	630	1,460	738	4,458	19,321
Financial Position	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	38,688	35,844	44,220	72,757	70,287
Total assets	59,491	61,218	91,448	131,271	145,562
Total liabilities	16,826	10,296	15,723	34,848	42,216
Working capital	9,739	17,752	35,094	33,909	41,622
Shareholders' funds	42,665	50,922	75,725	95,313	100,434
Cash Flow Position	\$'000	\$'000	\$'000	\$'000	\$'000
Cash generated from operations	11,422	15,411	17,186	27,489	29,713
Capital expenditure	9,029	1,885	13,315	35,222	7,514
Cash & cash equivalents	11,256	15,977	32,261	37,082	56,664

Shareholders' Value

Financial Year	1997	1998	1999	2000	2001
Per Share Data (Note 1)					
Profit after tax (cents)	0.80	1.80	2.60	3.70	4.16
Net tangible assets (cents)	7.90	9.43	12.94	16.03	16.71
Tax-exempt dividend - first & final (cents)	0.35	0.25	0.25	0.25	0.25
- special (cents)	-	0.25	-	0.50	3.00
Profitability Ratio (Note 2)					
Return on shareholders' funds (%)	10	21	23	26	25
Return on total assets (%)	7	16	19	20	18
Return on turnover (%)	13	28	32	32	32
Share Price (Note 3)					
Highest (cents)	29.50	27.00	63.50	91.50	58.50
Lowest (cents)	14.00	11.00	14.00	48.00	34.00
Average (cents)	18.93	19.37	29.29	63.12	45.07
Weighted average					
number of shares (millions) (Note 3)	540	540	570	591	594
Average market capitalisation					
(\$'millions) (Note 4)	102	105	167	373	268
Average shareholders' funds (\$'millions)					
	41	47	63	86	98
Market value added (\$'millions) (Note 5)					
	61	58	104	287	170

Note 1 : Calculation has been adjusted for the bonus issues in 1998 and 2000

Note 2 : Calculation of return on shareholders' funds and return on total assets are based on profit attributable to shareholders divided by average shareholders' funds and average total assets respectively

Note 3: Shares prices and number of shares have been adjusted for bonus issues

Note 4 : Calculated based on weighted average number of shares multiply by the average share price for the year

Note 5 : Calculated based on the excess of average market capitalisation over average shareholders' funds for the year

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DIRECTORS' REPORT

for the year ended 31 July 2001

We, the undersigned directors, on behalf of all the directors of the Company, submit this annual report to the members together with the audited financial statements of the Group and of the Company for the year ended 31 July 2001.

Directorate

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

Ng Khim Guan @ Ngadimin
Ng Cheow Chye
Ng Leok Cheng
Ng Bie Tjin @ Djuniarti Intan
Ng Cheow Leng
Si Yok Fong @ Chin Yok Fong
Lim Lee Meng
Hee Theng Fong
Hilary Quah Lam Seng
Ng Boon Yew (appointed on 3 September 2001)

Principal Activities

The principal activities of the Company during the financial year have been the manufacture and sale of media storage products used in content distribution including compact discs, digital versatile discs and micro floppy diskettes. There have been no significant changes in activities during the financial year.

The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

Acquisitions and Disposals of Subsidiaries

During the financial year, the Group's effective interest in Datapulse Technology (Taiwan) Inc. was diluted from 75% to 67% following the issue of new shares by Datapulse Technology (Taiwan) Inc.

DIRECTORS' REPORT

for the year ended 31 July 2001

Financial Results

Results of the Group and of the Company for the financial year were as follows:

	The Group \$	The Company \$
Profit after taxation	24,530,211	25,145,072
Minority interests	192,771	-
	<hr/>	<hr/>
Profit attributable to members of the Company	24,722,982	25,145,072
Unappropriated profit brought forward	51,130,650	51,130,650
Difference between actual amount of dividend paid and proposed in the previous financial year due to exercise of share options after the end of the previous financial year	(1,875)	(1,875)
	<hr/>	<hr/>
Profit available for appropriations	75,851,757	76,273,847
Appropriations:		
Proposed first and final tax-exempt dividend of 0.25 cents per share	(1,486,250)	(1,486,250)
Proposed special tax-exempt dividend of 3 cents per share	(17,835,000)	(17,835,000)
	<hr/>	<hr/>
Unappropriated profit carried forward	56,530,507	56,952,597

Transfers to or from Reserves and Provisions

There were the following movements in reserves during the financial year :

	The Group and The Company \$
(a) Share Premium Account	
Premium arising from issue of ordinary shares under share option scheme	<hr/> 57,240

DIRECTORS' REPORT

for the year ended 31 July 2001

Transfers to or from Reserves and Provisions (cont'd)

	The Group
	\$
(b) Exchange Translation Reserve	
Exchange difference on translation of net investment in a foreign subsidiary	<u>(352,042)</u>

Movements in provisions are as set out in the notes to the accompanying financial statements.

Issue of Shares and Debentures

During the financial year, the issued share capital of the Company was increased from \$29,708,600 to \$29,724,500 by the issue of 318,000 ordinary shares of \$0.05 each at the exercise price of \$0.23 each fully paid to employees who exercised their share options.

During the financial year, a subsidiary of the Company, Datapulse Technology (Taiwan) Inc., issued for cash, 10,000,000 ordinary shares of NT\$10.00 each ranking pari passu with the existing ordinary shares of the company for the purpose of providing additional working capital.

Except for the foregoing, neither the Company nor its subsidiaries issued any shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company or of related corporations either at the beginning or at the end of the financial year.

DIRECTORS' REPORT

for the year ended 31 July 2001

Directors' Interests in Shares or Debentures (cont'd)

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares, debentures or share options in the Company and its subsidiaries are as follows:

**Holdings in the name of the director,
spouse or infant children**

	At beginning of the year	At end of the year	At 21/8/2001
Datapulse Technology Limited	Ordinary Shares of \$0.05 each fully paid		
Ng Cheow Chye	106,045,000	106,265,000	106,265,000
Ng Leok Cheng	100,000	100,000	100,000
Ng Bie Tjin @ Djuniarti Intan	544,400	544,400	544,400
Si Yok Fong @ Chin Yok Fong	1,265,000	1,265,000	1,265,000

DT Share Option Scheme 1999

**Options to subscribe for Ordinary Shares of \$0.05 each
(exercise price of \$0.525 per share and
exercisable between 31/10/2000 and 30/10/2004)**

Ng Khim Guan @ Ngadimin	1,000,000	1,000,000	1,000,000
-------------------------	-----------	-----------	-----------

**Options to subscribe for Ordinary Shares of \$0.05 each
(exercise price of \$0.525 per share and
exercisable between 31/10/2000 and 30/10/2009)**

Ng Cheow Chye	1,000,000	1,000,000	1,000,000
Ng Bie Tjin @ Djuniarti Intan	1,000,000	1,000,000	1,000,000
Ng Cheow Leng	1,000,000	1,000,000	1,000,000

**Options to subscribe for Ordinary Shares of \$0.05 each
(exercise price of \$0.53 per share and
exercisable between 31/10/2000 and 30/10/2004)**

Lim Lee Meng	160,000	160,000	160,000
Hee Theng Fong	160,000	160,000	160,000
Hilary Quah Lam Seng	160,000	160,000	160,000

DIRECTORS' REPORT

for the year ended 31 July 2001

Directors' Interests in Shares or Debentures (cont'd)

Holdings in the name of the director,
spouse or infant children

	At beginning of the year	At end of the year	At 21/8/2001
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.53 per share and exercisable between 31/10/2000 and 30/10/2009)			
Ng Leok Cheng	1,000,000	1,000,000	1,000,000
Si Yok Fong @ Chin Yok Fong	1,000,000	1,000,000	1,000,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.59 per share and exercisable between 15/01/2001 and 14/01/2005)			
Ng Khim Guan @ Ngadimin	400,000	400,000	400,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.59 per share and exercisable between 15/01/2001 and 14/01/2010)			
Ng Cheow Chye	700,000	700,000	700,000
Ng Bie Tjin @ Djuniarti Intan	700,000	700,000	700,000
Ng Cheow Leng	700,000	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.76 per share and exercisable between 15/01/2001 and 14/01/2005)			
Lim Lee Meng	100,000	100,000	100,000
Hee Theng Fong	100,000	100,000	100,000
Hilary Quah Lam Seng	100,000	100,000	100,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.76 per share and exercisable between 15/01/2001 and 14/01/2010)			
Ng Leok Cheng	700,000	700,000	700,000
Si Yok Fong @ Chin Yok Fong	700,000	700,000	700,000

DIRECTORS' REPORT

for the year ended 31 July 2001

Directors' Interests in Shares or Debentures (cont'd)**Holdings in the name of the director,
spouse or infant children**

	At beginning of the year	At end of the year	At 21/8/2001
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.55 per share and exercisable between 12/08/2001 and 11/08/2010)			
Ng Leok Cheng	-	700,000	700,000
Si Yok Fong @ Chin Yok Fong	-	700,000	700,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.47 per share and exercisable between 16/02/2002 and 15/02/2006)			
Ng Khim Guan @ Ngadimin	-	400,000	400,000
Options to subscribe for Ordinary Shares of \$0.05 each (exercise price of \$0.47 per share and exercisable between 16/02/2002 and 15/02/2011)			
Ng Cheow Chye	-	700,000	700,000
Ng Bie Tjin @ Djuniarti Intan	-	700,000	700,000
Ng Cheow Leng	-	700,000	700,000
Holdings in which the directors are deemed to have interests			
	At beginning of the year	At end of the year	At 21/8/2001
Ordinary Shares of \$0.05 each fully paid			
Ng Khim Guan @ Ngadimin	101,200,000	101,200,000	101,200,000
Ng Leok Cheng	1,622,000	1,622,000	1,622,000
Ng Bie Tjin @ Djuniarti Intan	2,500,000	2,500,000	2,500,000

DIRECTORS' REPORT

for the year ended 31 July 2001

Dividends

Since the end of the last financial year, the Company paid a first and final tax-exempt dividend amounting to \$1,486,055 and a special tax-exempt dividend amounting to \$2,972,110. The difference of \$1,875 between the actual amount of dividend paid and the amount of dividend proposed in the Directors' Report of the previous financial year due to the exercise of share options after the end of the financial year is adjusted against the unappropriated profit.

No interim dividend has been paid during the year and the directors now propose the payment of a first and final tax-exempt dividend of 0.25 cents per share, amounting to \$1,486,250 and a special tax-exempt dividend of 3 cents per share, amounting to \$17,835,000 in respect of the financial year under review.

Other Statutory Information

(a) Bad and Doubtful Debts

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

(b) Current Assets

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

DIRECTORS' REPORT

for the year ended 31 July 2001

Other Statutory Information (cont'd)

(c) Charges and Contingent Liabilities

Since the end of the financial year:

- no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person; and
- no contingent liability of the Company or any corporation in the Group has arisen.

(d) Ability to Meet Obligations

No contingent liability 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, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(e) Other Circumstances Affecting the Financial Statements

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

(f) Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

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

Directors' Interests in Contracts

Since the end of the last financial year, no director has received or become entitled to receive a benefit 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.

DIRECTORS' REPORT

for the year ended 31 July 2001

Share Options

The DT Share Option Scheme 1999 ("Scheme") is administered by a committee comprising the following directors of the Company:-

Hee Theng Fong (Chairman)
 Lim Lee Meng
 Hilary Quah Lam Seng
 Ng Cheow Chye
 Ng Bie Tjin @ Djuniarti Intan

Since the commencement of the Scheme, the options granted to and exercised by directors, controlling shareholders and associates of the controlling shareholders are as follows:-

Name of Participant	Options granted during the financial year ended 31 July 2001	Aggregate options granted since commencement of Scheme to 31 July 2001	Aggregate options exercised/ lapsed since commencement of Scheme to 31 July 2001	Aggregate options outstanding as at 31 July 2001
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DT Share Option Scheme 1999

Directors of the Company:

Ng Leok Cheng	700,000	2,400,000	-	2,400,000
Si Yok Fong @ Chin Yok Fong	700,000	2,400,000	-	2,400,000
Lim Lee Meng	-	260,000	-	260,000
Hee Theng Fong	-	260,000	-	260,000
Hilary Quah Lam Seng	-	260,000	-	260,000
Total	1,400,000	5,580,000	-	5,580,000

Directors who are controlling shareholders of the Company:

Ng Khim Guan @ Ngadimin	400,000	1,800,000	-	1,800,000
Ng Cheow Chye	700,000	2,400,000	-	2,400,000
Total	1,100,000	4,200,000	-	4,200,000

DIRECTORS' REPORT

for the year ended 31 July 2001

Share Options (cont'd)

Name of Participant	Options granted during the financial year ended 31 July 2001	Aggregate options granted since commencement of Scheme to 31 July 2001	Aggregate options exercised/lapsed since commencement of Scheme to 31 July 2001	Aggregate options outstanding as at 31 July 2001
Directors who are associates of controlling shareholders of the Company:				
Ng Bie Tjin @ Djuniarti Intan	700,000	2,400,000	-	2,400,000
Ng Cheow Leng	700,000	2,400,000	-	2,400,000
Total	1,400,000	4,800,000	-	4,800,000

Since the commencement of the Scheme, no participant has been granted 5% or more of the total number of the options available under the Scheme.

DIRECTORS' REPORT

for the year ended 31 July 2001

Share Options (cont'd)

Options in respect of unissued ordinary shares of \$0.05 each in the Company outstanding as at 31 July 2001 are as follows:

Date of grant	← Number of share options →					Number of option holders	Exercise price per share	Exercise period
	Balance at 1/8/2000	Granted during the year	Lapsed	Exercised	Balance at 31/7/2001			
16/11/1998	923,000	-	-	318,000	605,000	8	\$0.23	17/11/1999 to 16/11/2003
30/10/1999	1,000,000	-	-	-	1,000,000	1	\$0.525	31/10/2000 to 30/10/2004
30/10/1999	480,000	-	-	-	480,000	3	\$0.53	31/10/2000 to 30/10/2004
30/10/1999	3,000,000	-	-	-	3,000,000	3	\$0.525	31/10/2000 to 30/10/2009
30/10/1999	7,980,000	-	890,000	-	7,090,000	60	\$0.53	31/10/2000 to 30/10/2009
14/01/2000	400,000	-	-	-	400,000	1	\$0.59	15/01/2001 to 14/01/2005
14/01/2000	300,000	-	-	-	300,000	3	\$0.76	15/01/2001 to 14/01/2005
14/01/2000	2,100,000	-	-	-	2,100,000	3	\$0.59	15/01/2001 to 14/01/2010
14/01/2000	1,400,000	-	-	-	1,400,000	2	\$0.76	15/01/2001 to 14/01/2010
11/08/2000	-	4,634,000	375,000	-	4,259,000	77	\$0.55	12/08/2001 to 11/08/2010
15/02/2001	-	400,000	-	-	400,000	1	\$0.47	16/02/2002 to 15/02/2006
15/02/2001	-	2,100,000	-	-	2,100,000	3	\$0.47	16/02/2002 to 15/02/2011
	<u>17,583,000</u>	<u>7,134,000</u>	<u>1,265,000</u>	<u>318,000</u>	<u>23,134,000</u>	<u>85</u>		

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Except as disclosed above, during the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and
- (iii) no unissued shares of the Company or its subsidiaries under option.

DIRECTORS' REPORT

for the year ended 31 July 2001

Corporate Governance

Statement of Compliance

The directors confirm that, during the financial year ended 31 July 2001, the Company has complied with the Best Practices Guide issued on 4 May 1998 by the Singapore Exchange Securities Trading Limited. The Company is committed to raising the standard of corporate governance in order to protect the interests of its shareholders and has established various self-regulating and monitoring mechanisms to ensure that effective corporate governance is practised.

The Board of Directors

The Board of Directors consists of 10 directors, including 4 independent non-executive directors. They meet regularly throughout the year. The Board sets the overall strategy of the Group and sets policies on matters such as financial control, financial performance, and risk management procedures. To give effect to the discharge of its responsibilities, the Board has established the Audit Committee and the Share Option Committee.

Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Lee Meng	(Chairman)
Hee Theng Fong	
Hilary Quah Lam Seng	
Ng Boon Yew	(appointed on 3 September 2001)
Ng Bie Tjin @ Djuniarti Intan	

The Audit Committee performs the functions specified by section 201B of the Companies Act, and the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee held 2 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' REPORT

for the year ended 31 July 2001

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9A of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



NG KHIM GUAN @ NGADIMIN
Director



NG CHEOW CHYE
Director

Singapore
31 October 2001

STATEMENT BY DIRECTORS

for the year ended 31 July 2001

We, **NG KHIM GUAN @ NGADIMIN** and **NG CHEOW CHYE**, being directors of **DATAPULSE TECHNOLOGY LIMITED**, do hereby state that in our opinion:

- (a) the financial statements set out on pages 28 to 57 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2001 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



NG KHIM GUAN @ NGADIMIN
Director



NG CHEOW CHYE
Director

Singapore
31 October 2001

REPORT OF THE AUDITORS
to the Members of Datapulse Technology Limited

We have audited the financial statements of Datapulse Technology Limited and consolidated financial statements of Datapulse Technology Limited and its subsidiaries ("the Group") for the year ended 31 July 2001 as set out on pages 28 to 57. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:-

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "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 Group and of the Company as at 31 July 2001 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; 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 and by the subsidiary 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' report of Datapulse Technology (Taiwan) Inc., of which we have not acted as auditors, being financial statements that have been included in the consolidated 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' report on the financial statements of the subsidiaries were not subject to any qualification, and in respect of Datapulse Investment Pte Ltd, did not include any comment made under Section 207 (3) of the Act.



KPMG

Certified Public Accountants

Singapore
31 October 2001

BALANCE SHEETS

as at 31 July 2001

	Note	The Group		The Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Non-current assets					
Property, plant and equipment	3	70,287,408	72,757,471	55,614,545	58,798,336
Investments in subsidiaries	4	-	-	2	2
Interest in an associated corporation	5	-	-	-	-
Non-financial assets	6	173,200	173,200	173,200	173,200
Pre-operating expenses	7	1,065,908	94,074	-	-
		71,526,516	73,024,745	55,787,747	58,971,538
Current assets					
Inventories	8	1,707,125	2,172,400	1,656,361	2,172,400
Trade and other receivables	9	14,090,530	17,015,730	19,531,934	19,893,791
Other financial assets	12	1,573,807	1,976,416	1,573,807	1,976,416
Cash and cash equivalents	13	56,664,227	37,081,699	54,923,758	37,016,080
		74,035,689	58,246,245	77,685,860	61,058,687
Less:					
Current liabilities					
Trade and other payables	14	8,973,840	15,005,737	7,508,890	13,084,924
Short term bank loans	15	3,315,300	4,575,631	-	2,485,631
Current portion of obligations under finance leases	17	14,323	-	-	-
Provision for taxation		789,000	300,000	789,000	300,000
Proposed dividend		19,321,250	4,456,290	19,321,250	4,456,290
		32,413,713	24,337,658	27,619,140	20,326,845
Net current assets		41,621,976	33,908,587	50,066,720	40,731,842
Balance carried forward		113,148,492	106,933,332	105,854,467	99,703,380

The notes set out on pages 36 to 57 form part of these financial statements.

BALANCE SHEETS

as at 31 July 2001

	Note	The Group		The Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Balance brought forward		113,148,492	106,933,332	105,854,467	99,703,380
Less:					
Non-current liabilities					
Long term bank loan	16	5,345,600	6,160,000	-	-
Obligations under finance leases	17	30,522	-	-	-
Deferred taxation	18	4,426,049	4,350,000	4,606,000	4,350,000
		9,802,171	10,510,000	4,606,000	4,350,000
Less:					
Minority interests		2,911,986	1,109,952	-	-
Net Assets		100,434,335	95,313,380	101,248,467	95,353,380
Capital And Reserves					
Share capital	19	29,724,500	29,708,600	29,724,500	29,708,600
Reserves	20	70,709,835	65,604,780	71,523,967	65,644,780
		100,434,335	95,313,380	101,248,467	95,353,380

The notes set out on pages 36 to 57 form part of these financial statements.

PROFIT AND LOSS ACCOUNTS

for the year ended 31 July 2001

	Note	The Group		The Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenue	21	76,012,468	69,194,501	73,728,129	69,194,501
Other income	22	3,479,074	2,176,272	3,654,180	2,176,272
		79,491,542	71,370,773	77,382,309	71,370,773
Changes in inventories of finished goods and work-in-progress		239,348	(305,527)	199,867	(305,527)
Raw materials and consumables used		(23,305,677)	(20,958,720)	(22,416,370)	(20,958,720)
Staff costs		(14,047,314)	(13,048,631)	(13,180,445)	(13,048,631)
Depreciation of property, plant and equipment	3	(7,831,961)	(6,186,441)	(7,445,321)	(6,186,441)
Amortisation of pre- operating expenses	7	(41,406)	-	-	-
Other operating expenses		(8,814,179)	(7,826,744)	(8,378,657)	(7,826,744)
Profit from operations	23	25,690,353	23,044,710	26,161,383	23,044,710
Finance costs:					
- interest on borrowings		(340,093)	(36,020)	(16,311)	(36,020)
Profit from ordinary activities before taxation		25,350,260	23,008,690	26,145,072	23,008,690
Taxation	24	(820,049)	(950,514)	(1,000,000)	(950,514)
Profit from ordinary activities after taxation		24,530,211	22,058,176	25,145,072	22,058,176
Minority interests		192,771	-	-	-
Net profit for the year		24,722,982	22,058,176	25,145,072	22,058,176
Earnings per share	25				
- basic		4.16 cents	3.73 cents		
- fully diluted		4.16 cents	3.70 cents		

The notes set out on pages 36 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2001

	Share capital \$	Share premium \$	Exchange translation reserve \$	Unappropriated profit \$	Total \$
The Group					
At 1 August 1999	14,632,725	27,557,165	-	33,534,885	75,724,775
Issue of shares under share option scheme	320,725	1,712,115	-	-	2,032,840
Issue of bonus shares	14,755,150	(14,755,150)	-	-	-
Exchange difference on translation of net investment in a foreign subsidiary	-	-	(40,000)	-	(40,000)
Net profit for the year	-	-	-	22,058,176	22,058,176
Difference between actual amount of dividend paid and proposed in the previous financial year due to exercise of share options after the end of the previous financial year	-	-	-	(6,121)	(6,121)
Proposed first and final tax-exempt dividend of 0.25 cents per share	-	-	-	(1,485,430)	(1,485,430)
Proposed special tax-exempt dividend of 0.5 cents per share	-	-	-	(2,970,860)	(2,970,860)
Dividends	-	-	-	(4,462,411)	(4,462,411)
At 31 July 2000 carried forward	29,708,600	14,514,130	(40,000)	51,130,650	95,313,380

The notes set out on pages 36 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2001

	Share capital \$	Share premium \$	Exchange translation reserve \$	Unappropriated profit \$	Total \$
The Group					
At 31 July 2000					
brought forward	29,708,600	14,514,130	(40,000)	51,130,650	95,313,380
Issue of shares under share option scheme	15,900	57,240	-	-	73,140
Exchange difference on translation of net investment in a foreign subsidiary	-	-	(352,042)	-	(352,042)
Net profit for the year	-	-	-	24,722,982	24,722,982
Difference between actual amount of dividend paid and proposed in the previous financial year due to exercise of share options after the end of the previous financial year	-	-	-	(1,875)	(1,875)
Proposed first and final tax-exempt dividend of 0.25 cents per share	-	-	-	(1,486,250)	(1,486,250)
Proposed special tax-exempt dividend of 3 cents per share	-	-	-	(17,835,000)	(17,385,000)
Dividends	-	-	-	(19,323,125)	(19,323,125)
At 31 July 2001	29,724,500	14,571,370	(392,042)	56,530,507	100,434,335

The notes set out on pages 36 to 57 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2001

The Company	Share capital \$	Share premium \$	Unappropriated profit \$	Total \$
At 1 August 1999	14,632,725	27,557,165	33,534,885	75,724,775
Issue of shares under share option scheme	320,725	1,712,115	-	2,032,840
Issue of bonus shares	14,755,150	(14,755,150)	-	-
Net profit for the year	-	-	22,058,176	22,058,176
Difference between actual amount of dividend paid and proposed in the previous financial year due to exercise of share options after the end of the previous financial year	-	-	(6,121)	(6,121)
Proposed first and final tax-exempt dividend of 0.25 cents per share	-	-	(1,485,430)	(1,485,430)
Proposed special tax-exempt dividend of 0.5 cents per share	-	-	(2,970,860)	(2,970,860)
Dividends	-	-	(4,462,411)	(4,462,411)
At 31 July 2000	29,708,600	14,514,130	51,130,650	95,353,380
Issue of shares under share option scheme	15,900	57,240	-	73,140
Net profit for the year	-	-	25,145,072	25,145,072
Difference between actual amount of dividend paid and proposed in the previous financial year due to exercise of share options after the end of the previous financial year	-	-	(1,875)	(1,875)
Proposed first and final tax-exempt dividend of 0.25 cents per share	-	-	(1,486,250)	(1,486,250)
Proposed special tax-exempt dividend of 3 cents per share	-	-	(17,835,000)	(17,385,000)
Dividends	-	-	(19,323,125)	(19,323,125)
At 31 July 2001	29,724,500	14,571,370	56,952,597	101,248,467

The notes set out on pages 36 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2001

	2001 \$	2000 \$
Operating Activities		
Profit from ordinary activities before taxation	25,350,260	23,008,690
Adjustments for:		
Depreciation of property, plant and equipment	7,831,961	6,186,441
Amortisation of pre-operating expenses	41,406	-
Gain on disposal of property, plant and equipment	(232,874)	(84,698)
Property, plant and equipment written off	83,681	144,733
Interest expense	340,093	36,020
Interest income	(1,713,477)	(1,458,783)
Dividend income	(33,300)	(19,207)
Allowance for diminution in value of other financial assets	247,609	36,800
Loss/(gain) on sale of other financial assets	74,514	(57,720)
Operating profit before working capital changes	31,989,873	27,792,276
Changes in working capital:		
Inventories	465,275	(102,287)
Trade and other receivables	3,132,975	(5,355,955)
Trade and other payables	(5,875,157)	5,155,235
Cash generated from operations	29,712,966	27,489,269
Income tax paid	(255,000)	-
Cash flows from operating activities	29,457,966	27,489,269
Investing Activities		
Purchase of other financial assets	(468,429)	(1,183,062)
Proceeds from sale of other financial assets	548,915	350,050
Purchase of property, plant and equipment	(7,514,274)	(35,221,539)
Proceeds from sale of property, plant and equipment	1,349,445	310,300
Purchase of non financial assets	-	(62,200)
Pre-operating expenses	(924,537)	(94,929)
Dividend received from other financial assets	33,300	19,207
Interest received	1,713,477	1,458,783
Cash flows from investing activities	(5,262,103)	(34,423,390)

The notes set out on pages 36 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2001

	2001	2000
	\$	\$
Financing Activities		
Bank borrowings	-	9,386,170
Dividends paid	(4,458,165)	(737,757)
Minority interests	2,187,900	1,109,952
Payment of finance lease rentals	(5,424)	-
Proceeds from issue of shares	73,140	2,032,840
Repayment of bank loans	(2,074,731)	-
Interest paid	(340,093)	(36,020)
	<hr/>	<hr/>
Cash flows from financing activities	(4,617,373)	11,755,185
	<hr/>	<hr/>
Net increase in cash and cash equivalents	19,578,490	4,821,064
	<hr/>	<hr/>
Effect of exchange rate changes on balances held in foreign currency	4,038	-
	<hr/>	<hr/>
Cash and cash equivalents at beginning of year	37,081,699	32,260,635
	<hr/>	<hr/>
Cash and cash equivalents at end of year (Note 13)	56,664,227	37,081,699
	<hr/>	<hr/>

The notes set out on pages 36 to 57 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

These notes form an integral part of and should be read in conjunction with the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flows.

1. Domicile and Activities

Datapulse Technology Limited is a company incorporated in the Republic of Singapore with its registered office at 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225. The average number of employees in the Group and the Company for the year ended 31 July 2001 were 607 (2000: 417) and 545 (2000: 417), respectively.

The principal activities of the Company are the manufacture and sale of media storage products used in content distribution including compact discs, digital versatile discs and micro floppy diskettes.

The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with the Statements of Accounting Standard ("SAS") issued by the Institute of Certified Public Accountants of Singapore and the disclosure requirements of the Singapore Companies Act, Chapter 50.

(b) Basis of Financial Statements Preparation

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost basis except that certain quoted equity securities are stated at market value.

(c) Basis of Consolidation

(i) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

2. Summary of Significant Accounting Policies (cont'd)**(c) Basis of Consolidation (cont'd)****(i) Subsidiaries (cont'd)**

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 or excluded from the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal.

(ii) Associated Corporations

An associated corporation is a company in which the Group or Company has significant influence, but not control over its management, including participation in the financial and operating policy decisions.

Unless the interests in the associated corporation are acquired and held exclusively with a view to subsequent disposal in the near future, an investment in an associated corporation is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for post acquisition changes in the Group's share of the associated corporation's net assets. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associated corporation for the year. When the Group's share of losses exceeds the carrying amount of the associated corporation, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associated corporation.

(iii) Transactions Eliminated on Consolidation

All significant intercompany transactions and balances are eliminated on consolidation. Unrealised profits and losses resulting from transactions between the Group and its associated corporation are eliminated to the extent of the Group's interest in the associated corporation, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit and loss account.

(iv) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill on acquisition is eliminated against reserve available; the remainder is eliminated against unappropriated profit.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

2. Summary of Significant Accounting Policies (cont'd)

(d) Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less any allowances for diminution in value which are other than temporary, as determined by the directors, for each subsidiary individually. Any such allowances are recognised as an expense in the profit and loss account.

(e) Associated Corporations

In the Company's balance sheet, investments in associated corporations are stated at cost less any allowances for diminution in value which are other than temporary, as determined by the directors, for each associated corporation individually. Any such allowances are recognised as an expense in the profit and loss account.

The results of associated corporations are included in the Company's profit and loss account to the extent of dividends received and receivable, providing the dividend is in respect of a period ending on or before that of the Company and the Company's right to receive the dividend is established before the balance sheet date.

(f) Other Financial Assets

Equity securities held for the short term are stated at market value, on a portfolio basis. Any increases or decreases in carrying amount are included in the profit and loss account.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write off the costs of property, plant and equipment over their estimated useful lives as follows:

Freehold property	-	50 years
Leasehold property	-	50 years
Plant and machinery	-	10 years
Office equipment	-	3 to 10 years
Furniture and fittings	-	10 years
Motor vehicles	-	5 years
Renovations	-	5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

2. Summary of Significant Accounting Policies (cont'd)**(g) Property, Plant and Equipment (cont'd)**

Depreciation is charged upon the commencement of use of property, plant and equipment in production.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In determining the recoverable amount of property, plant and equipment, expected future cash flows generated by the property, plant and equipment are not discounted to their present values. Any impairment loss is recognised in the profit and loss account.

(h) Leased Assets

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired under finance leases is stated at an amount equal to the lower of fair value and the present value of the minimum lease payments of the inception of the lease, less accumulated depreciation.

(i) Pre-Operating Expenses

Pre-operating expenses are stated at cost and are amortised over a period of 3 years from the date of commencement of operations.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items. The cost of inventories, calculated on the first-in first-out basis, comprises the cost of materials, direct labour and an appropriate proportion of production overheads.

(k) Borrowing Costs

All borrowing costs are expensed off in the profit and loss account in the period in which they are incurred.

(l) Operating Leases

Rental payable under operating leases are accounted for in the profit and loss account on the straight line basis over the periods of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

2. Summary of Significant Accounting Policies (cont'd)

(m) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:-

(i) Sale of Goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts.

(ii) Rental Income from Operating Leases

Rental income receivable under operating leases is recognised on the straight-line basis over the term of the lease.

(iii) Dividends

Dividend income is recognised when the right to receive payment is established.

Dividend income from quoted investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest Income

Interest income from bank deposits is accrued on the time-apportioned basis on the principal outstanding and at the applicable rate.

(n) Foreign Currency Translation

(i) Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into the recording currencies at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated at exchange rates prevailing at transaction dates. All exchange differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

2. Summary of Significant Accounting Policies (cont'd)**(n) Foreign Currency Translation (cont'd)****(ii) Financial Statements of Foreign Operations**

The results of foreign subsidiaries are translated into Singapore dollars at the average exchange rate for the year; balance sheet items are translated at the rates of exchange prevailing at the balance sheet date. The exchange differences are dealt with as a movement in the exchange translation reserve.

(o) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Deferred tax benefits are recognised in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realisable in the near future.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(q) Repurchase of Share Capital

When share capital recognised as equity is repurchased, the issued share capital is reduced by the par value of the shares repurchased and transferred to a capital redemption reserve. The costs associated with the repurchase, comprising the purchase consideration plus costs incidental to the acquisition are set off against unappropriated profit.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

3. Property, Plant and Equipment

The Group 2001	At Cost				
	At beginning of the year \$	Translation difference \$	Additions \$	Disposals \$	At end of the year \$
Freehold property	9,320,680	(610,081)	-	-	8,710,599
Leasehold property	14,744,225	-	50,269	-	14,794,494
Plant and machinery	64,735,224	(289,641)	5,825,622	(2,093,556)	68,177,649
Office equipment	1,052,112	-	362,458	-	1,414,570
Furniture and fittings	1,852,315	(1,885)	152,581	-	2,003,011
Motor vehicles	1,765,623	-	299,300	(176,064)	1,888,859
Renovations	690,210	(12,082)	874,313	-	1,552,441
	94,160,389	(913,689)	7,564,543	(2,269,620)	98,541,623

The Group 2001	Accumulated Depreciation				
	At beginning of the year \$	Charge for the year \$	Disposals \$	At end of the year \$	Depreciation charged for 2000 \$
Freehold property	-	84,550	-	84,550	-
Leasehold property	1,499,656	299,073	-	1,798,729	294,885
Plant and machinery	18,139,731	6,509,055	(931,451)	23,717,335	5,162,066
Office equipment	327,823	260,641	-	588,464	163,476
Furniture and fittings	788,589	186,017	-	974,606	158,541
Motor vehicles	577,482	375,907	(137,917)	815,472	338,181
Renovations	69,637	205,422	-	275,059	69,292
	21,402,918	7,920,665	(1,069,368)	28,254,215	6,186,441

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

3. Property, Plant and Equipment (cont'd)

	At Cost			
	At beginning of the year \$	Additions \$	Disposals \$	At end of the year \$
The Company 2001				
Leasehold property	14,744,225	-	-	14,744,225
Plant and machinery	60,310,157	4,387,462	(2,216,065)	62,481,554
Office equipment	1,052,112	307,432	-	1,359,544
Furniture and fittings	1,823,511	152,581	-	1,976,092
Motor vehicles	1,765,623	299,300	(176,064)	1,888,859
Renovations	505,626	400,074	-	905,700
	80,201,254	5,546,849	(2,392,129)	83,355,974

	Accumulated Depreciation				
	At beginning of the year \$	Charge for the year \$	Disposals \$	At end of the year \$	Depreciation charged for 2000 \$
The Company 2001					
Leasehold property	1,499,656	294,884	-	1,794,540	294,885
Plant and machinery	18,139,731	6,215,536	(968,893)	23,386,374	5,162,066
Office equipment	327,823	254,280	-	582,103	163,476
Furniture and fittings	788,589	186,017	-	974,606	158,541
Motor vehicles	577,482	375,907	(137,917)	815,472	338,181
Renovations	69,637	118,697	-	188,334	69,292
	21,402,918	7,445,321	(1,106,810)	27,741,429	6,186,441

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

3. Property, Plant and Equipment (cont'd)

	Net Book Value			
	The Group		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
Freehold property	8,626,049	9,320,680	-	-
Leasehold property	12,995,765	13,244,569	12,949,685	13,244,569
Plant and machinery	44,460,314	46,595,493	39,095,180	42,170,426
Office equipment	826,106	724,289	777,441	724,289
Furniture and fittings	1,028,405	1,063,726	1,001,486	1,034,922
Motor vehicles	1,073,387	1,188,141	1,073,387	1,188,141
Renovations	1,277,382	620,573	717,366	435,989
	70,287,408	72,757,471	55,614,545	58,798,336

The freehold property of the Group with a net book value of \$8,626,049 as at 31 July 2001 (2000: \$9,320,680), is pledged as a security for a long term loan as set out in Note 16.

The net book value of property, plant and equipment of the Group includes an amount of \$46,080 as at 31 July 2001 (2000: Nil) in respect of motor vehicles purchased under finance leases.

Depreciation charge for the year amounting to \$88,704 (2000: Nil) for the Group has been capitalised in pre-operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

4. Investments in Subsidiaries

	<u>The Company</u>	
	2001	2000
	\$	\$
Unquoted equity shares, at cost	<u>2</u>	<u>2</u>

Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Place of incorporation and business	Effective equity interest held by the Group		Cost of investment	
			2001 %	2000 %	2001 \$	2000 \$
Datapulse Investment Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100	<u>2</u>	<u>2</u>
* Datapulse Technology (Taiwan) Inc.	Manufacture and sale of compact discs	Taiwan	67	75	<u>6,539,285</u>	<u>3,330,048</u>

* Audited by associated firm of KPMG

During the financial year, the Group's effective interest in Datapulse Technology (Taiwan) Inc. was diluted from 75% to 67% following the issue of new shares by Datapulse Technology (Taiwan) Inc.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

5. Interest in an Associated Corporation

	The Group		The Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Unquoted equity shares, at cost	689,915	279,916	689,915	279,916
Allowance for diminution in value	(409,999)	-	(689,915)	(279,916)
Share of post-acquisition accumulated loss	(279,916)	(279,916)	-	-
	-	-	-	-
Convertible loan stock	-	355,088	-	355,088
Allowance against loan stock	-	(355,088)	-	(355,088)
	-	-	-	-
	-	-	-	-
Movements in:				
(a) Allowance for diminution in value				
Balance at beginning of the year	-	-	279,916	279,916
Reclassification from allowance against loan stock (Note 5(b))	355,088	-	355,088	-
Allowance made during the year	54,911	-	54,911	-
Balance at end of the year	409,999	-	689,915	279,916
(b) Allowance against loan stock				
Balance at beginning of the year	355,088	355,088	355,088	355,088
Reclassification to allowance for diminution in value (Note 5 (a))	(355,088)	-	(355,088)	-
Balance at end of the year	-	355,088	-	355,088

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

5. Interest in an Associated Corporation (cont'd)

During the financial year, the Company converted the loan stock amounting to \$355,088 and interest income on the loan stock amounting to \$54,911, into ordinary shares in the associated corporation.

Details of the associated corporation are set out below:

Name of Associated Corporation	Principal activities	Place of incorporation and business	Equity interest held by the Group	
			2001 %	2000 %
Media Labs Limited (formerly known as SR Electronics Co Pty Ltd)	Manufacture and sale of compact discs and micro floppy diskettes	Australia	37	35

6. Non-Financial Assets

	The Group and The Company	
	2001 \$	2000 \$
Club memberships, at cost	173,200	173,200

7. Pre-Operating Expenses

	The Group	
	2001 \$	2000 \$
At cost	1,107,314	94,074
Amortisation of pre-operating expenses	(41,406)	-
	1,065,908	94,074

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

8. Inventories

	—The Group—		—The Company—	
	2001 \$	2000 \$	2001 \$	2000 \$
Raw materials	1,088,088	1,833,230	1,037,324	1,833,230
Work-in-progress	291,525	-	291,525	-
Finished goods	366,993	419,170	327,512	419,170
	1,746,606	2,252,400	1,656,361	2,252,400
Less:				
Allowance for inventory obsolescence				
Balance at beginning of the year	80,000	80,000	80,000	80,000
Allowance written back	(40,519)	-	(80,000)	-
Balance at end of the year	39,481	80,000	-	80,000
	1,707,125	2,172,400	1,656,361	2,172,400

9. Trade and Other Receivables

		—The Group—		—The Company—	
		2001 \$	2000 \$	2001 \$	2000 \$
Trade debtors	10	13,096,109	16,102,614	11,644,602	16,102,614
Other debtors, deposits and prepayments	11	333,771	730,749	281,390	278,762
Amounts due from:					
- a subsidiary					
- trade		-	-	406,007	-
- non-trade		-	-	6,539,285	3,330,048
- associated corporation					
- trade		536,524	182,367	536,524	182,367
- non-trade		124,126	-	124,126	-
		14,090,530	17,015,730	19,531,934	19,893,791

The non-trade amounts due from a subsidiary and associated corporation are unsecured, interest-free, and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

10. Trade Debtors

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Trade debtors	13,773,651	16,929,569	12,194,136	16,929,569
Less:				
Allowance for doubtful debts				
Balance at beginning of the year	826,955	826,955	826,955	826,955
Allowance written back	(136,909)	-	(264,917)	-
Allowance utilised	(12,504)	-	(12,504)	-
Balance at end of the year	677,542	826,955	549,534	826,955
	13,096,109	16,102,614	11,644,602	16,102,614

11. Other Debtors, Deposits and Prepayments

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Non-trade debtors	6,721	495,708	-	89,650
Deposits	21,548	19,092	19,392	19,092
Prepayments	204,937	105,577	161,433	59,648
Staff loans	100,565	110,372	100,565	110,372
	333,771	730,749	281,390	278,762

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

12. Other Financial Assets

	The Group and The Company	
	2001	2000
	\$	\$
Quoted equity investments, at cost	1,858,216	2,013,216
Allowance for diminution in value	(284,409)	(36,800)
	<hr/>	<hr/>
Balance at fair value	1,573,807	1,976,416
	<hr/>	<hr/>
Movement in allowance for diminution in value:		
Balance at beginning of the year	36,800	-
Allowance made during the year	247,609	36,800
	<hr/>	<hr/>
Balance at end of the year	284,409	36,800
	<hr/>	<hr/>
Market value as at 31 July	1,573,807	1,976,416
	<hr/>	<hr/>

13. Cash and Cash Equivalents

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Fixed deposits	51,778,699	35,426,518	51,778,699	35,426,518
Cash at banks and in hand	4,885,528	1,655,181	3,145,059	1,589,562
	<hr/>	<hr/>	<hr/>	<hr/>
	56,664,227	37,081,699	54,923,758	37,016,080
	<hr/>	<hr/>	<hr/>	<hr/>

14. Trade and Other Payables

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Trade creditors	2,886,346	6,204,074	2,666,303	6,204,074
Accrued operating expenses	4,236,376	6,158,373	4,031,107	6,158,373
Deposits received	15,046	6,542	6,542	6,542
Other creditors	1,836,072	2,636,748	804,938	715,935
	<hr/>	<hr/>	<hr/>	<hr/>
	8,973,840	15,005,737	7,508,890	13,084,924
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

15. Short Term Bank Loans

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Short term loans	2,904,100	4,135,631	-	2,485,631
Current portion of long term bank loan (note 16)	411,200	440,000	-	-
	3,315,300	4,575,631	-	2,485,631

16. Long Term Bank Loan

	Note	—The Group—	
		2001	2000
		\$	\$
Repayable:			
- within one year	15	411,200	440,000
- after one year		5,345,600	6,160,000
		5,756,800	6,600,000

The long term bank loan of a subsidiary is repayable over 60 quarterly instalments of NT\$2,000,000; \$102,800 (2000: NT\$2,000,000; \$110,000) each commencing July 2000, with final maturity in April 2015. Interest rates for the financial year range from 5.33% to 8.13% (2000: 6.77% to 8.27%) per annum.

As at 31 July 2001, the long term bank loan is secured by way of:-

- (a) a charge over the freehold property of the subsidiary; and
- (b) a guarantee amounting to NT\$120,000,000; \$6,168,000 (2000: NT\$120,000,000; \$6,600,000) severally provided by the Company and minority shareholders of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

17. Obligations Under Finance Leases

The Group had obligations under finance leases that are repayable as follows:

	2001		
	Payments \$	Interest \$	Principal \$
Within 1 year	22,263	7,940	14,323
After 1 year but within 5 years	36,204	5,682	30,522
	58,467	13,622	44,845

Under the terms of the lease agreements, no contingent rents are payable.

18. Deferred Taxation

	The Group		The Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Balance at beginning of the year	4,350,000	3,699,486	4,350,000	3,699,486
Transfer from profit and loss account (Note 24)	76,049	650,514	256,000	650,514
Balance at end of the year	4,426,049	4,350,000	4,606,000	4,350,000

19. Share Capital - The Company

	2001		2000	
	Number of shares	\$	Number of shares	\$
Authorised:				
Ordinary shares of \$0.05 each:				
At beginning of the year	1,000,000,000	50,000,000	600,000,000	30,000,000
Creation of new shares	-	-	400,000,000	20,000,000
At end of the year	1,000,000,000	50,000,000	1,000,000,000	50,000,000

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

19. Share Capital - The Company (cont'd)

	2001		2000	
	Number of shares	\$	Number of shares	\$
Issued and fully paid:				
Ordinary shares of \$0.05 each:				
At beginning of the year	594,172,000	29,708,600	292,654,500	14,632,725
Shares issued under share option scheme	318,000	15,900	6,414,500	320,725
Bonus issue	-	-	295,103,000	14,755,150
At end of the year	594,490,000	29,724,500	594,172,000	29,708,600

During the financial year, the issued share capital of the Company was increased from \$29,708,600 to \$29,724,500 by the issue of 318,000 ordinary shares of \$0.05 each at the exercise price of \$0.23 each fully paid to employees who exercised their share options.

20. Reserves

	The Group		The Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Share premium	14,571,370	14,514,130	14,571,370	14,514,130
Exchange translation reserve	(392,042)	(40,000)	-	-
Unappropriated profit	56,530,507	51,130,650	56,952,597	51,130,650
	70,709,835	65,604,780	71,523,967	65,644,780

The application of the share premium account is governed by Section 69(2) of the Companies Act, Chapter 50.

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of an overseas subsidiary whose operation is not integral to the operation of the Company.

Movements in reserves for the Group and the Company are set out in the statements of changes in equity of the Group and of the Company, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

21. Revenue - The Group and The Company

Revenue comprises net invoiced value of goods supplied to customers.

22. Other Income

	Note	—The Group—		—The Company—	
		2001 \$	2000 \$	2001 \$	2000 \$
Allowance for:					
- doubtful debts written back (trade)	10	136,909	-	264,917	-
- inventory obsolescence written back	8	40,519	-	80,000	-
Allowance for diminution in value of:					
- investment in an associated corporation	5(a)	(54,911)	-	(54,911)	-
- other financial assets	12	(247,609)	(36,800)	(247,609)	(36,800)
Bad debts recovered		-	35,593	-	35,593
Dividend income from other financial assets		33,300	19,207	33,300	19,207
Exchange gain		1,263,886	531,246	1,269,485	531,246
(Loss)/gain on disposal of:					
- other financial assets		(74,514)	57,720	(74,514)	57,720
- property, plant and equipment		232,874	84,698	253,790	84,698
Interest income from:					
- associated corporation		54,911	-	54,911	-
- bank		1,710,616	1,458,783	1,708,578	1,458,783
- others		2,861	-	2,861	-
Rental income		-	19,979	-	19,979
Sundry income		380,232	5,846	363,372	5,846
		3,479,074	2,176,272	3,654,180	2,176,272

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

23. Profit from Operations

Profit from operations is arrived at after charging:

	Note	—The Group—		—The Company—	
		2001	2000	2001	2000
		\$	\$	\$	\$
Auditors' remuneration:					
Auditors of the Company					
- current year		42,000	38,500	42,000	38,500
- underprovision in respect of prior year		8,641	5,892	8,641	5,892
Other auditors		15,420	-	-	-
Directors' fees	26	120,000	80,000	120,000	80,000
Directors' remuneration	26				
- directors of the Company		2,954,821	3,012,924	2,954,821	3,012,924
Operating lease expenses		453,819	435,672	434,596	435,672
Non-audit fees paid to:					
- auditors of the Company		40,344	32,140	40,344	32,140
- other auditors		7,967	-	-	-
Property, plant and equipment written off		83,681	144,733	72,248	144,733

24. Taxation

	—The Group—		—The Company—	
	2001	2000	2001	2000
	\$	\$	\$	\$
Based on results for the year:-				
Current taxation	744,000	300,000	744,000	300,000
Deferred taxation (Note 18)	76,049	650,514	256,000	650,514
	820,049	950,514	1,000,000	950,514

The Company has been granted pioneer status by the Economic Development Board for the production of compact discs. During the approved period which expires on 30 November 2003, the Company's pioneer profit derived from sale of approved pioneer products would be exempt from income tax. The tax charge for the year comprises deferred tax on timing differences that are expected to reverse at the end of the pioneer period and current taxation on non-pioneer activities of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

25. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit after taxation of \$24,722,982 (2000: \$22,058,176) and the weighted average of 594,375,500 (2000: 590,727,083) ordinary shares.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit after taxation of \$24,722,982 (2000: \$22,058,176) and the weighted average number of 594,793,425 (2000: 595,448,357) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

(c) Reconciliations

	2001	2000
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	594,375,500	590,727,083
Dilutive effect of potential ordinary shares	417,925	4,721,274
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	594,793,425	595,448,357

26. Directors' Remuneration

Number of directors in remuneration bands:

	The Group and The Company	
	2001	2000
\$500,000 and above	2	3
\$250,000 to \$499,999	3	2
\$50,000 to \$249,999	-	-
Below \$50,000	4	4
	<hr/>	<hr/>
	9	9

NOTES TO THE FINANCIAL STATEMENTS

31 July 2001

27. Commitments

(a) Lease Commitments

The leasehold building which is owned by the Company, is built on land subject to a 60-year lease, commencing from 16 October 1993. The annual land rent payable under the lease agreement is \$394,750 (2000: \$434,596). The land rental is subject to review every year, with a maximum increase in rent not exceeding 7.6% of the annual rent for the preceding year.

(b) Capital Commitments

	—The Group—		—The Company—	
	2001 \$	2000 \$	2001 \$	2000 \$
Contracted but not provided for	4,500,000	6,000,000	4,500,000	6,000,000
Authorised but not contracted for	7,500,000	14,000,000	7,500,000	14,000,000
	12,000,000	20,000,000	12,000,000	20,000,000

28. Contingent Liabilities

As at 31 July 2001, there were contingent liabilities in respect of the following:

	2001 \$	2000 \$
Guarantees given to banks by the Company in respect of bank loans extended to:		
- a subsidiary	6,168,000	4,950,000
- an associated corporation	-	51,975

29. Segment Information - The Group

The Group operates substantially in Singapore and operates in one business segment of the media storage products used in content distribution.

30. Comparative Figures

The presentation and classification of items in the financial statements have been changed due to the adoption of the requirements of SAS 1 (Revised 1999) - Presentation of Financial Statements. Where necessary, the prior year financial statements have been restated to conform with the current year's presentation.

SHAREHOLDING STATISTICS

as at 16 October 2001

1. Share Capital

Authorised Capital : 1,000,000,000 Shares @ \$0.05 each = \$50,000,000
 Issued Capital : 594,500,000 Shares @ \$0.05 each = \$29,725,000
 Voting Rights : = One vote per share

2. Analysis of Shareholdings

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 1,000	825	6.32	821,948	0.14
1,001 - 10,000	9,322	71.43	47,467,500	7.99
10,001 - 1,000,000	2,875	22.03	115,536,500	19.43
1,000,001 and above	29	0.22	430,674,052	72.44
	13,051	100.00	594,500,000	100.00

3. Substantial Shareholders

Name	Number of shares registered in the name of the substantial shareholder	Number of shares in which substantial shareholders is deemed to have an interest	Total	%
Ng Cheow Chye	106,265,000	-	106,265,000	17.87
Ng Khim Guan @ Ngadimin	-	101,200,000	101,200,000	17.02
Uniseraya Holdings Pte Ltd	62,932,000	38,268,000	101,200,000	17.02
Kwek Li Chien @ Intan Soeliana	-	101,200,000	101,200,000	17.02

SHAREHOLDING STATISTICS

as at 16 October 2001

4. Top Twenty Shareholders

Name of Shareholders		Number of Shares Held	%
1	Ng Cheow Chye	106,265,000	17.87
2	Uniseraya Holdings Pte Ltd	62,932,000	10.59
3	Raffles Nominees Pte Ltd	47,019,600	7.91
4	DBS Nominees Pte Ltd	29,354,052	4.94
5	United Overseas Bank Nominees Pte Ltd	27,023,000	4.55
6	HSBC (Singapore) Nominees Pte Ltd	26,883,000	4.52
7	Overseas Union Bank Nominees Pte Ltd	22,451,000	3.78
8	Singapore Nominees Pte Ltd	17,610,000	2.96
9	Oversea-Chinese Bank Nominees Pte Ltd	17,454,000	2.94
10	The Kwangtung Provincial Bank	12,454,000	2.09
11	Keppel Bank Nominees Pte Ltd	9,591,000	1.61
12	Citibank Nominees Singapore Pte Ltd	7,800,056	1.31
13	Morgan Stanley Asia (S'pore)	6,680,400	1.12
14	Citibank Consumer Nominees Pte Ltd	6,609,000	1.11
15	Widianto Ngadimin	3,622,000	0.61
16	DB Nominees (S) Pte Ltd	3,135,000	0.53
17	DBS Vickers Secs (S) Pte Ltd	2,917,000	0.49
18	HSBC Republic Bank (Suisse) SA	2,750,000	0.46
19	UOB Kay Hian Pte Ltd	2,243,000	0.38
20	OCBC Securities Private Ltd	2,204,000	0.37
		416,997,108	70.14

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at 15A Tai Seng Drive Datapulse Industrial Building Singapore 535225 on Friday, 30 November 2001 at 2.00 p.m. to transact the following businesses:-

Ordinary Business

- 1 To receive and consider the financial statements for the financial year ended 31 July 2001 and the directors' report and auditors' report thereon.
- 2 To declare a first and final tax-exempt dividend of 5% in respect of the financial year ended 31 July 2001.
- 3 To declare a special tax-exempt dividend of 60% in respect of the financial year ended 31 July 2001.
- 4 To approve directors' fees of \$120,000 for the financial year ended 31 July 2001 (2000 : \$80,000).
- 5 (a) To re-elect the following directors who retire by rotation pursuant to Article 100 of the Company's Articles of Association:-
 - (i) Mr Ng Khim Guan @ Ngadimin
 - (ii) Mr Ng Cheow Leng
 - (iii) Mr Lim Lee Meng

Note : Mr Lim Lee Meng, if re-elected, will remain an Audit Committee member and Chairman of the Audit Committee and is considered an independent director.
- (b) To re-elect Mr Ng Boon Yew as a director pursuant to Article 104 of the Company's Articles of Association.

Note : Mr Ng Boon Yew, if re-elected, will remain an Audit Committee member and is considered an independent director.
- 6 To re-appoint KPMG as auditors and to authorise the directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

7 To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:-

- (a) Ordinary Resolution:-
Mandate to authorise the directors to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

- (b) Ordinary Resolution:-
Authorisation for shares issues pursuant to the DT Share Option Scheme 1999

That the directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the DT Share Option Scheme 1999 (the "Scheme") (including options over shares at a subscription price per share set at a discount to the market price of a share) and, pursuant to Section 161 of the Companies Act, Cap. 50, 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 the options under the Scheme provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the issued shares in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

- (c) Ordinary Resolution:-
Grant of options to Mr Ng Khim Guan @ Ngadimin

That the directors of the Company be and are hereby authorised pursuant to and in accordance with the DT Share Option Scheme 1999 (the "Scheme"), to offer and grant options (which shall be Market Price Options, as defined under the Scheme) ("Options") to Mr Ng Khim Guan @ Ngadimin within two months from the date of the Annual General Meeting of the shareholders of the Company held on 30 November 2001 to subscribe for 400,000 ordinary shares of \$0.05 each in the capital of the Company ("Shares"), subject to any adjustment as may be made in accordance with the Scheme, and to allot and issue shares pursuant to the exercise of such Options, at a price of \$0.30 per Share, being the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication of the Singapore Exchange Securities Trading Limited (the "SGX"), for the three consecutive days during which the SGX is open for trading in securities immediately preceding 1 November 2001, being the latest practicable date prior to the printing of this Notice, rounded up to the nearest whole cent.

- (d) Ordinary Resolution:-
Grant of options to Mr Ng Cheow Chye

That the directors of the Company be and are hereby authorised pursuant to and in accordance with the DT Share Option Scheme 1999 (the "Scheme"), to offer and grant options (which shall be Market Price Options, as defined under the Scheme) ("Options") to Mr Ng Cheow Chye within two months from the date of the Annual General Meeting of the shareholders of the Company held on 30 November 2001 to subscribe for 700,000 ordinary shares of \$0.05 each in the capital of the Company ("Shares"), subject to any adjustment as may be made in accordance with the Scheme, and to allot and issue shares pursuant to the exercise of such Options, at a price of \$0.30 per Share, being the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication of the Singapore Exchange Securities Trading Limited (the "SGX"), for the three consecutive days during which the SGX is open for trading in securities immediately preceding 1 November 2001, being the latest practicable date prior to the printing of this Notice, rounded up to the nearest whole cent.

NOTICE OF ANNUAL GENERAL MEETING

- (e) Ordinary Resolution:-
Grant of options to Ms Ng Bie Tjin @ Djuniarti Intan

That the directors of the Company be and are hereby authorised pursuant to and in accordance with the DT Share Option Scheme 1999 (the "Scheme"), to offer and grant options (which shall be Market Price Options, as defined under the Scheme) ("Options") to Ms Ng Bie Tjin @ Djuniarti Intan within two months from the date of the Annual General Meeting of the shareholders of the Company held on 30 November 2001 to subscribe for 700,000 ordinary shares of \$0.05 each in the capital of the Company ("Shares"), subject to any adjustment as may be made in accordance with the Scheme, and to allot and issue shares pursuant to the exercise of such Options, at a price of \$0.30 per Share, being the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication of the Singapore Exchange Securities Trading Limited (the "SGX"), for the three consecutive days during which the SGX is open for trading in securities immediately preceding 1 November 2001, being the latest practicable date prior to the printing of this Notice, rounded up to the nearest whole cent.

- (f) Ordinary Resolution:-
Grant of options to Mr Ng Cheow Leng

That the directors of the Company be and are hereby authorised pursuant to and in accordance with the DT Share Option Scheme 1999 (the "Scheme"), to offer and grant options (which shall be Market Price Options, as defined under the Scheme) ("Options") to Mr Ng Cheow Leng within two months from the date of the Annual General Meeting of the shareholders of the Company held on 30 November 2001 to subscribe for 700,000 ordinary shares of \$0.05 each in the capital of the Company ("Shares"), subject to any adjustment as may be made in accordance with the Scheme, and to allot and issue shares pursuant to the exercise of such Options, at a price of \$0.30 per Share, being the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication of the Singapore Exchange Securities Trading Limited (the "SGX"), for the three consecutive days during which the SGX is open for trading in securities immediately preceding 1 November 2001, being the latest practicable date prior to the printing of this Notice, rounded up to the nearest whole cent.

AND to transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lee Kay Beng
Company Secretary

Singapore
13 November 2001

NOTICE OF ANNUAL GENERAL MEETING

Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Company's registered office at 15A Tai Seng Drive Datapulse Industrial Building Singapore 535225 not less than 48 hours before the time appointed for the Annual General Meeting.

Statement Pursuant to Article 62 of the Company's Articles of Association

Ordinary Resolution no. 7(a) is to authorise the directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

Ordinary Resolution no. 7(b) is to authorise the directors of the Company to offer and grant options and to allot and issue shares in the Company in accordance with the provisions of the DT Share Option Scheme 1999.

Ordinary Resolution no. 7(c) is to authorise the directors of the Company to offer and grant options and to allot and issue shares in the Company to Mr Ng Khim Guan @ Ngadimin under the DT Share Option Scheme 1999. Further information on the grant of options to Mr Ng is contained in the Notes to the Notice of Annual General Meeting.

Ordinary Resolution no. 7(d) is to authorise the directors of the Company to offer and grant options and to allot and issue shares in the Company to Mr Ng Cheow Chye under the DT Share Option Scheme 1999. Further information on the grant of options to Mr Ng is contained in the Notes to the Notice of Annual General Meeting.

Ordinary Resolution no. 7(e) is to authorise the directors of the Company to offer and grant options and to allot and issue shares in the Company to Ms Ng Bie Tjin @ Djuniarti Intan under the DT Share Option Scheme 1999. Further information on the grant of options to Ms Ng is contained in the Notes to the Notice of Annual General Meeting.

Ordinary Resolution no. 7(f) is to authorise the directors of the Company to offer and grant options and to allot and issue shares in the Company to Mr Ng Cheow Leng under the DT Share Option Scheme 1999. Further information on the grant of options to Mr Ng is contained in the Notes to the Notice of Annual General Meeting.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. PROPOSED GRANT OF OPTIONS UNDER THE DT SHARE OPTION SCHEME 1999

- 1.1 In the following Notes to the Notice of Annual General Meeting (the "Notes"), any word defined under the DT Share Option Scheme 1999 (the "Scheme") and not otherwise defined in the Notes shall have the same meaning assigned to it under the Scheme.

The Scheme was adopted by the Company following the approval of the Shareholders of the Company at an Extraordinary General Meeting held on 30 October 1999. At the same Extraordinary General Meeting, the Shareholders of the Company had also approved the participation of the following directors of the Company in the Scheme:-

- (a) Mr Ng Khim Guan @ Ngadimin, who is the Chairman of the Company and a Controlling Shareholder of the Company;
- (b) Mr Ng Cheow Chye, who is the Managing Director of the Company and a Controlling Shareholder of the Company;
- (c) Ms Ng Bie Tjin @ Djuniarti Intan, who is the daughter and Associate of Mr Ng Khim Guan @ Ngadimin; and
- (d) Mr Ng Cheow Leng, who is the brother and Associate of Mr Ng Cheow Chye, (the "Relevant Directors").

- 1.2 One of the objectives of the Scheme is to motivate directors and employees to optimise their performance and to maintain a high level of contribution towards the growth and profitability of the Group. The objectives of the Scheme apply equally to directors who are Controlling Shareholders and their Associates because all deserving and eligible employees should be motivated, regardless of whether they are controlling shareholders. The Company is therefore of the view that directors who are Controlling Shareholders or their Associates should be entitled to the same benefits as other directors and employees and should not be excluded from benefiting under the Scheme by virtue only of their shareholdings in the Company. The Company also believes that the application of the Scheme would not unduly favour Controlling Shareholders or their Associates over other eligible employees. In respect of the determination of eligibility and grant of options, the terms of the Scheme do not differentiate between directors who are Controlling Shareholders and other directors and employees who are not Controlling Shareholders.

- 1.3 It is the intention of the Company to grant options to eligible and deserving directors and employees in every financial year during the duration of the Scheme subject to a maximum period of ten years commencing on 30 October 1999, where the circumstances justify. Despite the sudden economic downturn, the performance of the Group for the financial year 2001 has been maintained. Profit before tax has grown by approximately 10% from \$23.0 million in the financial year ended 31 July 2000 to \$25.4 million in the financial year ended 31 July 2001. For the past five years, profit before tax has grown consecutively from \$4.3 million in the financial year ended 31 July 1997 to \$25.4 million in the financial year ended 31 July 2001. This represents a compound annual growth rate of approximately 56%.

Average market capitalisation (calculated based on the weighted average number of ordinary shares in issue for the year multiply by the average of all daily last done prices recorded on the Singapore Exchange Securities Trading Limited (the "SGX") for the year) has decreased from approximately \$373 million during financial year 2000 to \$268 million during the financial year 2001, representing a decrease of \$105 million or approximately 28%. Although such decrease is mainly due to the current economic downturn and the general weakness in the stock market during the financial year 2001, the Company is of the view that the decrease in market capitalisation would be much greater if not for the stable performance of the Group. Compared against the benchmark index of the manufacturing industry peers, the Company's share price performance is actually 15.8% better than the performance of the Singapore Exchange Manufacturing Index during the financial year 2001. During the same period, the Company's average shareholders' funds increased from \$86 million to \$98 million, representing an increase of \$12 million or approximately 14%, as a result of contribution mainly from the Groups' net profits. Due to the sluggish stock market, the difference in market value added during the financial year 2001 is a reduction of \$117 million or 41%, from \$287 million to \$170 million. Over a longer term of five years, the Company's average market capitalisation has grown \$166 million, average shareholders' funds has increased by \$57 million and market value added has increased by approximately \$109 million. These represent compound annual growth rates of approximately 27%, 24% and 29% respectively.

In view of the cyclical business nature of the electronic manufacturing industry, performance of the Group should therefore be measured not just on each financial year alone but also over a longer period of time. The Company believes that the stable performances and growth generated for the last five financial years are due to the high level of contribution and performance of directors and employees of the Company. Each of the directors and employees of the Company has in their area of responsibilities contributed to the achievement of the Company's long term objectives.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

- 1.4 In view of the above achievement, the Company is proposing to grant Options under the Scheme to deserving eligible employees and directors after the Annual General Meeting. It is proposed that Market Price Options be granted to each of the Relevant Directors as follows:-

Name of Director	Number of Options proposed to be granted (the "Proposed Options")
(a) Mr Ng Khim Guan @ Ngadimin	400,000
(b) Mr Ng Cheow Chye	700,000
(c) Ms Ng Bie Tjin @ Djuniarti Intan	700,000
(d) Mr Ng Cheow Leng	700,000

The respective Proposed Options to the Relevant Directors will be made on the following terms:-

- (i) the Options will be granted at the same time with all eligible employees and directors within two months after this Annual General Meeting;
- (ii) the Options may only be exercised after the first anniversary of the date of grant; and
- (iii) the exercise price in respect of the Options will be set at \$0.30 per Share being the average of the last dealt prices for a Share for the three consecutive Market Days immediately preceding 1 November 2001, being the latest practicable date prior to the printing of this Notice (the "Latest Practicable Date"), rounded up to the nearest whole cent. It should be noted that the exercise price in the grant to other eligible employees and directors may be different from the Relevant Directors as the period used in the setting of the exercise price is different.

The Proposed Options to each Relevant Director is determined after taking into account each of their rank, years of service, past and present contributions and potential for future development and contribution towards the long term objectives of the Group. Each of the Relevant Director's current cash-based remuneration package is linked substantially to short term performance yardsticks such as annual profitability of the Group and does not comprise any reward, such as share options granted on a regular basis, for accomplishing the long term objectives of the Group. As such, the Company is of the view that each of the Relevant Director's current cash-based remuneration package may not be sufficiently attractive, after taking into consideration each of the Relevant Director's experiences and contributions to the Group to date and the Group's sustained growth for the past five years.

- 1.5 In accordance with the listing rules of the SGX and the rules of the Scheme, the Proposed Options to the Relevant Directors, who are also Controlling Shareholders and Associates, have to be approved by independent Shareholders in general meeting in separate resolutions for each of them.

- 1.6 Rationale for Grant of Options to subscribe for 400,000 Shares to Mr Ng Khim Guan @ Ngadimin

Mr Ng Khim Guan @ Ngadimin is the non-executive Chairman of the Company. He is one of the founders of the Company and has been with the Group for 22 years. He is responsible for setting the overall strategic direction of the Group and steering the Company to be a leading manufacturer of data and digital storage products. His role as a Chairman has added responsibilities in respect of board proceedings and includes scheduling meetings to enable the Board to perform its duties responsibly; preparing meeting agenda in consultation with the managing director; exercising control over quality, quantity and timeliness of the flow of information between management and the Board; and assisting in ensuring compliance with the Company's guidelines on corporate governance. In view of the above, the Company considers his contribution towards the Group's long term growth to be invaluable.

In order to tie executives' compensation packages with shareholders' value, the Company has and will continue to incorporate a significant equity component by way of share options in Mr Ng's total remuneration package. Mr Ng's present total remuneration package comprised both short term cash-based component (which includes only director's fees, proposed at \$30,000 for financial year 2001, an increase of \$10,000) and the equity component (which comprises a total of 1,800,000 Market Price Options granted under the Scheme). He receives the same amount of directors' fees as other non-executive directors of the Company and does not receive any additional remuneration for his position as Chairman of the Board. As such, the Company is of the view that Mr Ng's current cash-based remuneration package may not be sufficiently attractive, after taking into consideration his experience and contributions to the Group to date and the Group's sustained growth for the past five years. The Company therefore wishes to include the Proposed Options as part of Mr Ng's total remuneration package.

Mr Ng presently holds an indirect interest of 17.02% in the Company's Shares through his interest in Uniseraya Holdings Pte Ltd. The Proposed Options would continue to provide him with an opportunity to hold Shares directly. It will also ensure that he will continue to have a direct interest in the Company for the duration of the Scheme even if his indirect interest is sold down in the future to realise capital gains. In this way, the Company believes that Mr Ng will be more encouraged and motivated to continue his efforts and contribution towards the Group's long term objectives.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Despite the substantial shareholdings held indirectly by Mr Ng, the Company is of the view that the Proposed Options to him at the prevailing market price will motivate him to further create higher shareholders' value in order to realise the benefits of the Options. The Options if exercised by him would increase his cost of investment in the Company and in turn demonstrate his long term commitment to further enhance shareholders' wealth through appreciation of share price. Furthermore, as such Options may not be exercised until after the first anniversary of the date of grant, the rewards to be reaped from the exercise of such Options would not be immediate. The value of the Options would be best realised only when the results and prospects of the Group's long term performances and growth translate directly into higher share price and higher shareholders' wealth.

In view of the above reasons, the Company proposes to grant Mr Ng Khim Guan @ Ngadimin Market Price Options to subscribe for 400,000 Shares. The Company believes that the Proposed Options to Mr Ng are fair and not excessive. As at the Latest Practicable Date, the Proposed Options represents only 0.067% of the issued and paid-up share capital of the Company, and only 0.449% of the maximum number of Shares available under the Scheme, i.e. 15% of the issued and paid-up share capital of the Company (the "Scheme Limit"). It should be noted that the Proposed Options to Mr Ng is higher than that proposed to be granted to other non-executive Directors (which is currently proposed to be in respect of an average of approximately 100,000 Shares per non-executive Director) because the Proposed Options partially serves as an additional form of compensation in lieu of increasing Mr Ng's fees for his service as Chairman.

1.7 Rationale for Grant of Options to subscribe for 700,000 Shares to Mr Ng Cheow Chye

Mr Ng Cheow Chye is the Managing Director of the Company. He is one of the founders of the Company and has been with the Group for 22 years. He is responsible for the overall direction of the Group and is instrumental in guiding and setting the Group's strategic plans, key operational initiatives and major investments. By keeping abreast of the pioneering development in data and digital storage technology, he continues to employ the latest manufacturing technology for CD and DVD to meet customers' expectations. His continuing efforts to strategically position the Group along the path of data and digital storage technology development at the right timing and to strategically expand the Group's presence in overseas markets have resulted in sustainable growth for the Group during the past five years. He has also made major decisions in the design of the physical layout of the Group's manufacturing plants that further enhance the competitiveness of the Group. Under his directorship and with the collective efforts of the Board, the Group has remained profitable in financial year 2001 despite the sudden economic downturn that is especially severe in the electronic manufacturing sector. In view of the above, the Company therefore considers his contribution towards the Group's long term growth to be invaluable.

In order to tie executives' compensation packages with shareholders' value, the Company has and will continue to incorporate a significant equity component by way of share options in Mr Ng's total remuneration package. Mr Ng's present total remuneration package comprised both short term cash-based component and equity component. The short term cash-based component includes fixed salary (5% higher compared to previous financial year), variable bonus (17% lower compared to previous financial year) and a profit sharing incentive capped at 2% to 3% depending upon the level of the Group's accounting profits before profit sharing charges, taxation and extraordinary items for each financial year. The equity component comprises a total of 2,400,000 Market Price Options granted under the Scheme. If Mr Ng's remuneration package does not comprise any significant equity component granted on a regular basis, it would result in a compensation package that is short term in nature. A significant equity component in Mr Ng's remuneration package will promote long term shareholders' value as it will link a large portion of his remuneration to the Group's current and future performances that have a long term impact on increasing shareholders' wealth through appreciation of share price. Mr Ng's current cash-based remuneration package is linked substantially to short term performance yardsticks such as annual profitability of the Group and does not comprise any reward, such as share options granted on a regular basis, for accomplishing the long term objectives of the Group. As such, the Company is of the view that Mr Ng's current cash-based remuneration package may not be sufficiently attractive, after taking into consideration his experience and contributions to the Group to date and the Group's sustained growth for the past five years. The Proposed Options would therefore not only make the current cash-based remuneration more attractive but more importantly, continue to incorporate a significant equity component into his total remuneration package so as to provide an incentive to Mr Ng to continue to work towards maintaining the performance of the Group in the long term.

Despite the substantial shareholdings held directly by Mr Ng of 17.87%, the Company is of the view that the Proposed Options to him at the prevailing market price will motivate him to further create higher shareholders' value in order to realise the benefits of the Options. The Options if exercised by Mr Ng would increase his cost of investment in the Company for the duration of the Scheme and demonstrate his commitment to further enhance shareholders' wealth through appreciation of share price. In addition, as such Options may not be exercised until after the first anniversary of the date of grant, the rewards to be reaped from the exercise of such Options would not be immediate. The value of the Options would be best realised only when the results and prospects of the Group's long term performances and growth translate directly into higher share price and higher shareholders' wealth.

In view of the above reasons, the Company proposes to grant Mr Ng Cheow Chye Market Price Options to subscribe for 700,000 Shares. The Company believes that the Proposed Options to Mr Ng are fair and not excessive. As at the Latest Practicable Date, the Proposed Options represents only 0.118% of the issued and paid-up share capital of the Company, and only 0.785% of the Scheme Limit. It should also be noted that the Proposed Options to Mr Ng is the same as that proposed to be granted to other executive Directors who are not Controlling Shareholders or associates of Controlling Shareholders.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1.8 Rationale for Grant of Options to subscribe for 700,000 Shares to Ms Ng Bie Tjin @ Djuniarti Intan

Ms Ng Bie Tjin @ Djuniarti Intan is the Finance Director of the Company. She has been with the Group for 9 years. She is responsible for the administration and implementation of the Group's corporate finance strategies and policies, corporate governance, internal control policies and procedures, and identification and evaluation of new business opportunities. Despite the economic downturn during the financial year 2001, her expertise in financial management and initiatives to streamline administrative operations in order to keep the Company's operating costs under control have contributed partly to the improvement of the Company's net profit. Her continuing effort in managing the corporate finance policies (such as credit control policies) and needs (such as borrowing needs) of the Group's newly incorporated subsidiary in Taiwan has also set a firm foundation and support for its business to grow.

The Company has and will continue to incorporate a significant equity component by way of share options granted on a regular basis in Ms Ng's total remuneration package. The equity component will promote long term shareholders' value as it will link a large portion of her remuneration to the Group's current and future performances that have a long term impact on increasing shareholders' wealth through appreciation of share price. Ms Ng's present total remuneration package comprised both short term cash-based component and equity component. The short term cash-based component includes fixed salary (21% higher compared to previous financial year), variable bonus (53% lower compared to previous financial year) and profit sharing incentive capped at 3% to 5% depending upon the level of the Group's accounting profits before profit sharing charges, taxation and extraordinary items for each financial year to be shared amongst executive directors. The equity component comprises a total of 2,400,000 Market Price Options granted under the Scheme. Ms Ng's current cash-based remuneration package is linked substantially to short term performance yardsticks such as annual profitability of the Group and does not comprise any reward, such as share options granted on a regular basis, for accomplishing the long term objectives of the Group. As such, the Company is of the view that Ms Ng's current cash-based remuneration package may not be sufficiently attractive, after taking into consideration her experience and contributions to the Group to date and the Group's sustained growth for the past five years. The Proposed Options would therefore not only make the cash-based remuneration more attractive but more importantly, continue to incorporate a significant equity component into her total remuneration package so as to provide an incentive to Ms Ng to continue to work towards maintaining the performance of the Group in the long term.

In view of the above reasons, the Company proposes to grant Ms Ng Bie Tjin @ Djuniarti Intan Market Price Options to subscribe for 700,000 Shares. The Company believes that the Proposed Options to Ms Ng are fair and not excessive. As at the Latest Practicable Date, the Proposed Options represents only 0.118% of the issued and paid-up share capital of the Company, and only 0.785% of the Scheme Limit. It should also be noted that the Proposed Options to Ms Ng is the same as that proposed to be granted to other executive Directors who are not Controlling Shareholders or associates of Controlling Shareholders.

1.9 Rationale for Grant of Options to subscribe for 700,000 Shares to Mr Ng Cheow Leng

Mr Ng Cheow Leng is the Administrative Director of the Company. He has been with the Group for 13 years. He is responsible for the administration and implementation of the Group's human resource policies and the formulation and implementation of the Company's information technology ("IT") strategies. During the financial year 2001, he has set up and expanded the IT department's roles and scope of work and has successfully upgraded certain critical management information systems in both accounts and human resource departments that have contributed to the improvement of their operational performances. He has also formulated strategies to integrate most of the Company's transactions and information into a common database. He will continue to play an important role in implementing those strategies.

The Company has and will continue to incorporate a significant equity component by way of share options granted on a regular basis in Mr Ng's total remuneration package. The equity component will promote long term shareholders' value as it will link a large portion of his remuneration to the Group's current and future performances that have a long term impact on increasing shareholders' wealth through appreciation of share price. Mr Ng's present total remuneration package comprised both short term cash-based component and equity component. The short term cash-based component includes fixed salary (30% higher compared to previous financial year), variable bonus (54% lower compared to previous financial year) and profit sharing incentive capped at 3% to 5% depending upon the level of the Group's accounting profits before profit sharing charges, taxation and extraordinary items for each financial year to be shared amongst executive directors. The equity component comprises a total of 2,400,000 Market Price Options granted under the Scheme. Mr Ng's current cash-based remuneration package is linked substantially to short term performance yardsticks such as annual profitability of the Group and does not comprise any reward, such as share options granted on a regular basis, for accomplishing the long term objectives of the Group. As such, the Company is of the view that Mr Ng's current cash-based remuneration package may not be sufficiently attractive, after taking into consideration his experience and contributions to the Group to date and the Group's sustained growth for the past five years. The Proposed Options would therefore not only make the cash-based remuneration more attractive but more importantly, continue to incorporate a significant equity component into his total remuneration package so as to provide an incentive to Mr Ng to continue to work towards maintaining the performance of the Group in the long term.

In view of the above reasons, the Company proposes to grant Mr Ng Cheow Leng Market Price Options to subscribe for 700,000 Shares. The Company believes that the Proposed Options to Mr Ng are fair and not excessive. As at the Latest Practicable Date, the Proposed Options represents only 0.118% of the issued and paid-up share capital of the Company, and only 0.785% of the Scheme Limit. It should also be noted that the Proposed Options to Mr Ng is the same as that proposed to be granted to other executive Directors who are not Controlling Shareholders or associates of Controlling Shareholders.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

- 1.10 The grant of the 400,000 Market Price Options to Mr Ng Khim Guan @ Ngadimin will be tabled for Shareholders' approval at the Annual General Meeting as Ordinary Resolution 7(c).

The grant of the 700,000 Market Price Options to Mr Ng Cheow Chye will be tabled for Shareholders' approval at the Annual General Meeting as Ordinary Resolution 7(d).

The grant of the 700,000 Market Price Options to Ms Ng Bie Tjin @ Djuniarti Intan will be tabled for Shareholders' approval at the Annual General Meeting as Ordinary Resolution 7(e).

The grant of the 700,000 Market Price Options to Mr Ng Cheow Leng will be tabled for Shareholders' approval at the Annual General Meeting as Ordinary Resolution 7(f).

2. OPTIONS GRANTED UNDER THE SCHEME

- 2.1 Total options to subscribe for an aggregate of 23,924,000 ordinary shares of \$0.05 each in the capital of the Company have been granted under the Scheme as at the Latest Practicable Date, out of which 22,311,000 remain outstanding and 1,613,000 have lapsed. As at that date, there were 14,924,000 options that have been granted to 76 Participants who are not Controlling Shareholders and Associates, out of which 13,311,000 remain outstanding and 1,613,000 have lapsed.

- 2.2 Particulars of the options granted to directors under the Scheme, as at the Latest Practicable Date, are set out below:

Director	Date of options granted	No. of Shares offered under options	No. of Shares allotted pursuant to exercise of options
Executive			
Ng Cheow Chye	30 October 1999	1,000,000	Nil
	14 January 2000	700,000	Nil
	15 February 2001	700,000	Nil
Ng Bie Tjin @ Djuniarti Intan (1)	30 October 1999	1,000,000	Nil
	14 January 2000	700,000	Nil
	15 February 2001	700,000	Nil
Ng Cheow Leng (2)	30 October 1999	1,000,000	Nil
	14 January 2000	700,000	Nil
	15 February 2001	700,000	Nil
Ng Leok Cheng	30 October 1999	1,000,000	Nil
	14 January 2000	700,000	Nil
	11 August 2000	700,000	Nil
Si Yok Fong @ Chin Yok Fong	30 October 1999	1,000,000	Nil
	14 January 2000	700,000	Nil
	11 August 2000	700,000	Nil
Non-Executive			
Ng Khim Guan @ Ngadimin	30 October 1999	1,000,000	Nil
	14 January 2000	400,000	Nil
	15 February 2001	400,000	Nil
Hee Theng Fong	30 October 1999	160,000	Nil
	14 January 2000	100,000	Nil
Lim Lee Meng	30 October 1999	160,000	Nil
	14 January 2000	100,000	Nil
Hilary Quah Lam Seng	30 October 1999	160,000	Nil
	14 January 2000	100,000	Nil
Ng Boon Yew	Nil	Nil	Nil

Note :

- (1) Ms Ng Bie Tjin @ Djuniarti Intan is the daughter and Associate of Mr Ng Khim Guan @ Ngadimin, who is the Chairman of the Company and a Controlling Shareholder of the Company.
- (2) Mr Ng Cheow Leng is the brother and Associate of Mr Ng Cheow Chye, who is the Managing Director of the Company and a Controlling Shareholder of the Company.

Save for the above, no options have been granted under the Scheme to any director or Controlling Shareholder as at the Latest Practicable Date.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

3. DIRECTORS' INTERESTS

All executive and non-executive directors of the Company will be eligible to participate in the Scheme, at the absolute discretion of the Committee. The present executive and non-executive directors of the Company, and their interests in the share capital of the Company as at the Latest Practicable Date are set out below. The interests of a director in options granted under the Scheme are set out in paragraph 2.2 above.

Director	Direct		Deemed	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
Executive				
Ng Cheow Chye	106,265,000	17.87	-	-
Ng Leok Cheng (1)	100,000	0.02	1,622,000	0.27
Ng Bie Tjin @ Djuniarti Intan (2)	544,400	0.09	2,500,000	0.42
Si Yok Fong @ Chin Yok Fong	1,265,000	0.21	-	-
Ng Cheow Leng	-	-	-	-

Note :

- (1) Mr Ng Leok Cheng's deemed interest arises from the 1,622,000 Shares held by Keppel Bank Nominees Pte Ltd as his nominee.
- (2) Ms Ng Bie Tjin @ Djuniarti Intan's deemed interest arises from the 2,500,000 Shares held by United Overseas Bank Nominees Pte Ltd and Citibank Singapore Nominees Pte Ltd as her nominees.

Director	Direct		Deemed	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
Non-Executive				
Ng Khim Guan @ Ngadimin (3)	-	-	101,200,000	17.02
Hee Theng Fong	-	-	-	-
Lim Lee Meng	-	-	-	-
Hilary Quah Lam Seng	-	-	-	-
Ng Boon Yew (4)	-	-	10,000	-

Note :

- (3) Mr Ng Khim Guan @ Ngadimin is deemed to be interested in the 101,200,000 Shares held by Uniseraya Holdings Pte Ltd of which he is a director and in which he has a direct shareholding interest of 75%.
- (4) Mr Ng Boon Yew's deemed interest arises from the 10,000 Shares held by his spouse.

If a shareholder is entitled to participate in the Scheme, he should abstain from voting at the Annual General Meeting in respect of Ordinary Resolutions 7(b) to 7(f). If a shareholder or director is entitled to participate in the Scheme, he should not accept nominations as proxies or otherwise for voting at the Annual General Meeting in respect of the aforesaid Ordinary Resolutions, unless in so acting as nominee, proxy or otherwise, they vote in accordance with the instructions given by their respective appointors and do not exercise any discretion in voting.

DATAPULSE TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore)

PROXY FORM TWENTY-FIRST ANNUAL GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy Datapulse Technology Limited shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is 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 _____ NRIC/Passport No. _____

of _____

being a member/members of Datapulse Technology Limited hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Twenty-First Annual General Meeting of the Company to be held at 15A Tai Seng Drive Datapulse Industrial Building Singapore 535225 on Friday, 30 November 2001 at 2.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions	For	Against
1	Adoption of reports and financial statements		
2	Declaration of first & final tax-exempt dividend		
3	Declaration of special tax-exempt dividend		
4	Approval of directors' fees		
5	(a) (i) Re-election of Mr Ng Khim Guan @ Ngadimin as director		
	(ii) Re-election of Mr Ng Cheow Leng as director		
	(iii) Re-election of Mr Lim Lee Meng as director		
	(b) Re-election of Mr Ng Boon Yew as director		
6	Re-appointment of KPMG as auditors		
7	Special Business		
	(a) Authorisation for shares issues up to 50% of the issued share capital of the Company		
	(b) Authorisation for shares issues pursuant to the DT Share Option Scheme 1999		
	(c) Grant of options to Mr Ng Khim Guan @ Ngadimin		
	(d) Grant of options to Mr Ng Cheow Chye		
	(e) Grant of options to Ms Ng Bie Tjin @ Djuniarti Intan		
	(f) Grant of options to Mr Ng Cheow Leng		

Dated this _____ day of _____ 2001

Signature(s) of Member(s) or Common Seal

Total Number of Shares Held

IMPORTANT
PLEASE READ NOTES OVERLEAF



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. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 15A Tai Seng Drive Datapulse Industrial Building Singapore 535225 not less than 48 hours before the time set for the meeting.
- 4 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

