

NEW NORMAL NEW OPPORTUNITIES

VENTURE CORPORATION LIMITED



ANNUAL REPORT 2020

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CORPORATE
PROFILE

Venture Group was founded in 1989 as an electronic services provider after the merger of three companies. Today, it is a leading global provider of technology services, products and solutions with established capabilities spanning marketing research, design and development, product and process engineering, design for manufacturability, supply chain management, as well as product refurbishment and technical support across a widely diversified range of technology domains.

Headquartered in Singapore, the Group comprises more than 30 companies with global clusters in Southeast Asia, Northeast Asia, America and

Europe and employs over 12,000 people worldwide.

The Group has built know-how and intellectual property with expertise in several technology domains. These include life science, genomics, molecular diagnostics, medical devices and equipment, healthcare and wellness technology, lifestyle consumer technology, health improvement products, instrumentation, test and measurement technology, networking and communications, fintech, as well as computing, printing and imaging technology. The Group manages a portfolio of more than 5,000 products and solutions and continues to expand into new technology domains through its

collaborations with customers and partners in selected ecosystems of interests.

Venture is a strategic partner of choice for over 100 global companies including Fortune 500 corporations. It ranks among the best in managing the value chain for leading electronics companies. The Group is committed to enhancing its competencies through further investments in technologies, market access capabilities, its people and expanding connectivity with other enterprises and research-intensive organisations/ institutions in its ecosystems of interests. It stands poised to provide the leading edge and remain relevant in a constantly changing and evolving world.

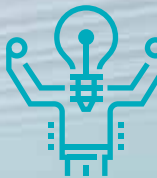
VENTURE'S CORE VALUES



RELENTLESS
PURSUIT OF
EXCELLENCE



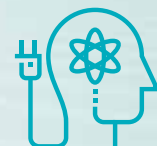
RENDERING THE
HIGHEST LEVEL OF
TOTAL CUSTOMER
SATISFACTION



ENCOURAGING
EMPLOYEES TO
REALISE THEIR
FULL POTENTIAL



BUILDING STRONG
COHESION AND
TEAMWORK



FOSTERING
CREATIVITY AND
INNOVATION



OUR MISSION

TO BE A LEADING GLOBAL
PROVIDER OF TECHNOLOGY
SERVICES, PRODUCTS AND
SOLUTIONS



DIVERSE TECHNOLOGY DOMAINS, DYNAMIC ECOSYSTEMS

THERE ARE SEVERAL EXCITING TRENDS AND OPPORTUNITIES IN VARIOUS ECOSYSTEMS OF INTERESTS TO VENTURE, SOME OF WHICH WE ARE ALREADY PARTICIPATING IN, SUCH AS LIFE SCIENCE TECHNOLOGIES, PHOTONICS AND NETWORKING AND COMMUNICATIONS TECHNOLOGIES, ADVANCED SEMICONDUCTOR-RELATED EQUIPMENT, AND LIFESTYLE AND WELLNESS CONSUMER PRODUCTS. VENTURE WILL CONTINUE TO EXPAND INTO INNOVATIVE AND DIFFERENTIATING CAPABILITIES TO ACCELERATE OUR PARTICIPATION INTO NEW AND BURGEONING TECHNOLOGY DOMAINS. WE SEE VALUE CREATION AND CAPTURE OPPORTUNITIES IN TRENDING DOMAINS SUCH AS ROBOTICS, AUTOMATION AND ARTIFICIAL INTELLIGENCE, AND THE BATTERY ELECTRIC VEHICLES INDUSTRY.

IMPACTFUL VALUE CREATION, MULTILATERAL PARTNERSHIPS



OUR STRONG AND SUCCESSFUL MULTILATERAL PARTNERSHIPS BEAR TESTIMONY TO OUR EMINENCE IN TECHNOLOGY SERVICES, PRODUCTS AND SOLUTIONS. WE CONTINUE TO SEE A HEALTHY FUNNEL OF OPPORTUNITIES FOR CREATING IMPACTFUL VALUE FOR OUR INDUSTRY-LEADING CUSTOMERS AND PARTNERS. THROUGH OUR GLOBALLY LINKED CLUSTERS OF EXCELLENCE IN SOUTHEAST ASIA, NORTHEAST ASIA, AMERICA AND EUROPE, WE ENDEAVOUR TO BECOME A POWERFUL CONTRIBUTOR IN SEVERAL DYNAMIC ECOSYSTEMS AND OPEN NEW PATHWAYS TO CREATE AND CAPTURE VALUE FOR ALL OUR STAKEHOLDERS.





NURTURING OUR PEOPLE, DRIVING INNOVATION

ALWAYS STRIVING FOR EXCELLENCE AND CONSISTENTLY RAISING BENCHMARKS, OUR PEOPLE HAVE SHOWN THEIR COMPETENCY, RESOURCEFULNESS AND RESILIENCY, ESPECIALLY IN 2020. THEIR DEDICATION AND COMMITMENT DREW DEEP APPRECIATION FROM SEVERAL CUSTOMERS AND PARTNERS. TO DEEPEN THE GROUP'S BENCH STRENGTH BEYOND ITS PROVEN CAPABILITIES IN MULTIPLE TECHNOLOGY DOMAINS, WE WILL CONTINUE TO ENHANCE OUR TALENT POOL ACROSS A WIDE RANGE OF TECHNICAL AND PROFESSIONAL QUALITIES.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

2020 was a very challenging year for Venture in view of the COVID-19 global pandemic. The pandemic taught us some vitally important lessons, but it also led us to extraordinary new opportunities.

As we enter 2021, the world is still grappling with the impact of the pandemic. Although recent vaccine approvals (Emergency Use Authorisation only) have raised hopes, renewed waves and new variants of the virus remain major concerns.

I am pleased to report that the people of Venture held up to these unprecedented challenges. Their tenacity, competency, resourcefulness, and resilience shone through even in a difficult year. Venture's teams at all locations worked ceaselessly with customers, partners, government authorities and other business associations to sustain operational excellence throughout. Venture gained new credence and respect for the excellent desired outcomes from customers and stakeholders.

A CREDITABLE PERFORMANCE IN A PANDEMIC YEAR

For the financial year ended 31 December 2020 ("FY 2020"), Venture reported revenue of S\$3,012.9 million. This was 17.1% lower year-on-year, a result of the pandemic-related disruptions that affected the Group's production capacity and supply chain. Group profit before tax and net profit (profit attributable to owners of the Company) declined in FY 2020 to S\$342.8 million and S\$297.3 million respectively. Profit before tax margin of 11.4% and net margin of 9.9%, however, were comparable to the prior year – testimony to the Group's astute cost management and swift action plans taken to recover operational excellence. Accordingly, the Group reported diluted earnings per share of S\$1.02 for FY 2020. Venture nonetheless achieved sequential quarterly improvement from the second quarter of 2020 onwards, showcasing the Group's resiliency, underpinned by its business and product diversity.

Venture continued to maintain a healthy balance sheet despite the challenging operating environment. As at 31 December 2020, the Group had a net cash position of S\$928.7 million (31 December 2019: S\$713.4 million).

Cash generated from operations grew 70.9% year-on-year to S\$498.6 million in FY 2020 (FY 2019: S\$291.7 million), resulting in improved free cash flow of S\$470.9 million in FY 2020 (FY 2019: S\$256.7 million).

As at 31 December 2020, equity attributable to owners of the Company grew to S\$2,586.5 million (31 December 2019: S\$2,496.2 million) and net asset value per share increased to S\$8.92 (31 December 2019: S\$8.65).

DELIVERING SHAREHOLDER VALUE

Although there is no formal dividend policy in place, Venture has consistently paid dividends since its listing in 1992. We are glad to be able to maintain this pristine track record, supported by a strong balance sheet. The Board of Directors has recommended a final dividend of S\$0.50 per share on a one-tier tax-exempt basis for FY 2020 (FY 2019: S\$0.50 per share). This translates to a total dividend of S\$0.75 per share for FY 2020 (FY 2019: S\$0.70 per share), which includes the interim dividend of S\$0.25 per share paid in September 2020 (FY 2019: S\$0.20 per share). Subject to the approval of shareholders at the Annual General Meeting to be held on 29 April 2021, the proposed final dividend will be paid on 25 May 2021.

In the pandemic year, investors naturally gravitated towards value stocks with strong underlying long-term fundamentals, particularly in the healthcare and technology sectors. As one of the leaders in the technology services, products and solutions provider industry, and a critical participant in the life science, genomics, healthcare and wellness technology domains, Venture garnered immense interest from both retail and institutional investors globally. In 2020, Venture generated total shareholder returns¹ of 19.9%, compared to an 11.8% decline recorded by the Straits Times Index ("STI") over the same period. Venture remains a constituent of key benchmark indices such as the STI as well as the MSCI Singapore Index.

WITH A NEW NORMAL, COMES NEW OPPORTUNITIES

As we enter a new decade of exciting possibilities, a clear strategic plan has been mapped out. From the selection of key technology domains of interests

¹ Source: Bloomberg as at 31 December 2020.



FROM THE SELECTION OF KEY TECHNOLOGY DOMAINS OF INTERESTS TO INTEGRATING VENTURE'S CLUSTERS OF EXCELLENCE WITH OTHER KEY STRATEGIC PARTNERS AND PARTICIPANTS IN THE ECOSYSTEMS, WE LOOK FORWARD TO A DECADE OF IMMENSE OPPORTUNITIES TO CREATE AND CAPTURE IMPACTFUL VALUES FOR ALL.

to integrating Venture's Clusters of Excellence with other key strategic partners and participants in the ecosystems, we look forward to a decade of immense opportunities to create and capture impactful values for all.

Diverse Technology Domains, Dynamic Ecosystems

Venture's compelling value proposition is its diversity - its customer mix and base, specialised skills in leading-edge capabilities, participation in niche technology domains, wide geographical network, resilient business models as well as its suite of products and solutions. Built up over years of continuous business transformations and deep collaborations with technology partners, the ongoing expansion of our differentiating capabilities will chart the course ahead.

This strategic initiative has positioned us well to capture new value creation opportunities in several dynamic ecosystems of interests. In the Life Science Technologies domain, where we are progressing well, we are particularly excited about enhanced collaborations in the areas of sample and library preparation for next-generation sequencing, precision medicine, infectious disease research and proteomics science. With the wide-ranging advances and growing applications of Radio Frequency Networking and Communications modules, Photonics technology, and Advanced Semiconductor-related Equipment, we see new pathways where we can scale up our participation in the development of related products and solutions. The Group is currently developing a pipeline of sophisticated Lifestyle and Wellness Consumer Devices, which are scheduled for launches starting in

2021. Each of these products will feature progressive technological advancements enabled by Venture's research and development ("R&D") Labs, which seek to continuously elevate the user experience across differentiated consumer preferences. Venture is exploring new pathways to integrate our technology expertise across the Life Science Technologies, Medical Devices and Equipment, and Lifestyle and Wellness Consumer Devices domains, to develop game-changing products, solutions, and services.

Automation and digitalisation are among the few industries that have emerged stronger from the pandemic. Research by the Financial Times¹ showed that robotics and automation-related international trade and output volumes increased in many countries in 2020, bucking the overall downward trend in global trade. And it looks like the trend will continue to grow, as companies start to recognise the productivity benefits of adopting such leading-edge technologies. Venture has been instrumental in the development of related equipment that incorporates the know-how use in Robotics, Automation and Artificial Intelligence ("RAAI"), for better quality, faster speed, and higher throughput at a competitive cost. More RAAI applications are expected to penetrate other industry segments, and Venture will be well positioned to capture these opportunities.

With the heightened interest in clean energy, several countries around the world are building ecosystems around the increasing electrification of their transport systems. In the Battery Electric Vehicles industry, we are optimistic that there will be opportunities for us to define the right pathways where we can deliver impactful value creation and capture.

¹ "Pandemic boosts automation and robotics", Financial Times, 20 October 2020. <https://www.ft.com/content/358f6454-e9fd-47f3-a4b7-5f844668817f>

MESSAGE TO SHAREHOLDERS

A rich funnel of opportunities for Venture can further strengthen its participation in existing selected domains and accelerate its entry into new adjacent ones.

Impactful Value Creation, Multilateral Partnerships

While we remain ebullient about the opportunities in several fast-growing technology domains, we continue to be selective with our participation in certain ecosystems of interests. It is imperative for Venture to identify the avenues where it can create the most impactful value and enhance its contribution to key partnerships.

We have set our sights on new pathways of big value creation and capture. Over the past few years, Venture's R&D Labs have been delivering high-value strategic devices, modules, and complete solutions development to several partners in the Life Science Technologies domain. We see growing demand from other domains of interests such as Medical Devices and Equipment, Healthcare Devices and Wellness Equipment Technology, Lifestyle and Wellness Consumer Devices, and Industrial Internet of Things, for similar strategic devices, modules and complete solutions that can be customised to suit industry-specific needs.

To remain relevant and impactful in our ecosystems of interests, we will consider new ways of technological collaborations and partnerships. Our ultimate goal is to become an active contributor in the ecosystems we participate in, with the ability to bring along leading game-changing partners for synergistic partnerships driving multiplier effect.

To support our business roadmap, our Clusters of Excellence must be well-connected globally. In Southeast Asia where we have established an expansive manufacturing base, we will continue to build on our strong foothold with the development of our Batu Kawan facility in Penang, Malaysia. In the USA, our new state-of-the-art Milpitas facility is now ready to host and cultivate robust R&D alliances with existing and new partners. Our Clusters of Excellence in China and Europe are important touchpoints for customer-specific requirements across manufacturing, supply chain management and sales and marketing. As we continue to strengthen the capabilities and connectivity of Venture's global Clusters of Excellence, we will build a commanding lead for Venture to become the preferred complementary partner of choice for global technology companies seeking the best in our industry.

Nurturing Our People, Driving Innovation

The people of Venture demonstrated their competency, resourcefulness, and resiliency in an unprecedented year. With the acceleration in digital transformation and adoption, we have responded swiftly and effectively to changes in customer interactions and business operations.

The proven tenacity and positive mindset of our people will continue to drive their pursuit of new heights of competency and excellence.

OVER THE PAST FEW YEARS, VENTURE'S R&D LABS HAVE BEEN
DELIVERING HIGH-VALUE STRATEGIC DEVICES, MODULES, AND
COMPLETE SOLUTIONS DEVELOPMENT TO SEVERAL PARTNERS IN
THE LIFE SCIENCE TECHNOLOGIES DOMAIN.





SUSTAINABILITY IN A NEW NORMAL

The pandemic has surfaced the importance of embedding sustainability within an organisation. The more immediate concerns would be how an organisation has taken care of its employees, manage its global supply chain and ensure continuity of its business operations. In the new normal, sustainability will no longer be a “good to have”, but a “must have”, for businesses to garner stakeholders’ trust in its long-term sustainability.

We encourage you to read more about our COVID-19 action plans in our Sustainability Report 2020. As a nimble and agile company, we were able to swiftly respond well to our stakeholders’ concerns and leverage our strengths to overcome challenges. On our Environment, Social and Governance (“ESG”) performance, we continue to make gradual improvements towards excellence in our sustainability reporting journey. With the Global Reporting Initiative’s (“GRI”) updates to certain mandatory disclosures, effective on 1 January 2021, we have started to track and report additional performance metrics for Water and Effluents and Occupational Health and Safety ahead of the required deadline. Our Sustainability Report 2020, which forms part of this Annual Report, continues to be prepared in according with the GRI Standards: Core Option.

For more information on Venture’s ESG performance in 2020, please refer to our Sustainability Report on pages 24 to 59.

OUR DEEPEST APPRECIATION

Venture has withstood the headwinds in 2020 with the support of all our stakeholders.

I would first like to thank our treasured customers and partners for entrusting their business needs to us unceasingly. Several of them provided valuable assistance that enabled the quick resumption of some of our “essential products and services” manufacturing activities in Malaysia and Singapore – a true embodiment of our deep-rooted partnerships built up over the years.

My appreciation also goes out to our global network of suppliers, vendors, and other business associates. Their support empowered us with the ability to continue delivering on our commitment to our customers and partners.

To our people, who remained dedicated and unwavering in the face of adversity, you have my deepest thanks and respect. To Venture’s Management, I would like to thank you for your tight stewardship of our teams and business operations. I would also like to express my deepest appreciation to Venture’s Board of Directors for their insightful guidance and constant encouragement. We welcome the addition of Ms Yeo Siew Eng as an independent non-executive Director. This will enhance the overall diversity and strength of our Board.

Finally, I would like to thank our shareholders for your loyal support.

As we embark on the next decade of transformation and growth, we are ebullient about the new opportunities in the new normal for Venture. We look forward to your continued support and participation in this exciting journey.

Wong Ngit Liong
Chairman & CEO

FIVE-YEAR FINANCIAL HIGHLIGHTS

(S\$ MILLION)

Comprehensive Income¹

	2016	2017	2018	2019	2020
Revenue	2,874.2	4,004.5	3,484.6	3,633.4	3,012.9
Profit Before Tax	215.9	432.4	433.0	420.0	342.8
Profit Attributable to Owners of the Company	180.7	361.5	370.1	363.1	297.3

Balance Sheet

Total Assets	2,758.5	3,144.2	3,204.6	3,274.2	3,239.6
Total Liabilities	796.0	976.1	852.5	775.7	650.4
Shareholders' Equity	1,960.1	2,165.8	2,349.9	2,496.2	2,586.5
Cash & Bank Balances	499.7	752.4	712.8	714.5	928.7
Net Cash Position	407.1	721.6	711.0	713.4	928.7

Key Ratios and Per Share Metrics¹

Earnings Per Share (Singapore cents) ²	64.8	126.0	127.3	125.3	102.2
Net Asset Value Per Share (Singapore cents)	703.1	760.9	816.4	865.4	891.8
Dividend Per Share (Singapore cents)	50.0	60.0	70.0	70.0	75.0
ROCE (%) ³	10.7	19.7	18.0	16.3	12.9
ROE (%) ⁴	9.4	17.5	16.4	15.0	11.7

¹ For better comparative purposes, Profit Before Tax, Profit Attributable to Owners of the Company and Earnings before Interests and Tax ("EBIT") used in the calculations exclude a one-off gain on disposal of an investment in associate in 2017.

² On a fully diluted basis.

³ Return on Capital Employed ("ROCE") is calculated using EBIT/ending Capital Employed. Capital Employed is measured using Total Assets less Current Liabilities.

⁴ Return on Equity ("ROE") is calculated using Profit Attributable to Owners of the Company/average Shareholders' Equity.

CORPORATE DIRECTORY

REGISTERED OFFICE

VENTURE CORPORATION LIMITED

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122
Email : contact-us@venture.com.sg
Website : www.venture.com.sg

COMPANY SECRETARY

DEVIKA RANI DAVAR

SHARE REGISTRAR

M & C SERVICES PRIVATE LIMITED

112 Robinson Road
#05-01
Singapore 068902
T : +65 6227 6660
F : +65 6225 1452

AUDITORS

DELOITTE & TOUCHE LLP

6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
T : +65 6224 8288
F : +65 6538 6166

Partner-in-charge
JAMES XU JUN
(Appointed with effect from the
financial year ended 31 December 2020)

BANKERS

CIMB Bank Bhd
Citibank N.A.
DBS Bank Ltd
JPMorgan Chase Bank
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation
Limited

INVESTOR RELATIONS

Email : investor.relations@venture.com.sg

BOARD OF DIRECTORS



WONG NGIT LIONG

Chairman & CEO

Mr Wong Ngit Liong, is the Chairman and CEO of the Venture Group of companies.

Under Mr Wong's visionary guidance, the Venture Group has transformed from an electronics manufacturing services start-up into today's leading global provider of technology services, products and solutions.

Mr Wong started his career with Hewlett-Packard Company (HP). He held management positions at its North American headquarters and supported the start-up of HP Singapore and HP Malaysia. Some of his past directorships include public-listed companies and local statutory bodies such as Singapore Exchange Limited, DBS Bank Ltd, the Economic Development Board of Singapore and International Enterprise Singapore. Mr Wong was the Chairman of the Board of Trustees at the National University of Singapore (NUS) from 2004 to 2016. He was also appointed a member of both the Constitutional Commission (2016) and the Ministerial Salary Review Committee (2011).

In recognition of his leadership and business acumen, Mr Wong was awarded the Businessman of the Year in 1998 by DHL Worldwide Express/ Business Times, Ernst & Young Entrepreneur of the Year Award (Singapore) in 2002 and Asiamoney's

Best CEO Award (Singapore) in 2004. He was conferred the Meritorious Service Medal at the National Day Awards 2012 and the Distinguished Service Order at the National Day Awards 2018 for his contributions to the nation in various sectors. In 2017, Mr Wong received the NUS Eminent Alumni Award as an acknowledgement of exceptional and sustained contributions and achievements nationally or globally in public and community service.

Mr Wong graduated with a 1st Class (Honours) degree in Electrical Engineering from the University of Malaya where he was an Eastern Mining & Metal Company (EMMCO) Scholar. He also holds a Master of Science in Electronics Engineering degree from the University of California, Berkeley where he studied as a Fulbright Scholar; and a Master of Business Administration degree with distinction from McGill University under the Canadian Commonwealth Fellowship.

Date of first appointment as a Director:

20 January 1989

Date of last re-election as a Director:

24 April 2019

Committee memberships:

- Chairman, Investment Committee
- Member, Nominating Committee

Number of directorships in listed companies (including Venture):

1

15

KOH LEE BOON

Independent Non-Executive Director
Lead Independent Director

Mr Koh Lee Boon, has more than 13 years of managerial experience in two companies within the electronics manufacturing industry, where he served as Executive Director. Until 1996, Mr Koh was Senior Vice President and Partner of SEAVI International Fund Management Pte Ltd and up to July 2012, he was a Director of SEAVI International Fund Management Pte Ltd and SEAVI Venture Management Pte Ltd.

Mr Koh holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Malaya.

Date of first appointment as a Director:

1 August 1996

Date of last re-election as a Director:

24 April 2019

Committee memberships:

- Chairman, Remuneration Committee
- Member, Audit Committee
- Member, Nominating Committee

Number of directorships in listed companies (including Venture):

1

BOARD OF DIRECTORS

GOON KOK LOON

Independent Non-Executive Director

Mr Goon Kok Loon, is the Executive Chairman of Global Maritime & Port Services Pte Ltd, a port management and design consultancy company. Mr Goon currently also sits on the Boards of Regal International Group Ltd and Yongnam Holdings Limited. Mr Goon has accumulated more than 38 years of experience in senior management positions with the Port of Singapore Authority and PSA Corporation Limited. For his contributions to the maritime sector, he was awarded the Silver and Gold Public Administration Medals by the Singapore Government in 1976 and 1989 respectively.

Mr Goon previously served on the Boards of Jaya Holdings Ltd, Singapore Petroleum Company Limited and Jurong Port Pte Ltd.

Mr Goon holds a 1st Class (Honours) degree in Electrical Engineering from the University of Liverpool in the United Kingdom and attended the Postgraduate Study Programme at the Massachusetts Institute of Technology in the United States. He is a Fellow of the Chartered Institute of Logistics & Transport.

Date of first appointment as a Director:

27 February 2004

Date of last re-election as a Director:

24 April 2018

Committee memberships:

- Chairman, Audit Committee
- Member, Investment Committee
- Member, Remuneration Committee

Number of directorships in listed companies (including Venture):

3

JONATHAN S. HUBERMAN

Independent Non-Executive Director

Mr Jonathan S. Huberman, is currently the Chairman and Chief Executive Officer of Software Acquisition Group II (NASDAQ: SAIL), a special purpose acquisition company targeting opportunities in the enterprise software industry. He also serves on the Boards of Aculon, Inc. and CuriosityStream (NASDAQ: CURI). From 2017 to 2019, Mr Huberman was the CEO of Ooyala, Inc., a US-based company, which provided online video technology products and services, including managing and delivering online videos around the globe to all devices.

With nearly 30 years of high-tech business leadership, Mr Huberman is an accomplished executive with a demonstrated track record of driving high customer satisfaction, technology innovation, and greater market value for software-as-a-service (SaaS) companies.

Previously, Mr Huberman served as CEO of Syncplicity, Inc, Tiburon, Inc. and Iomega Corporation.

Mr Huberman holds a Bachelor of Arts in Computer Science from Princeton University in New Jersey and an MBA majoring in Entrepreneurial Management and Strategic Planning from The Wharton School at the University of Pennsylvania in Philadelphia.

Date of first appointment as a Director:

2 January 2015

Date of last re-election as a Director:

3 June 2020

Committee memberships:

- Member, Audit Committee
- Member, Investment Committee

Number of directorships in listed companies (including Venture):

3

WONG YEW MENG

Independent Non-Executive Director

Mr Wong Yew Meng, currently serves in various public organisations such as the Nanyang Technological University, the Singapore Deposit Insurance Corporation Limited and the Kidney Dialysis Foundation Ltd.

Mr Wong joined the former Price Waterhouse in 1974 and was admitted as an Audit-Partner in 1985, before retiring from PricewaterhouseCoopers in 2008. He was the audit engagement partner on a number of listed company and unlisted company audits including major financial institutions and commercial enterprises, and was involved in several large client Initial Public Offer (IPO) listings. He played a key role in building up the financial services practice of the accounting firm and had extensive experience auditing companies in a variety of industries such as electronics, manufacturing, trading, petrochemical and services. His vast audit experience included acting as reporting accountant for IPOs and the provision of accounting advice for mergers. In addition, he was the investigative accountant in several large-scale Singapore corporate investigations.

Mr Wong graduated from the London School of Economics and Political Science, with a degree in Economics. Mr Wong is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Singapore Chartered Accountants (ISCA). He was a former practicing Certified Public Accountant of the Institute of Certified Public Accountants of Singapore (now known as ISCA), as well as the Accounting and Corporate Regulatory Authority.

Mr Wong was previously Chairman of the Health Promotion Board, Chairman of the Singapore National Eye Centre, a Director of the Singapore Eye Research Institute and Ascendas Funds Management (S) Ltd, and a board member of the People's Association, Public Utilities Board, the Land Transport Authority of Singapore and the Competition Commission of Singapore (now known as the Competition and Consumer Commission of Singapore), amongst other appointments.

Date of first appointment as a Director:

1 September 2009

Date of last re-election as a Director:

24 April 2018

Committee memberships:

- Member, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Number of directorships in listed companies (including Venture):

1

Major appointments (other than directorships):

- Member, Nanyang Technological University Board of Trustees
- Board member, Singapore Deposit Insurance Corporation Ltd
- Board member, Kidney Dialysis Foundation Ltd

Past principal directorships in the last three years:

- People's Association
- Land Transport Authority of Singapore
- Ascendas Funds Management (S) Ltd

BOARD OF DIRECTORS

HAN THONG KWANG

Independent Non-Executive Director

Mr Han Thong Kwang has a strong background, global experience and depth of knowledge in the technology industry. With nearly 30 years of experience, Mr Han held various senior management roles in operations, R&D, and had worldwide product-line responsibilities. He was the Vice President of the Business Printing Division of Hewlett-Packard Company for 14 years. He was responsible for developing and launching of the division's products and solutions, and driving its businesses worldwide. He was also responsible for setting up and running of the printing R&D centers in Singapore, China and India for 3 years.

Mr Han holds a Bachelor in Mechanical Engineering (Honours) and a Master of Science in Management of Technology from the National University of Singapore.

Date of first appointment as a Director:

1 January 2016

Date of last re-election as a Director:

3 June 2020

Committee memberships:

- Member, Audit Committee
- Member, Investment Committee

Number of directorships in listed companies (including Venture):

1

KAY KUOK OON KWONG

Independent Non-Executive Director

Ms Kay Kuok Oon Kwong, is the Executive Chairman of Allgreen Properties Limited, a Director of Shangri-La Hotel Limited (Singapore), Managing Director of Shangri-La Hotels (Malaysia) Bhd and a Director of Shangri-La Hotels Public Company Limited (Thailand). She sits on the Boards of Kuok (Singapore) Limited (and its various subsidiaries) and Kuok Brothers Sdn Bhd as well.

Ms Kuok is currently the Chairman of the National Healthcare Group Pte Ltd and the Yale-NUS College Governing Board. She has made notable contributions to education, tourism, healthcare, the arts and the environment, serving on several other educational and community service organisations, industry groups and government bodies, including MOH Holdings Pte Ltd, the Singapore Hotels Association, The Courage Fund Limited, the VIVA Foundation for Children with Cancer and the Northlight School.

Ms Kuok has received the Meritorious Service Medal, the Public Service Star (BBM) and the Public Service Medal (PSM) from the President of Singapore in 2015, 2005 and 1998 respectively. The Singapore Tourism Board honoured her with its Inaugural Award for Lifetime Achievement for Outstanding Contribution to Tourism in 2009 and its Special Recognition Award in 2004.

Ms Kuok is an Advocate and Solicitor (Barrister-at-Law) from Gray's Inn, London.

Date of first appointment as a Director:

1 January 2018

Date of last re-election as a Director:

24 April 2018

Committee membership:

- Chairman, Nominating Committee
- Member, Remuneration Committee (appointed 16 October 2020)

Number of directorships in listed companies (including Venture):

3

Major appointments (other than directorships):

- Chairman, National Healthcare Group Pte Ltd
- Chairman, Yale-NUS College Governing Board
- Board Member, MOH Holdings Pte Ltd
- Board Member, Singapore Hotels Association
- Chairman, The Courage Fund Limited
- Vice-Chair, VIVA Foundation for Children with Cancer
- Board Member, Northlight School
- Chairman, TTSH Community Fund

Past principal directorships in the last three years:

- SymAsia Foundation Limited
- Member, NUS Board of Trustees
- Wildlife Reserves Singapore Conversation Fund

TAN SEOK HOONG @MRS AUDREY LIOW

Independent Non-Executive Director

Ms Tan Seok Hoong @Mrs Audrey Liow, has strong experience and background in marketing, management and operations in the nutrition, health and wellness industry. She retired in May 2018 as the Market Head, Chairman and CEO of Nestlé Indochina Region, after 30 years of dedicated service with the Nestlé Group. During her prolific tenure with Nestlé, she held various commercial and leadership roles in Singapore, China, Switzerland, and across Asia and the Indochina regions.

Mrs Liow previously served as a Director on the Board of Nestlé ROH (Thailand) Ltd and on the Tanjong Katong Girls' School Advisory Committee. She is currently a Director of Hyphens Pharma International Limited and Heliconia Capital Management Pte Ltd.

Mrs Liow holds a Bachelor of Science degree from the National University of Singapore (NUS). In

2014, she was awarded the Outstanding Science Alumni Award by NUS in recognition of her accomplishments and contributions. She has also attended the Leadership Program at London Business School and the Berkeley-Nanyang Advanced Management Program.

Date of first appointment as a Director:

1 November 2018

Date of last re-election as a Director:

24 April 2019

Committee memberships:

- Member, Remuneration Committee
- Member, Investment Committee
- Member, Audit Committee (appointed 16 October 2020)

Number of directorships in listed companies (including Venture):

2

Past principal directorships in the last three years:

- Nestlé ROH (Thailand) Ltd.

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WONG-YEO SIEW ENG

Independent Non-Executive Director

Ms Yeo Siew Eng is currently an Independent Non-Executive Director of Nam Lee Pressed Metal Industries Limited.

Ms Yeo was a partner of Deloitte & Touche LLP until her retirement in 2018 and headed its Real Estate practice. As Partner-in-charge of external audit services for publicly listed groups, private enterprises, regional headquarters and multi-national corporations, her experience over the years included manufacturing, infrastructure contract work, real estate development and investment, hospitality, marine sector, financial sector, oil and derivative trading. Her audit experience in manufacturing includes the electronic sector, OEM, contract manufacturing, design services and associated logistics.

She had been the General Manager - Finance and Corporate Services of Wing Tai Holdings Limited responsible for treasury operations, financial reporting, regulatory compliance and investor relations.

Ms Yeo graduated from the National University of Singapore with a Bachelor of Accountancy degree. She is a Fellow of the Institute of Singapore Chartered Accountants and a member of Singapore Institute of Directors.

Date of first appointment as a Director:

16 October 2020

Date of last re-election as a Director:

-

Number of directorships in listed companies (including Venture):

2

KEY MANAGEMENT EXECUTIVES

WONG NGIT LIONG*

Chairman & CEO

NG CHEE KWON

Chief Financial Officer

Mr Ng Chee Kwoon is the Chief Financial Officer of Venture Corporation Limited. As Group CFO, Mr Ng is responsible for the Group's finance and accounting function encompassing financial and statutory reporting, corporate and financial planning, treasury, tax, risk management and investor relations.

Mr Ng brings with him more than 25 years of finance experience spanning from multinational corporations to SGX-listed companies. Prior to joining Venture, Mr Ng had held senior finance positions in various organisations including WBL Corporation Limited, Popular Holdings Limited, Delphi Automotive Systems, BHP Limited and the Singapore Civil Service.

Mr Ng graduated with a Bachelor's degree in Accountancy from the Nanyang Technological University, Singapore, and completed a management problem solving and decision making programme conducted by Kepner-Tregoe International, Princeton, USA. Mr Ng is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

LEE GHAI KEEN

Chief Operating Officer

Mr Lee Ghai Keen joined the Group in March 1998 and was promoted to Chief Operating Officer in 2021. As COO, Mr Lee oversees group operations across Venture's business sectors as well as Venture's Research and Development Labs.

Prior to being COO, Mr Lee was the Executive Vice President of Technology Products & Solutions, a role he was appointed to since 2012. He provided key leadership to Group-wide R&D efforts and

programmes and led a large group of R&D engineers across the Group's design centres in Singapore, Malaysia, China and the USA. He was responsible for the Group's Retail Store Solutions & Industrial Products business and operations in Singapore, Malaysia and China.

Mr Lee has amassed considerable experience in research, engineering and design development in the electronics sector. He holds seven US design patents. Prior to 1998, Mr Lee was employed by the Hewlett-Packard Company and held various R&D positions within the company.

Mr Lee holds a Bachelor of Science degree in Mechanical Engineering from the University of Glasgow, United Kingdom and a Master of Business in IT degree from the Royal Melbourne Institute of Technology, Australia.

DHARMA NADARAJAH

Executive Vice President

Advanced Manufacturing & Design Solutions

Mr Dharma Nadarajah joined the Group in February 2001. He is responsible for the Group's Advanced Manufacturing & Design Solutions businesses across the globe covering a full spectrum of high value-added services including product design and engineering, supply chain and supplier management, advanced manufacturing and test process development, order management and optimisation, product development and manufacturing, new product introduction management, as well as high-precision multi-cavity tool design and fabrication and clean room medical-grade injection moulding.

Prior to joining Venture, he gained extensive experience in the disk drive industry as an Engineering Manager and a Senior Process Engineer at Quantum and Seagate respectively, specialising in Magnetic Heads manufacturing technology and processes.

He had cross-border working exposure in Singapore, Malaysia, the USA, and Indonesia in those companies. Mr Nadarajah was also trained in the United Kingdom as a Field Engineer for

* Please refer to page 15.

Schlumberger Wireline, and deployed on various offshore oil platforms around the world.

Mr Nadarajah holds a Bachelor of Engineering (Honours) degree in Computer Systems Engineering from the University of Bristol, United Kingdom, which he attended as a Malaysia Public Service Department scholar. He also holds an MBA from the Nanyang Business School, Nanyang Technological University, Singapore, where he was the Institute of Engineers' Gold Medallist.

WONG CHEE KHEONG

Senior Vice President
Healthcare and Wellness
Global Supply Base Management
Information Technology

Mr Wong Chee Kheong joined the Group in May 2003. He is the Senior Vice President of the Group's Healthcare and Wellness business.

Mr Wong also leads the Group's Global Supply Base Management team in strategic procurement activities for all electronics components, electro-mechanical and mechanical fabricated parts. In addition, he provides leadership for the Information Technology group in providing SAP, manufacturing execution system services and secured IT services for internal business groups, as well as extending business-to-business linkages with customers and suppliers.

Prior to joining Venture, Mr Wong worked in Agilent Technologies in various senior R&D management positions developing automated semiconductor and PCBA vision inspection equipment. Before that, he worked in Hewlett Packard in various R&D and management positions developing inkjet printing products. Mr Wong also had work stints in Unisys Corporation and Chartered Industries Singapore involving the development of computer storage and defense electronics products.

Mr Wong graduated with a First Class Honours in Electrical Engineering from the National University of Singapore.

LIM SITA

Chief Human Resource Officer

Mr Lim Sita joined the Group in September 2014. He is responsible for the Group's human resource function and provides strategic leadership to drive Group-wide HR policies, practices, systems and processes and build employee engagement.

Mr Lim has more than 20 years of extensive experience in human resource management and industrial relations having worked with multinational corporations in the marine and offshore, advanced semiconductor manufacturing and the pharmaceutical and medical device sectors. Mr Lim has also amassed considerable cross-border experience given his previous regional roles covering Singapore, Malaysia, Indonesia, as well as Australia and the South Asian region.

Mr Lim holds a Bachelor of Arts degree from the National University of Singapore.

LIST OF PROPERTIES



ANG MO KIO
Singapore



MARSILING
Singapore



JOHOR BAHRU
Malaysia



JOHOR BAHRU
Malaysia

Location	Address	Site area (Sq.m.)	Tenure	Usage
Singapore				
MK 18, Lot No. 17946P Singapore	5006 Ang Mo Kio Avenue 5 TECHplace II, Singapore 569873	8,219	Leasehold (Expiring 2052)	Office and Industrial
MK 13, Lot No. 2361 Singapore	28 Marsiling Lane Singapore 739152	10,550	Leasehold (Expiring 2022)	Office and Industrial
Malaysia				
Geran 459975 Lot 44895 (formerly known as HS(D) 270912 PTD 68794) Mukim Tebrau Johor Bahru, Johor, Malaysia	2 (PLO 121), Jalan Firma 1/3 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia	15,443	Leasehold (Expiring 2054)	Office and Industrial
HS(D) 270913 PTD 68795, Mukim Tebrau Johor Bahru, Johor, Malaysia	6 (PLO 120), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia	16,046	Leasehold (Expiring 2054)	Industrial
HS(D) 333450 PTD 97125, Mukim Tebrau Johor Bahru, Johor, Malaysia	1, Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia	44,470	Leasehold (Expiring 2052)	Industrial
HS(D) 45801 PTD 8824, Mukim Senai Kulai, Johor Bahru, Johor, Malaysia	PLO 49, Jalan Perindustrian 4 Kawasan Perindustrian 2 81400 Senai Johor, Malaysia	4,978	Leasehold (Expiring 2052)	Industrial
HS(D) 445334 PTD 100821, Mukim Senai Kulai, Johor Bahru, Johor, Malaysia	PLO 34 & 35, Fasa 2 Kawasan Perindustrian Senai 81400 Senai Johor, Malaysia	24,581	Leasehold (Expiring 2049)	Office and Industrial
HS(D) 270914 PTD 68796, Mukim Tebrau Johor Bahru, Johor, Malaysia	4 & 4a (PLO 117), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia	16,187	Leasehold (Expiring 2025)	Office and Industrial
HS(D) 237904-237908 PTD 67770-67774, Mukim Tebrau Johor Bahru, Johor, Malaysia	2, 4, 6 & 8 Jalan Kempas 5/2 Tampoi Industrial Area 81200 Johor Bahru Johor, Malaysia	29,029	Freehold	Industrial
HS(D) 218290 PTD 64850, Mukim Tebrau Johor Bahru, Johor, Malaysia	5 (PLO 5), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia	18,763	Freehold	Industrial



Location	Address	Site area (Sq.m.)	Tenure	Usage
HS(D) 468918 PTD 152116, Mukim Tebrau Johor Bahru, Johor, Malaysia	47, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	4,730	Freehold	Industrial
HS(D) 6220 LOT 4020 Mukim Tebrau Johor Bahru, Johor, Malaysia	49, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,476	Freehold	Industrial
HS(D) 6221 LOT 4021 Mukim Tebrau Johor Bahru, Johor, Malaysia	51, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,195	Freehold	Industrial
HS(D) 6222 LOT 4022 Mukim Tebrau Johor Bahru, Johor, Malaysia	53, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,111	Freehold	Industrial
HS(D) 6223 LOT 4023 Mukim Tebrau Johor Bahru, Johor, Malaysia	55, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,093	Freehold	Industrial
HS(D) 46117 PT 5272, Seberang Perai Selatan Penang, Malaysia	Plot 318, Batu Kawan Industrial Park Seberang Perai Penang, Malaysia	123,706	Leasehold (Expiring 2074)	Industrial
HS(D) 8712 PT 3217, Bayan Lepas Penang, Malaysia	Plot 44, Bayan Lepas Industrial Park IV 11900 Bayan Lepas Penang, Malaysia	39,522	Leasehold (Expiring 2055)	Industrial
Lot 12368 Mukim 12, Barat Daya Penang, Malaysia	Plot 26, Hilir Sungai Kluang 3 Bayan Lepas Free Industrial Zone Phase 4 11900 Bayan Lepas Penang, Malaysia	8,981	Leasehold (Expiring 2051)	Office and Industrial
China				
Shanghai, People's Republic of China	69 Huang Yang Road Tower 2, 6/F, Unit D, Xin He Gardens Jin Qiao, Pudong Shanghai 201206 People's Republic of China	156	Leasehold (Expiring 2063)	Residential
Shanghai, People's Republic of China	668 Li Shi Zhen Road Zhangjiang Hi-Tech Park Pudong Shanghai 201203 People's Republic of China	20,000	Leasehold (Expiring 2050)	Office and Industrial
USA				
Assessor's Parcel Number (APN): 083-31-023 Milpitas, California United States of America	1621 Barber Lane (also known as 481 Cotton- wood Drive) Milpitas, CA 95035 United States of America	39,012	Freehold	Office and Industrial

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LETTER FROM THE BOARD

Dear Stakeholders,

2020 was an unprecedented year precipitated by the COVID-19 pandemic. As a global market player, Venture needed to reshape and transform quickly to overcome the pandemic-related challenges.

We rose above the situation. We set up multi-tiered taskforces to provide direction and oversight on key areas such as Global Supply Base Management, Human Resource and Crisis Management, to reinforce the essential components of our value chain and deliver on our commitments to our stakeholders.

Our employees – the bedrock of our organisation – demonstrated their competencies, resilience and resourcefulness, working tirelessly to provide critical support to our customers. Their diligence did not go unnoticed. We received letters of praise and appreciation from several customers commending our dedicated support to them during the pandemic. Venture feels privileged, and is honoured, to have played a pivotal role in producing equipment that have helped to protect and save lives.

While the pandemic has defined much of 2020, Venture was steadfast in its commitment to long-term sustainability by constantly reviewing current performance and setting improvement goals for our Environment, Social and Governance material factors.

The Group maintains a strong corporate governance framework that guides, drives, and oversees the organisation towards greater heights of excellence. We are pleased to report that Venture moved up 49 places on the Singapore Governance and Transparency Index, from 81st in 2019 to 32nd in 2020. In addition, we are also pleased to share that there were no reported incidents of significant non-compliance with any socio-economic and environmental regulatory frameworks in the places where we operate, as covered in this report. During the year, we also concluded an enhancement review of our Code of Conduct and implemented a standalone Anti-Bribery and Anti-Corruption policy.

Venture consistently strives to safeguard the confidentiality of our customers' and stakeholders' information. This is especially important in the pandemic-induced new normal, where remote

working or work-from-home format relies heavily on online communications and information exchanges. We continue to strengthen our data and information protection measures. These include the recent implementation of the ISO 27001 Information Security Management certification at the corporate level, achieved in January 2021. Efforts are ongoing to achieve the ISO 27001 certification at our other key global sites.

To ensure a safe work environment, we have implemented stringent COVID-19 guidelines for our global sites. Our Workplace Safety and Health committees remain dedicated to overseeing the management, enforcement, and improvements of our Occupational Health and Safety policies. We are pleased to announce that there were zero fatalities and zero reported incidents of significant non-compliance with any relevant health and safety laws and regulations in all reported locations of operations.

Developing our people remains a priority for Venture's long-term success. We will continue to refine and enhance our employment practices through initiatives that improve employee well-being. At the same time, we will also keep promoting and embracing diversity and inclusion at our workplaces to attract and retain the best talents.

Recognising the importance of protecting the environment, Venture champions and promotes environmentally sustainable practices and effective resource management. We have maintained the ISO 14001 certifications at all our operational sites. We currently have instituted several energy efficiency and water reduction initiatives to improve our resource usage. Please refer to the respective sections of our report for more information.

New opportunities abound for Venture to become a more sustainable company in a world facing new norms. By continuously transforming ourselves, we will be able to remain relevant in our dynamic environment, driving long-term, responsible, purposeful and sustainable growth while delivering our best performance to all our stakeholders.

Board of Directors

Venture Corporation Limited

2020 AT A GLANCE



ZERO

REPORTED
INCIDENTS OF
CORRUPTION
AND BRIBERY



ZERO

REPORTED CASES
OF SIGNIFICANT
FINES OR
PENALTIES



ZERO

REPORTED CASES OF ENVIRONMENTAL AND
SOCIO-ECONOMICAL NON-COMPLIANCE



ENHANCED

CODE OF
CONDUCT



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IMPROVED RANKING
ON SINGAPORE
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ALL SITES
CERTIFIED TO
ISO 14001



126.74

AVERAGE
TRAINING HOURS
PER EMPLOYEE



ZERO

FATALITIES
AT REPORTED
SITES



ZERO

REPORTED INCIDENTS
OF CUSTOMER
DATA AND/OR
INFORMATION
LEAK AND LOSS

ABOUT THIS REPORT

This section of our Annual Report contains our fourth annual Sustainability Report ("report") for the period 1 January to 31 December 2020 ("FY 2020"). This report communicates our approach, efforts, performance data and related information for our material economic, environmental, social and governance ("EESG") factors that are key to our business and stakeholders. We recommend reading this report together with the other sections of our Annual Report 2020, which provides key information on our financial performance, as well as details on our corporate governance and risk management.

We have chosen the Global Reporting Initiative ("GRI") reporting standards and principles to ensure stakeholder inclusiveness, accuracy, clarity, reliability and comparability of the information presented in this report. This report has been prepared in accordance with the GRI Standards: Core Option. We have updated our reporting practices in accordance with latest revisions to several GRI Standards¹. This report also complies with requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules Practice Note 7.6 Sustainability Reporting Guide.

The scope of this report covers our major sites in Singapore and Malaysia that collectively

contribute more than three quarters of Venture's FY 2020 revenue. There is no significant change to the size, structure or ownership of our operations compared to the previous report. We have expanded the scope of this year's sustainability report to include our Woodlands site in addition to Ang Mo Kio and Marsiling in Singapore while the scope remains unchanged for our Malaysia sites – Penang, Senai and Johor Bahru.

This report uses standard units of measurement. Conversion factors, where required, are explained in their respective sections.

Venture has not commissioned any third-party assurance on this report. For now, our focus is on engaging stakeholders and integrating stakeholders' feedback into the sustainability management of our organisation.

We highly value stakeholder feedback and warmly welcome your comments to help us improve our performance in sustainability. If you have comments, please send them to sustainability@venture.com.sg.

¹ Updated GRI Standards - GRI 303: Water and Effluents 2018 & GRI 403: Occupational Health and Safety 2018



VENTURE'S SUSTAINABILITY APPROACH

OUR GOVERNANCE

OUR SUSTAINABILITY GOVERNANCE STRUCTURE



Board of Directors

Provides oversight on significant EESG factors that are material to Venture's long-term business objectives



Sustainability Steering Committee

Develops Venture's sustainability strategy and policies; monitors performance



Sustainability Task Force

Manages Venture's sustainability policies, initiatives, and programmes



All Employees

Implement Venture's sustainability initiatives and programmes

Venture's Board of Directors ("the Board") is comprised of members responsible for our company's corporate governance. The Board provides oversight on significant EESG factors to safeguard and align with Venture's strategy and long-term value creation. The Board oversees Venture's sustainability strategy through the Sustainability Steering Committee ("SSC"). The SSC, comprising senior leaders from different strategic business and operational units, has direct advisory supervision on Venture's sustainability strategy, initiatives and performance. The SSC meets annually to review Venture's sustainability plans. On behalf of the SSC, the Investor Relations and Corporate Communications team provides periodic updates on sustainability to the Board.

The SSC is supported by the Sustainability Task Force ("STF") which comprises representatives across Venture's business and operational units. The STF is involved in the day-to-day management of Venture's sustainability initiatives and programmes. Venture's sustainability initiatives and programmes are implemented by all our employees across different business and operational units.



OUR VALUES AND STRATEGY



ETHICS AND COMPLIANCE



The Venture Group's sustainability strategy and approach are driven by our Sustainability Governance, which is based on our commitment to create impactful long-term value for our business partners and customers, employees, shareholders and all other stakeholders. The implementation of our sustainability strategy is anchored on our strong governance, corporate culture and five core values, which form the foundation of all our operations and activities.

Venture's highest level of leadership guides the continuous improvements and integration of sustainability-driven and focused practices across our operations and value chain. We recognise that sustainability or EESG factors are important aspects in our business decisions and commitment to long-term value creation for our stakeholders. We seek to continue improving our EESG performances as well as integrate sustainability within our operations.

Sustainability risks beyond the six material factors identified and reported in this report are actively deliberated within Venture's Enterprise Risk Management Framework. Appropriate controls and mitigating steps are applied for all potential sustainability risks. In this report, we focus on our key material issues. We continue to be proactive in identifying and addressing new risks and challenges related to our sustainable development.

At Venture, we place a strong emphasis on conducting our business with fairness, honesty, integrity, and in compliance with all applicable laws and regulations of our countries of operation. These include regulations on export control, operational permits, finance and accounting, labour laws, customer protection, personal data protection, workers' health and safety, use of conflict-free minerals, and environmental frameworks.

To proactively ensure compliance with all laws and regulations, we have instituted various policies across the Group to guide our business conduct. These policies apply to all our operations and employees. Our business leaders are kept informed about Venture's ethics and compliance performance so that they can effectively lead their teams towards excellent business conducts. A primary example is our Conflict Minerals Policy, which reflects our commitment to sourcing components and materials in line with government regulations and international standards, such as the Responsible Business Alliance ("RBA") standards and the Global e-Sustainability Initiative. We are pleased to share that there were no reported incidents of non-compliance with our Conflict Minerals Policy in 2020. No contracts with business partners or suppliers had to be terminated due to the presence of conflict minerals in their supply chain.

In 2020, we have made significant improvements to some of our policies and management measures. We reviewed and enhanced our Code of Conduct and implemented a standalone Anti-Bribery and Anti-Corruption ("ABC") policy. We are pleased to highlight some of the key topics and improvements along with disclosing some key policies to ensure good governance and ethical conduct across our operations.



For further details on our Code of Conduct, ABC policy, policies mentioned above, and other policies, please refer to our Sustainability & Governance webpage at <https://www.venture.com.sg/sustainability-governance>.

VENTURE'S SUSTAINABILITY APPROACH



CODE OF CONDUCT

Venture has reviewed and updated our Code of Conduct in 2020. The Code of Conduct is anchored on our five core values which outline the principles and compliance expectations for all employees. We recognised that our employees' abidance to the Code of Conduct will best exemplify

our commitment to our five core values. There are two core premises of the Code of Conduct: 1) treating employees with respect and dignity, and 2) managing business with integrity and responsibility. Each major area of focus is governed by some of Venture's policies.

Focus Areas	Corresponding Policies
TREATING EMPLOYEES WITH RESPECT AND DIGNITY	
Workplace Safety and Well-being	Health and Safety Policy
Personal Data Privacy	Personal Data Protection Policy
Conducive Working Environment	–
Safe Reporting Channel	Whistle-Blowing Policy & Grievance Handling Policy
MANAGING BUSINESS WITH INTEGRITY AND RESPONSIBILITY	
Confidential Information and Intellectual Property Rights	–
Fair, Honest and Ethical Business Conduct	–
Sound Procurement Practices	Compliance with Export Control Laws
Financial Reporting and Record Keeping	In accordance with Singapore Companies Act, Singapore Financial Reporting Standards [International], applicable laws and regulations
Company Processes and Records	–
Anti-Bribery and Anti-Corruption	ABC Policy
Gifts and Business Entertainment	Gifts and Business Entertainment Policy
Conflicts of Interest	Conflicts of Interest Declaration Programme
Trading of Company Shares	Insider Trading Policy
Company Assets	–
Environment	Environmental Policy
External Communications	–

The Code of Conduct ensures that employees and workers are treated with respect and dignity. Venture observes labour rights and upholds basic rights of workers, non-discrimination, and freedom of association in accordance with local legislations. Our operations are also free from any forms of worker exploitation and slavery. As our workforce is made up of a significant number of migrant workers, we actively engage with

our recruitment service providers, including conducting audits, to ensure that the recruitment and labour management processes comply with all local regulations and our Code of Conduct.

Our Code of Conduct applies to all our operations around the world. Therefore, it establishes a Group-wide standard and fosters an environment of trust and ethical behaviour among our people.



ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

In 2020, Venture implemented a standalone Anti-Bribery and Anti-Corruption ("ABC") policy after receiving feedback from our customers. The ABC policy ensures that Venture upholds a corporate culture of integrity and has a zero-tolerance approach towards fraud and corruption. Policies and practices on ABC are included in our Code of Conduct. We are committed to complying with all anti-corruption and anti-bribery laws in all our locations of operations.

The ABC is built upon several key principles. Firstly, we forbid any form of inducement, bribery and corruption, and comply fully with applicable anti-bribery and anti-corruption laws in our business conducts. All Venture personnel must avoid bribery and corruption, and soliciting or offering donations to third parties for the intention of gaining business advantage. Secondly, all Venture personnel shall not make any unauthorised political donations on behalf of Venture. Thirdly, gifts to public officials are strictly prohibited and engagement with these figures should be modest and reasonable.

Employees are required to complete an Annual Self-Declaration on Conflicts of Interest to prevent or detect potential corruption violations. In addition, Venture's third-party suppliers are required to adhere to our Code of Conduct and relevant policies such as the Compliance with Export Control Laws, and the Conflict Minerals Policy. We are currently developing a Supplier Code of Conduct.

We are pleased to report that there were no reported incidents of corruption and bribery in 2020. In addition, no public legal cases regarding corruption or bribery were brought against Venture and its subsidiaries. No contracts with business partners or suppliers had to be terminated due to violation related to corruption or bribery.



All new employees are enrolled in an induction programme. The programme informs our new employees on Venture's core values and our various policies, including the Code of Conduct. Our employees also undergo training to stay informed on recent developments or sustainability-related risks that may impact their business or operational functions. With our enhanced Code of Conduct in 2020, we are developing new communication modules and refresher trainings for our employees. We aim to introduce the enhanced training modules this year.

In 2020, there were no reported incidents of significant non-compliance with any relevant socio-economic and environmental regulatory frameworks in our locations of operations covered in this report. There were also no significant fines or non-monetary sanctions imposed on Venture or its subsidiaries. Testament to our relentless pursuit of higher corporate governance standards, we made significant strides on the Singapore Governance and Transparency Index ranking. We improved our ranking from 81st in 2019 to 32nd in 2020, supported by the achievement of 11 bonus points in 2020 as compared to 4 demerit points in 2019. We are also pleased to announce that our Ang Mo Kio site has received Platinum Certification Level for our RBA Audit 2020 for achieving zero non-conformance and areas for improvement.

We will not be resting on our laurels. As we progress in our journey to achieve our aspiration of becoming a global technology powerhouse, good corporate governance and ethical conduct will continue to be at the heart of our business.

VENTURE'S SUSTAINABILITY APPROACH



PROTECTION OF CONFIDENTIAL INFORMATION



As a global provider of technology services, products, and solutions, safeguarding confidential information is paramount in building and maintaining trust with our customers and stakeholders. We conduct our business in compliance with data protection laws and standards such as the Personal Data Protection Act and the RBA's Code of Conduct – Ethics and Management System (Intellectual Property). We also have a Personal Data Protection Policy to maintain our commitment to data privacy and protection for all parties involved with Venture.

With the increasing prevalence and complexity of cyber attacks and personal data theft, Venture adopts a holistic and risk-based framework to safeguard confidential information. Across the Group, all manufacturing sites and business units are guided by policies and standard operating procedures ("SOPs") which prescribe measures to securely receive, handle, and store confidential information in secure storage facilities.

In addition, Venture's Information Technology ("IT") department regularly monitors and make improvements to our IT infrastructure, systems, and SOPs to safeguard confidential information. At the corporate level, we maintained the improvements made in 2019 while making further progress in 2020. Some of the initiatives in 2020 included the implementation of a 24/7

Security Operation Centre Firewall Monitoring for key sites, to enhance cyber monitoring and defence. We have also deployed the TrendMicro Cloud App security to further strengthen data security during the use of Microsoft Office 365 and cloud services. At the Group-wide level, the IT Acceptable Use Policy continues to be enforced to maintain and improve governance of IT resource usage and security. Periodic audits are also conducted by Venture's Internal Audit team to ensure that all sites are in compliance with the policies and SOPs.

Our employees are essential in supporting our initiatives to protect confidential information. Therefore, we place a strong emphasis on inculcating an organisational culture that encourages accountability and responsibility to protect confidential information. A series of training programmes were put in place to instil employee awareness on prevailing risks, handling and protection of sensitive corporate data, and legal repercussions of violating confidentiality obligations. Clauses on confidentiality and employees' legal obligations to protect confidential information are also included in all our employment contracts.

In 2020, there were no substantiated complaints and incidents concerning breaches, leak or loss of customer data and information from Venture's IT network.





STAKEHOLDER ENGAGEMENT

We define our stakeholders as persons or groups whom our business has a significant impact on, and those with a vested interest in our business or operational performance. By assessing the significance and impact of our stakeholders' interest in Venture's business and vice versa, we have identified three key stakeholder groups, namely our business partners (mainly our customers and suppliers), employees and shareholders.

Venture constantly engages a broader range of stakeholders, including national and local governments, suppliers, investor analysts, local

communities, industry associations, and interest groups through various avenues. We carefully consider the interests and concerns raised by these stakeholders in our business strategy, management decisions, and operations. In 2020, we implemented our standalone Anti-Bribery and Anti-Corruption policy, incorporating suggestions from our key business partners.

The following table shows the different engagement methods employed with our three key stakeholder groups, including their topics of interest.

Stakeholder Group		Topics of Concern or Issues of Interest	Engagement Platforms and Frequency
Business Partners	Customers	• Delivery of innovative solutions with excellent technological and engineering capabilities • Compliance to ethical and responsible ESG standards along the supply chain • Protection of confidential information	• Regular meetings between our business partners and our internal resources including Senior Management, Total Customer Satisfaction ("TCS") Managers, Alliance Management and Programme Managers • Business review and customer scorecard • Regular after sales follow-up
	Suppliers	• Fair and competitive business conduct • Compliance to ethical and responsible ESG standards along supply chain • Protection of confidential information	• Regular communications, meetings, and teleconferences • Annual meetings and assessments • Facility tours and visits
Employees		• Corporate direction and strategy • Fair and competitive remuneration and benefits • Career development and training opportunities • Labour and human rights • Workplace health and safety	• Induction programme for new employees • Training and development programmes • Regular communications and meetings • Recreational and wellness activities • Annual performance appraisals and career development reviews
Shareholders		• Financial performance • Business outlook • Shareholder value and returns	• Annual General Meetings • Annual and sustainability reports • Results updates • Regular analysts and investors meetings • Non-deal roadshows • Company website

VENTURE'S SUSTAINABILITY APPROACH



MATERIALITY

Our current material sustainability factors were determined through a materiality assessment process in 2017. The list of material factors was subsequently reviewed in 2018. The process of defining and reviewing our material factors is largely based on GRI's Principles for Defining Report Content, guided by their four-step approach which involves identification, prioritisation, validation and review. During the process, we took into consideration our existing risk analysis and disclosures, industry peers' disclosures, stakeholders' feedback, as well as international best practices. We then set and refined targets according

to progress in each of our material factors. In 2020, we have identified the Sustainable Development Goals ("SDGs") relevant to our material factors with a view of conducting a formal SDG mapping in the future.

The following list of material factors were identified and are addressed in our sustainability reports.

To ensure our material factors remain up-to-date and relevant to our various stakeholders and business operations, we plan to conduct a materiality review through stakeholder engagement in 2021.

Venture's Material Sustainability Factors	Factor boundaries ¹		Corresponding GRI Standards Topics	Relevant chapter in this report	SDGs
	Internal stakeholders	External stakeholders			
Economic Performance	✓	✓	GRI 201: Economic Performance	Economic Performance	 
Environmental Management	✓	✓	GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 307: Environmental Compliance	Our Environment	       
Occupational Health and Safety	✓	✓	GRI 403: Occupational Health and Safety	Occupational Health and Safety	  
Talent Attraction, Retention and Development	✓		GRI 404: Training and Education	Our People	   
Protection of Confidential Information	✓	✓	GRI 418: Customer Privacy	Protection of Confidential Information	
Compliance with Other Laws and Regulations	✓	✓	GRI 419: Socioeconomic Compliance GRI 307: Environmental Compliance	Ethics and Compliance Our Environment	

¹ Factor boundaries are defined as stakeholders who may be affected by or have influence on Venture's material sustainability factors.



TARGETS

Venture's Material Sustainability Factors	Targets	Status
Economic Performance	For information on our economic and financial performance, please refer to pages 8-12, 110-191 in our Annual Report 2020	
Environmental Management	Zero cases of significant fines or non-monetary sanctions related to environmental laws and regulations	No significant fines or non-monetary sanctions related to environmental laws and regulations in 2020; ongoing in 2021
	All sites to maintain ISO 14001 certifications	All operational sites certified to ISO 14001 in 2020; ongoing in 2021
	Reduce Greenhouse Gas ("GHG") emissions intensity	Reduction in 2020 largely due to COVID-19 restrictions. Ongoing work to improve energy efficiency
Occupational Health and Safety	All safety officers to maintain their certifications	All our safety officers maintained their certifications in 2020; ongoing in 2021
	Selected employees to attend mandatory Occupational Health and Safety ("OHS") training	All selected employees attended mandatory OHS trainings in 2020; ongoing in 2021
	Zero fatalities across total workforce	Zero fatalities in 2020
	Move beyond an emphasis on employee safety to the promotion of employee health and total well-being by identifying workplace or job areas which impacts employee health and well-being as well as introducing initiatives to improve workplace well-being	Ongoing
Talent Attraction, Retention and Development	Continue to refine and enhance employment brand to attract and retain the best talents	Engaged a few top-tier universities in one of our sites to hire graduates and interns through career talks and job fairs; ongoing in 2021
	Continue to improve engagement focus groups to ensure effective and open channels are available for our employees	We engage our employees on various platforms, such as performance appraisals, communication sessions and training sessions
	Maintain at least 40 average training hours per employee in 2020	In 2020, we achieved an average of 126.74 hours of formal training per employee
	Explore workplace initiatives to promote employee health, such as encouraging healthy eating habits and frequent physical exercise	Ongoing

■ On Track ■ New Targets

VENTURE'S SUSTAINABILITY APPROACH



TARGETS

Venture's Material Sustainability Factors	Targets	Status
Talent Attraction, Retention and Development (cont'd)	Enhance performance management system to ensure a fair and objective evaluation, leading to constructive development	Ongoing
	Train our employees to be future-ready with required skills and knowledge and maintain our human capital's competitive edge	Ongoing
	Roll out a Programme Manager Training modular workshop to enable our Programme Management team to continue rendering the highest level of TCS to our partners	Ongoing
	Develop communication modules and refresher trainings on Venture's Code of Conduct for all employees as our success is anchored on a Corporate Governance framework that reinforces our commitment to be socially and ethically responsible	Ongoing
Protection of Confidential Information	Maintain compliance with all existing policies and procedures	Zero reported incidents of significant non-compliance with all existing policies and procedures in 2020; ongoing in 2021
	Continue to improve existing processes to safeguard confidential information	Group-wide initiatives were successfully rolled out by the IT department to improve our cyber security infrastructure in 2020; ongoing in 2021
	Obtain ISO 27001 Information Security Management System ("ISMS") certification for the Corporate IT department to systematically manage risks and ensure business continuity	Corporate IT ISO 27001 ISMS certification achieved in January 2021
	Obtain ISO 27001 ISMS certification for all key global sites	Targeting to obtain certification for one of Venture's key sites in 2021
Compliance with Other Laws and Regulations	Maintain compliance with all relevant laws and regulations	Zero reported incidents of significant non-compliance with all relevant laws and regulations in 2020; ongoing in 2021
	Roll out new communication modules and refresher trainings on Code of Conduct for employees	Ongoing

OUR COVID-19 RESPONSE

Amid the COVID-19 pandemic, Venture remained resilient and adaptable. We put our resourcefulness and resilience qualities in full gear, turning challenges into opportunities for our customers, our people, and our communities.

Even in the early stages of the pandemic, Venture acted swiftly, setting up multiple taskforces to manage stakeholders' key concerns:

1. Global Supply Base Management Taskforce: to resolve logistics and supply chain challenges
2. Human Resource Taskforce: to resolve manpower disruptions
3. Crisis Management Taskforce: to oversee all COVID-19 related issues or challenges, led by executive committee members and business leaders.

Given the prompt actions taken, Venture was able to transform, reinvent and strengthen our capabilities to provide critical support to our stakeholders.



Ensuring Employees' Well-being

Securing employees' safety: Split teams or work-from-home arrangements were implemented at all sites in 2020. Other safety measures included social distancing and good hygiene practices, mandatory quarantine periods for employees returning from high-risk countries, deference of cross-Venture sites visits, and restriction on visitors to Venture's sites. These measures and Venture's site management procedures were consolidated in a Group-wide COVID-19 guideline, which was sent to all business and functional leaders for dissemination to our workforce. The guideline detailed necessary precautionary measures to ensure the safety and welfare of our employees and compliance to governments' regulations.

Keeping employees updated: Group HR disseminated daily news and updates to our Singapore-based employees. Frequently Asked Questions were also disseminated periodically to ensure employees were kept updated on new rules and regulations.

Protecting livelihoods: Venture provided temporary lodging for some Malaysian employees working at Singapore's sites. These employees commuted daily between both countries pre-COVID-19 and opted to stay in Singapore during Malaysia's Movement Control Order when the country's border was closed.



Working Closely with Customers

Helping our customers fight against the pandemic: Our teams remained contactable and responsive to our customers, working seamlessly internally and with key external parties to enable the delivery of critical equipment used in the fight against COVID-19. Some equipment we supported include ventilators, sample preparation equipment, quantitative Polymerase Chain Reaction systems, mobile technology carts used in hospitals and critical components and parts used in diagnostic test equipment.

Keeping customers updated: We provided our valued customers with timely updates on deliverables and important developments through calls, letters, and teleconference meetings.

OUR COVID-19 RESPONSE



Keeping Supply Chains Open

Responding swiftly to supply chain challenges: Our Global Supply Base Management taskforce set up in January 2020 formulated and implemented comprehensive action plans to ensure minimal disruptions to our supply chain.

Ongoing actions: We identified and procured critical parts, expanded outreach to a wider network of primary and secondary suppliers in existing and new markets, communicated daily with Venture sites to identify risks, and developed contingency plans to safeguard Venture's supply chain.

Strategic actions: We monitored key suppliers' capacity and operations daily, conducted detailed reviews to prioritise critical material supplies, and held review meetings with all sites twice a week to address issues and concerns.



Supporting Our Communities

Contribution of essentials: S\$15,000 was donated to Singapore's Economic Development Board for the purchase of KN95 masks and hand sanitisers for the Johor government in Malaysia. These critical supplies supported front-line healthcare workers in Johor throughout the COVID-19 pandemic.

Aiding the vulnerable: During Singapore's Circuit Breaker period, we donated some safari beds to four organisations who provide shelters for the less fortunate individuals.

Providing opportunities: We awarded Course Medal Awards to participants of the Business Process and Systems Engineering programme at Temasek Polytechnic's School of Engineering. We contributed a total of S\$1,500 for the initiative. In addition, we participated in multiple job fairs in Singapore and Malaysia - in virtual and physical format - to provide job opportunities during these testing times. As the pandemic curtailed many in-person recruitment events, Venture has since created a Facebook page for the purposes of job postings and increase our outreach.

ECONOMIC PERFORMANCE



As one of the largest companies listed on the SGX-ST, Venture relies on all our stakeholders to drive and sustain strong financial and market achievements. Economic performance is a key material factor as we believe in inclusive growth for our organisation, shareholders, business partners, employees, communities, and all other stakeholders. As such, we are committed to creating a conducive economic environment that capitalises on our team's expertise across various technology domains to deliver innovative and transformational engineering solutions for our stakeholders.

Venture's Board of Directors and Senior Management team play critical roles in driving sound business decisions and performance. Supported by four key committees – Audit, Nominating, Remuneration, and Investment – the Board upholds good corporate governance in driving sound business decisions and performance while ensuring constant compliance with all laws and regulatory requirements, including continued compliance with the SGX-ST listing obligations.

Venture's intangible assets such as our employees and our commitment to environmental and social responsibility are also essential to our economic performance. We strive to always operate at the highest standards. A key step is to adhere to



certified management systems requirements and constantly improve these vital processes across our business. Details of our performance in these intangible assets will be further discussed in the subsequent chapters of this report.

Venture actively participates in various associations that are platforms to establish important connections, exchange ideas, contribute to improvements of local laws and regulations, and improve our industry. For example, Venture is a member of the American Malaysian Chamber of Commerce, the Federation of Malaysian Manufacturers, and The Free Industrial Zone, Penang, Companies' Association.

These commitments enable Venture to generate long-term sustainable value. Testament to our dedication to excellence, we were awarded a few accolades from our customers in 2020, such as Platinum Supplier Award and Special Contribution Award as Strategic Supplier.

For information on our financial performance and business plans, please refer to pages 8-12 and 110-191 of our Annual Report 2020.

INNOVATION

Innovation is a critical component of Venture's lasting growth and success. Our innovation spurs the transformation of challenges into opportunities and has also supported our contribution to a healthier, cleaner, greener and more resource-efficient world. As a leader in the technology services, products and solutions industry, we are constantly seeking ways to advance our research and development capabilities and best-in-class engineering solutions. Consequently, we endeavour to create and capture added value for our stakeholders and for the Group.

Improving our Sustainability through Innovation

New product introduction ("NPI") transfer is an integral part of any successful partnership. Product, technology, process, and test knowledge are often exchanged between several players in our selected ecosystems – Venture, suppliers, customers and partners. These exchanges usually involve physical travel to factory sites for collaboration, training, machine setup, technical assistance, and audit.

The COVID-19 pandemic has posed various challenges to this crucial process, such as travel restrictions, changing workspaces, inability for real time collaboration, access to experts, and accelerated digital transformation. With this, however, also comes opportunities to innovate.

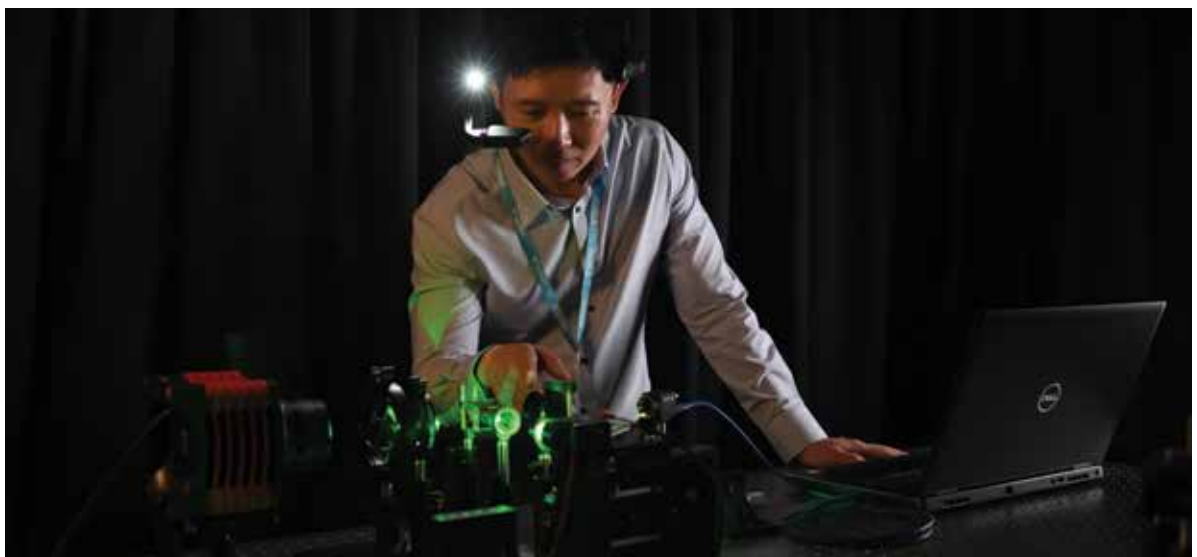


"SMART GLASSES"

As an advocator of technology adoption for improved efficiency, Venture harnessed advanced technology solutions that helped to allay issues stemming from a lack of experts' physical presence onsite.

Using "smart glasses" – a visual eyewear that enabled experts to bring real time solutions to the plant floor and operations remotely – we were able to smoothly transit this integral NPI transfer process to a virtual platform. This has unlocked remote diagnosis and solution-finding, making physical travel less essential. For Venture, as a global company, this significantly reduces our carbon footprint, travel cost and time, even in a post-pandemic world.

Through the adoption of the "smart glasses" technology, we were able to achieve various benefits, such as increased production and maximised asset uptime, facilitation of informed, real time decision making and collaboration with remote experts, reduction in repair time and assembly failures, and more.





OUR ENVIRONMENT



ENERGY AND GHG EMISSIONS

The efficient use of resources is essential for sustained economic growth, and we continue to deploy a systematic approach towards integrating practices for resource use efficiency into our operations. We are also increasingly committed to integrate environmental values into our value chain.

Our Lean Council's Lean philosophy drives our resource use efficiency efforts to ensure we operate a sustainable supply chain. The Lean Council is supported by a group of carefully selected Lean Leads and Site Champions. They explore new ideas and opportunities to improve Venture's manufacturing processes and competencies to reduce costs, time, and mitigate negative effects of our operations on the environment.

Whilst the Lean Council focuses on improving our resource use efficiency in our manufacturing processes, Venture's Environmental Management System ("EMS") Committee drives, implements, and reviews Venture's Group-wide and sites' environmental initiatives. The EMS Committee constitutes appointed environmental management representatives who manage and track the performance objectives and targets for their respective sites. They also ensure that our operations comply with all environmental regulations and requirements.

In 2020, all our operational sites maintained their ISO 14001 certification for Environmental Management Systems. We are also pleased to share that there were no reported incidents of environmental non-compliance during the reporting period. We aim to maintain the ISO 14001 certifications for all our operational sites and to uphold our good track record of zero non-compliance with environmental laws and regulations. To achieve this goal, our EMS Committee will continue to actively review our Group-wide environmental policy against the evolving global and local environmental standards.

Given the nature and location of our operations, the main source of energy at our sites is electricity from the grid. In 2020, we recorded a decrease of 1.2% of total electricity consumed from 109,397 MWh in 2019 to 108,051 MWh in 2020. This was mainly due to a decrease in production due to the COVID-19 pandemic. Operations were reduced during the Malaysia's Movement Control Order, which started in late March 2020 till end April 2020, impacting our revenue in 2020. Consequently, our electricity consumption intensity by revenue increased from 39.2 MWh/S\$m in 2019 to 47.2 MWh/S\$m in 2020¹ as our operations resumed production ahead of revenue recovery. The scope of this data includes our six main sites, namely Ang Mo Kio, Marsiling, Johor Bahru, Senai, Penang, and the latest addition of Woodlands site.

¹ The denominator (revenue) of the electricity consumption intensity is based on the six sites' reported revenue.



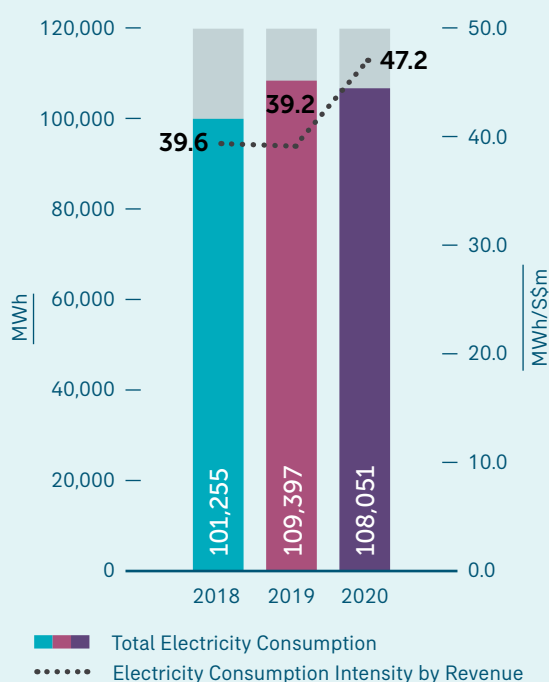
We continue to implement energy efficiency initiatives to improve performances. At our Ang Mo Kio site, we have increased air conditioners replacement to 20 sets in 2020. The replacements of these air conditioners with energy efficient inverter systems have resulted in a 2.8% electricity reduction. We will continue our progressive upgrading of air conditioners to more energy efficient inverter types. At our Senai site, we changed all T8 lighting to LED T8 lighting as well as replaced old compressors to newer ones. Similarly, we are currently installing LED T8 lighting at both Tebrau and Kempas sites. Our Tebrau site is considering committing to the Solar System Project with our management and consultants. Aside from the new initiatives, we continue to maintain existing energy efficiency initiatives such

as motion detectors in toilets and reminders to employees to reduce unnecessary electricity consumption.

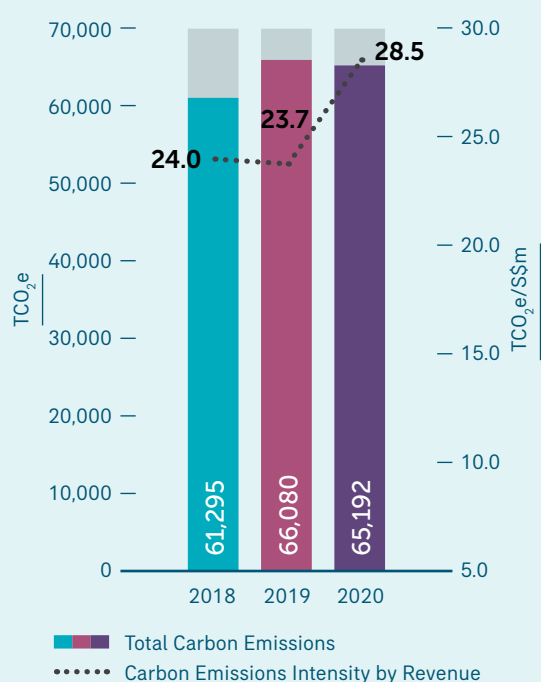
In line with our electricity consumption data, we recorded a decrease of 1.3% of total carbon emissions from 66,080 TCO₂e in 2019 to 65,192 TCO₂e in 2020¹. Our carbon emissions intensity by revenue increased from 23.7 kg of TCO₂e/\$\$m in 2019 to 28.5 TCO₂e/\$\$m in 2020.

1 Singapore's Energy Market Authority ("EMA") revised historical Grid Emission Factor ("GEF") figures from 2017 and 2018 to include fossil fuel-based carbon emissions from the incineration of non-plastics such as textile, rubber and leather in 2020. We have subsequently revised Venture's historical emissions figures in 2017 and 2018 using the revised GEF figures.

TOTAL ELECTRICITY CONSUMPTION AND INTENSITY BY REVENUE



TOTAL CARBON EMISSIONS AND INTENSITY BY REVENUE



OUR ENVIRONMENT



WATER

Our primary water source is the municipal water supply. As part of our main operations are in water-scarce Singapore, we monitor our water use at every site very carefully to avoid and mitigate harmful effects of excessive water consumption as well as water discharge. As of 2020, most of our sites have yet to identify water-related impacts¹. As such, we will assess the steps we could take to improve our water withdrawal and discharge monitoring during the materiality review process in 2021. We comply with local government regulations for water discharge in all our locations of operations.

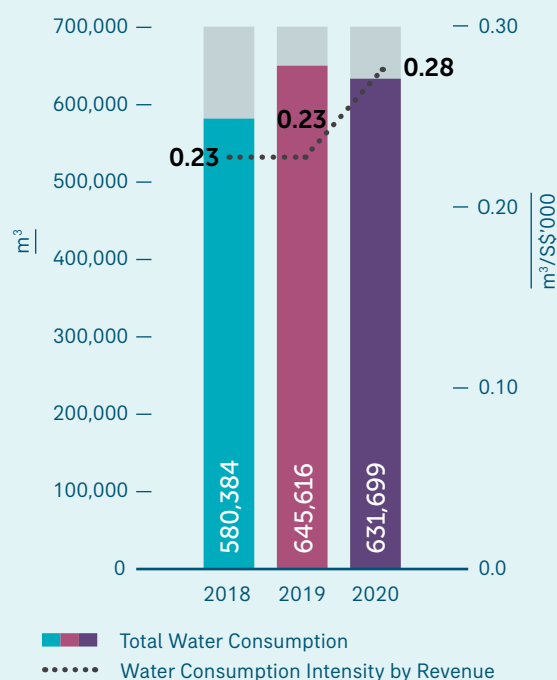
To mitigate the increase in our water withdrawal and avoid water-related impacts, a number of water reduction initiatives were implemented at our sites. At our Ang Mo Kio site, we have initiated a Water Reduction Programme. We have put up water conservation posters around the site's premises and provided a facility hotline to facilitate immediate report of leakage in toilets. We also monitor water usage regularly through a tracking chart and review the chart plan if necessary. Several initiatives have been implemented at our Penang site, including the replacement of cooling towers to reduce the frequency of water top up, daily inspections of main supply pipes, urinal water supply, and toilet flush systems, as well as monthly water usage reviews during the Electrical Energy Saving Review meeting. Our Penang site has also started using auto-taps and flexible hoses with reduced diameter and pressurised nozzles in all toilets to further reduce water usage.

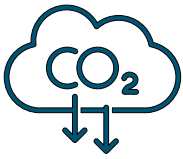
We recorded a 2.2% decrease in our water withdrawal, from 645,616 m³ in 2019 to 631,699 m³ in 2020. All water withdrawn are freshwater and originated from municipal water supply. At present, we have yet to conduct a water risk assessment to identify areas of water stress. We plan to do so in the near future.

On water and effluents discharge, most of our sites have set minimum standards for tracking and monitoring of the quantity and quality of discharge. These standards range from internal standards or onsite requirements to local regulations. We are pleased to inform that there were no reported incidents of significant non-compliance with discharge limits and regulations in 2020.

¹ Venture's Tebrau site in Malaysia has identified water discharge from production washing area and sewage to normal drainage as a potential water-related impact but water discharge adheres to local regulations.

TOTAL WATER CONSUMPTION AND INTENSITY BY REVENUE





POLLUTION CONTROL

The usage of machineries and equipment as part of our production may result in emissions of air impurities. To manage and mitigate the emissions of harmful substances, we comply with the Restriction of Hazardous Substances ("RoHs") directive in all our facilities and use only RoHs-certified materials in our operations. We have also implemented the Ozone Depleting Substances FREE Process Verification Scheme in some of our operations, where necessary.

All our operational sites have management systems in place to prevent pollution from hazardous effluents, air impurities, wastewater discharge and noise. We conduct regular inspections to ensure that our machineries are in proper working condition without any contamination. We also ensure that our operations comply with the necessary requirements of national and local authorities.



OUR PEOPLE

Our people are our key asset in the delivery of our long-term organisational goals. Venture's human capital management policies and practices are guided by Venture's Code of Conduct, principles of the United Nations Global Compact, and applicable local laws and regulations.



OVERVIEW OF EMPLOYEE PROFILE



As of 31 December 2020, Venture employed over 12,000 employees, of which more than three quarters are covered by the scope of this report. Of the reported scope, 41.7% of the workforce are male while the remaining 58.3% are female. 21.7% of our employees are based in our Singapore sites, while the other 78.3% are based in our Malaysia sites.

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER

MALE	FEMALE
PERMANENT EMPLOYEES	PERMANENT EMPLOYEES
39.8%	50.0%
TEMPORARY EMPLOYEES	TEMPORARY EMPLOYEES
1.9%	8.3%
TOTAL	TOTAL
41.7%	58.3%

NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER

MALE	FEMALE
FULL-TIME EMPLOYEES	FULL-TIME EMPLOYEES
41.7%	58.3%
PART-TIME EMPLOYEES	PART-TIME EMPLOYEES
—	<0.1%
TOTAL	TOTAL
41.7%	58.3%

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY REGION

SINGAPORE		
PERMANENT EMPLOYEES	TEMPORARY EMPLOYEES	TOTAL
20.8%	0.9%	21.7%
MALAYSIA		
PERMANENT EMPLOYEES	TEMPORARY EMPLOYEES	TOTAL
69.0%	9.3%	78.3%



TALENT ATTRACTION AND RETENTION

Attracting and retaining the right talent is essential to ensure the business continuity and success of an organisation. Thus, we are constantly improving and adapting our recruitment strategy and employment practices to attract bright talents as well as provide our employees with a conducive work environment.

We strive to provide equal recruitment and employment opportunities to all current and potential employees. Our Code of Conduct stipulates that we prohibit all forms of discrimination based on race, colour, gender, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, marital or social status. We are adamant that our people should be treated fairly, equally, and with respect. In 2020, there were no reported incidents of discrimination at all the sites in the reporting scope.

As Venture's business relies heavily on our labour-intensive supply chain, we are cognisant of labour rights issues and high risks of worker exploitation by third-party labour suppliers. We have implemented safeguards and measures in the hiring process to prevent exploitation by any

parties involved, preventing all forms of labour exploitation in our operations.

We also strive to ensure conducive work environments for all. Factors such as development opportunities and a fair and competitive remuneration package are prioritised. These factors contribute significantly to the satisfaction of our employees and the reputation of Venture as a workplace that strives for excellence. Beyond performance-based remuneration, we provide essential benefits coverage such as medical coverage for our employees. We also provide sports and recreational activities to encourage employee bonding and active participation for physical and mental health.

To understand the different needs of our people, we actively engage our employees on various platforms, such as performance appraisals, communication sessions, and training sessions. During the year, we hired 228 new employees (Executive & above) through a mixture of talent expansion and replacement roles. We believe that a diversified team with different skillsets and age groups will bring enriching perspectives to the workplace.

NEW HIRES (EXECUTIVE & ABOVE) PROFILE BREAKDOWN

BY GENDER (%)

FEMALE
46.5%

MALE
53.5%

BY REGION (%)

MALAYSIA
61.8%

SINGAPORE
38.2%

BY AGE GROUP (%)

40 YEARS OLD AND ABOVE
25.9%

BELOW 40 YEARS OLD
74.1%

OUR PEOPLE



EMPLOYEE WELFARE INITIATIVES IN 2020



Health and Wellness¹

"Star-Worthy Experience" Programme¹:

From 15 to 19 January 2020, employees at Venture Senai were provided with free access to Celebrity Fitness centres at AEON Tebrau or Paradigm Mall in Johor Bahru. Employees were also offered a special and exclusive Celebrity Fitness Corporate membership rate with Celebrity Fitness at Paradigm Mall, Johor Bahru.

"Fitness and Health at the Workplace" Talk:

Attended by more than 50 employees on 14 January 2020, the two-hour session introduced correct fitness techniques, workout routines, and nutrition.

¹ Events were held during pre-COVID-19 period in Malaysia.



Well-being through the Pandemic²

COVID-19 Support:

Care Packs containing hand sanitisers, face masks and handy leaflets on good hygiene practices were distributed to employees.

COVID-19 Awareness:

Our Tebrau HR department organised various initiatives to raise awareness of COVID-19 health risks and good practices as well as improving employees' overall health, safety, and mental well-being.

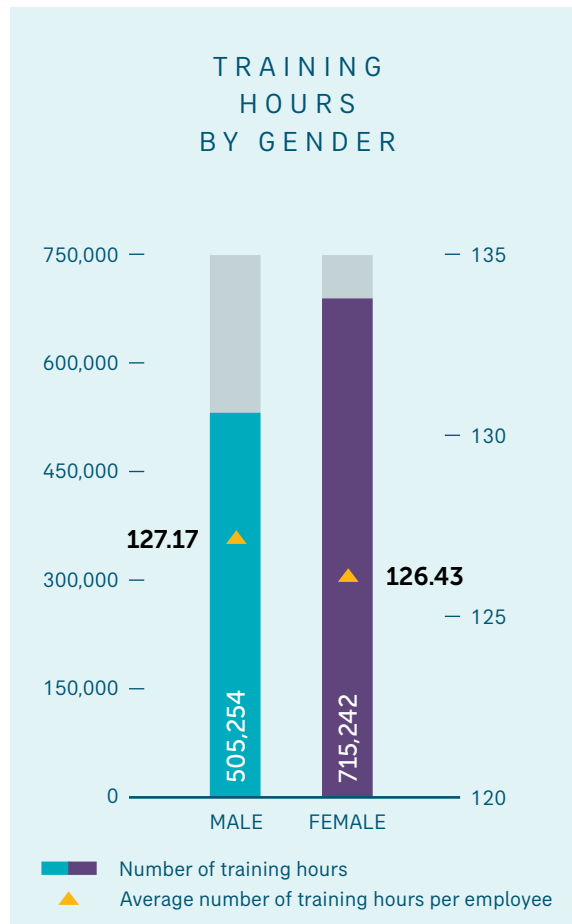
² Events were held with stringent safety and social distancing measures in place.



Our people are crucial to our organisational success. We are always on the lookout to explore ways to enhance their knowledge and skills and have allocated an annual training budget to support work-related training needs. Trainings are also provided to ensure that our employees are aware and informed of the latest regulations, standards as well as policies in place.

In 2020, we expanded the list of training topics ranging from technical skills to non-technical skills such as leadership and soft skills via our online Learning Management System ("LMS") at Tebrau¹, Senai², and Marsiling³. The LMS allows employees to 24/7 access to online learning materials. Due to its flexibility and ease of access, the LMS was well-received by employees across different functions and positions. The LMS will be extended to a new site in 2021.

In 2020, we achieved an average of 126.74 hours of formal training per employee⁴, with a breakdown of 127.17 hours per male employee and 126.43 hours per female employee. There are several common mandatory trainings across our six sites. They are: New Hires' Orientation, General Data Protection Regulation/ Personal Data Protection Act briefing, Environmental Health and Safety briefing, and Venture's Code of Conduct. Our employees receive various on-the-job trainings to develop a vast range of technical knowledge and skillsets to align with Venture's constant business growth, transformation, and differentiation. This continuous learning is enforced through interactions with customers, team meetings and management conferences where senior management shares future-looking ideas for discussion, brainstorming and strategy formulation. Aside from common training programmes, each site also has a list of mandatory training unique to their own sites. Together, these training programmes aim to hone our employees' overall skillsets to be more well-rounded, efficient, adaptable as well as improve their knowledge about operations at their specific sites.



- 1 Tebrau's LMS platform added 1,225 new courses that are predominantly customer-related process training in 2020, expanding the site's LMS to 4,455 courses overall. 4,530 employees participated in the platform.
- 2 Senai's LMS platform added 22 new courses that are predominantly compliance and customer-related process training in 2020, expanding the site's LMS to 241 courses overall. 1,767 employees participated in the platform.
- 3 Marsiling's LMS platform added 9 courses in 2020. 443 employees participated in the platform.
- 4 There was a decrease in average training hours per employee due to COVID-19 induced factory shutdowns and operational priorities.

OUR PEOPLE



OUR
COMMUNITY

At Venture, we are committed to helping our communities grow and prosper together. We recognised that our sustained commercial success is synonymous with the development and well-being of the communities we operate within. They provide vital and continuous flow of knowledge, skillsets, and talents that form a core part of our business. Some approaches Venture has taken include care and support for the disadvantaged in the society such as orphanages and elderly homes as well as contributing to community development efforts and charitable initiatives.

We are also cognisant of the potential impacts our operations can bring. We recognise that certain operations and activities throughout our value chain might pose some inconvenience or

issues to surrounding communities. Therefore, we remain steadfast in our commitment to ensure we have robust management of systems, and we are determined to abide by all environmental and socio-economic regulations at our sites. We are currently in the process of drafting a Supplier Code of Conduct to align our contractors and suppliers to the legal requirements stipulated by Venture and local authorities.

Ultimately, we strive to strengthen bonds and connections with our communities as well as provide help and support when needed. As a socially aware and responsible organisation, we will continue our contribution to community development and prosperity based on identified issues and needs of each community.

Engaging Our Community: Visit to Man Fut Tong Nursing Home in Marsiling¹

In January 2020, our people at Marsiling organised a community outreach initiative to provide care and engage with the needy elderly within our community. In the spirit of the upcoming Chinese New Year festive season, we provided support for the Man Fut Tong Nursing Home that provides residential care, respite care, day rehabilitation services and day care services. The nursing home caters to the elderly in need, regardless of religion, race, or creed.

Majority of residents at the nursing home are above 70 years old and more than 90% have multiple medical conditions. While the nursing home is sponsored by the Ministry of Health, they remain dependent on kind donations and contributions from the public, corporate and voluntary bodies to support the consistently high costs of elderly care needed. Daily essential items such as food, clothes, toiletries, and basic medical equipments are constantly needed.

Prior to the visit, the team obtained a list of items and supplies requested by the nursing home. A drive to raise funds was conducted for the purchase of the items and supplies. In total, 140 employees contributed to the donation drive. Different departments at Marsiling contributed to the delivery and visitation to the nursing home. The visit to the nursing home created a sense of celebration, warmth, and joyous moments for the elderly.

¹ Event was held during pre-COVID-19 period in Singapore.



OCCUPATIONAL HEALTH AND SAFETY



We believe that good health and safety performance improves employee morale, as well as our organisational reputation. At Venture, our goal is to ensure that all our employees and workers return home safely every day. To achieve this goal, we have a strong focus on maintaining a healthy and safe culture across our operations.

Our Occupational Health and Safety ("OHS")-related policies at both Group and operational levels set out clear guidelines and procedures to instil this culture. At the Group level, policies such as the Health and Safety Policy, Code of Conduct, and Employee Handbook cover OHS-related rules and guide best practices. In general, our OHS policies support the Workplace Safety and Health Act in Singapore and Occupational Safety and Health Act 1994 in Malaysia. Policies set are applicable to every employee at all sites.

Venture also has specifically tailored policies at different operational sites and work areas to keep our workplace safe and conducive. Some examples of these operation-specific policies include clean-up of chemical spillage, scheduled waste management, hygiene and sanitation, fire safety, first aid, and emergency preparedness. These policies are aligned to internationally recognised standards such as the OHSAS 18001.

Each of our Venture site has a Workplace Safety and Health ("WSH") Committee that oversees the management of OHS. This Committee ensures that health and safety policies and management systems are properly implemented at each site. They are also involved in developing annual plans, setting performance indicators, and monitoring them. The WSH Committee is supported by the management and safety officers of each operational site. Regular audits and management reviews are conducted to improve our existing safety standards and practices and to ensure compliance to all local laws and regulations pertaining to health and safety. In the process, we conduct risk assessments and hazards identifications to enhance the prevention of health and safety incidents. The Committee and Workplace Safety and Health Officer of each site will meet monthly and all items discussed are officially documented. In addition, Venture has also set procedures and extend our OHS policies to cover workers outside of our employment but working on our sites such as onsite contractors or

third-party suppliers. For example, our Ang Mo Kio site in Singapore has a Contractor Management Procedure to ensure external contractors, suppliers, and vendors working onsite abide by our strict OHS policies. In 2020, there were no reported incidents of significant non-compliance with any relevant health and safety laws and regulations in our locations of operations covered in this report. We aim to maintain this performance in 2021.

To inculcate high standards of OHS, trainings are conducted at all our operational sites. Fire drills and safety training to enhance employees' preparedness during emergencies are also conducted throughout the year. Training and briefings on identifications of hazards and incident notification process were also provided to all employees. We also ensure all external parties receive relevant briefings on health and safety compliance. We are pleased to report that all employees who are required to attend the mandatory OHS training programmes have completed these programmes.

Besides this, we adhere to preventative measures such as upkeep of equipment, usage of personal protection equipment, and elimination of hazards at all our sites. Production equipment and machinery are regularly evaluated for safety hazards. If necessary, maintenance will be conducted to eliminate any risk of injuries. Employees who are exposed to potential health hazards are also provided access to regular health tests and screening. For example, employees at our Woodlands site who are exposed to excessive noise at their workplace are provided audiometry testing.

We take OHS incidents very seriously. All incidents, regardless of severity must be documented and reported to the manager or supervisor for immediate investigation. The manager or supervisor will assess the severity of the accident and offer guidance to manage the situation. All reportable incidents are filed to the relevant authorities governing the jurisdiction that Venture operates in. In situations where our employees feel that it is unsafe to work, they are able to remove themselves from the risk and report such conditions to their supervisor.

OCCUPATIONAL HEALTH AND SAFETY

	Singapore Employees	Malaysia Employees
Number of Fatalities	0	0
Rate of Fatalities as a result of Work-related Injuries ¹	0	0
Number of High-consequence Work-related Injuries ²	0	0
Rate of High-consequence Work-related Injuries ³	0	0
Number of Recordable Work-related Injuries ⁴	7	8
Rate of Recordable Work-related Injuries ⁵	1.72	0.50
Number of Occupational Disease Incidents	0	0

There were 15 work-related accidents in 2020. As a result, we recorded a Rate of Recordable Work-related Injuries of 0.75 for both our Singapore and Malaysia sites⁶. There were zero fatalities and high-consequence work-related injuries in 2020.

Outside of Venture's premise, several of our sites have mutually agreed upon OHS policies or procedures with their respective suppliers, vendors, and contractors. This is to ensure that our entire value chain uphold the highest standard of health and safety.

On top of maintaining high standards of OHS, we are also actively promoting employee health and mental well-being. We provided free health screening to employees at all our sites. Prior to the COVID-19 pandemic, we also organised health talks by experts as well as health activities such as yoga, Pilates and Zumba, group runs, badminton, and bowling sessions.

- 1 Venture's Rate of Fatalities = Number of Fatalities per 1,000,000 hours worked
- 2 High-consequence Work-related Injuries = work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months
- 3 Venture's Rate of High-consequence Work-related Injuries = Number of High-consequence Work-related Injuries per 1,000,000 hours worked
- 4 Recordable Work-related Injuries, that result in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness
- 5 Venture's Rate of Recordable Work-related Injuries = Number of Work-related Injuries per 1,000,000 hours worked
- 6 Singapore's Ministry of Manpower revised the definition of workplace injuries, requiring all employers to record and report all workplace safety and health incidents instead of injury incidents that result in a minimum of 3 days medical leave or more from 1 September 2020 onwards; Malaysia's regulation on reporting and recording workplace injury incidents remains unchanged, but Venture collects and records all forms of injuries



GRI

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GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
General Disclosure		
GRI 102: General Disclosures 2016		
Organisational Profile		
102-1	Name of the organisation	Venture Corporation Limited
102-2	Activities, brands, products, and services	Corporate Profile, Inside Cover
102-3	Location of headquarters	Page 13
102-4	Location of operations	Page 162-166
102-5	Ownership and legal form	Page 192-193
102-6	Markets served	Page 162-166
102-7	Scale of the organisation	Page 12, 112, 162-166 Our People > Overview of Employee Profile, page 46
102-8	Information on employees and other workers	Our People > Overview of Employee Profile, page 46-47
102-9	Supply chain	Confidentiality constraints
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	In general, the Precautionary Principle is embedded in our approach to sustainability.
102-12	External initiatives	Not applicable
102-13	Membership of associations	Economic Performance, page 39
Strategy		
102-14	Statement from senior decision-maker	Letter from the Board, page 25
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Venture's Sustainability Approach > Our Governance, page 29
Governance		
102-18	Governance structure	Venture's Sustainability Approach > Our Governance > Our Sustainability Governance Structure, page 28
Stakeholder Engagement		
102-40	List of stakeholder groups	Venture's Sustainability Approach > Stakeholder Engagement, page 33

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GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
General Disclosure		
GRI 102: General Disclosures 2016		
Stakeholder Engagement (cont'd)		
102-41	Collective bargaining agreements	In line with Venture's Code of Conduct, all Venture employees are free to participate in recognised labour unions or other bona fide representatives within the framework of Company procedures, applicable local laws and regulations and prevailing industrial relations and practices.
102-42	Identifying and selecting stakeholders	Venture's Sustainability Approach > Stakeholder Engagement, page 33
102-43	Approach to stakeholder engagement	Venture's Sustainability Approach > Stakeholder Engagement, page 33
102-44	Key topics and concerns raised	Venture's Sustainability Approach > Stakeholder Engagement, page 33
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 162-166 provides an overview of all our main subsidiaries About this Report, page 27
102-46	Defining report content and topic Boundaries	Venture's Sustainability Approach > Materiality, page 34 About this Report, page 27
102-47	List of material topics	Venture's Sustainability Approach > Materiality, page 34
102-48	Restatements of information	Revised historical Grid Emission Factor figures from Our Environment > Energy and GHG Emissions, page 43
102-49	Changes in reporting	There have been no significant changes from our previous periods of reporting
102-50	Reporting period	About this Report, page 27
102-51	Date of most recent report	Our Sustainability Report for 2020 was published in our Annual Report for 2020 on 7 April 2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, page 27
102-54	Claims of reporting in accordance with the GRI Standards	About this Report, page 27
102-55	GRI content index	GRI Content Index, page 53-59
102-56	External assurance	About this Report, page 27

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Topic Specific Disclosure		
Economic Performance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Economic Performance, page 39-41 Venture's Sustainability Approach > Materiality, page 34 Page 8-12
103-2	The management approach and its components	Economic Performance, page 39-41 Page 8-12
103-3	Evaluation of the management approach	Economic Performance, page 39-41 Page 8-12
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Page 8-12, 110-191
Environment		
Energy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43
103-2	The management approach and its components	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43
103-3	Evaluation of the management approach	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Our Environment > Energy and GHG Emissions, page 42-43 Our processes do not use any heating, cooling, or steam consumption. We do not sell any electricity, heating, cooling, or steam energy to other organisations.
302-3	Energy intensity	Our Environment > Energy and GHG Emissions, page 42-43 The energy type included in the numerator of our intensity ratio is electricity consumption within the organisation, while the denominator is revenue.
Water		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 42 Our Environment > Water, page 44

GRI

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GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Water (cont'd)		
GRI 103: Management Approach 2016		
103-2	The management approach and its components	Our Environment, page 42 Our Environment > Water, page 44
103-3	Evaluation of the management approach	Our Environment, page 42 Our Environment > Water, page 44
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Our Environment > Water, page 44
303-2	Management of water discharge-related impacts	Our Environment > Water, page 44
303-5	Water withdrawal	Our Environment > Water, page 44
Emissions		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43 Our Environment, > Pollution Control, page 45
103-2	The management approach and its components	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43 Our Environment, > Pollution Control, page 45
103-3	Evaluation of the management approach	Our Environment, page 42 Our Environment > Energy and GHG Emissions, page 42-43 Our Environment, > Pollution Control, page 45
GRI 305: Emissions 2016		
305-2	Energy indirect (Scope 2) GHG emissions	Our Environment > Energy and GHG Emissions, page 42-43 GHG conversion is based on the Greenhouse Gas Protocol. Emission factors for our electricity consumption in Singapore are sourced from the EMA 2020. The emissions factor for our electricity consumption in Malaysia is based on Malaysian Green Technology Corporation's "2017 CDM Electricity Baseline for Malaysia" report.
305-4	GHG emissions intensity	Our Environment > Energy and GHG Emissions, page 42-43 The GHG emissions included in the numerator of our intensity ratio is energy indirect (Scope 2) emissions, while the denominator is revenue.

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Environmental Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Venture's Sustainability Approach > Ethics and Compliance, page 29 Our Environment, page 42-45
103-2	The management approach and its components	Venture's Sustainability Approach > Ethics and Compliance, page 29 Our Environment, page 42-45
103-3	Evaluation of the management approach	Venture's Sustainability Approach > Ethics and Compliance, page 29 Our Environment, page 42-45
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Our Environment, page 42-45
Social		
Occupational Health and Safety		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety, page 51-52
103-2	The management approach and its components	Occupational Health and Safety, page 51-52
103-3	Evaluation of the management approach	Occupational Health and Safety, page 51-52
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Occupational Health and Safety, page 51-52
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, page 51-52
403-3	Occupational health services	Occupational Health and Safety, page 51-52
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, page 51-52

GRI

CONTENT INDEX

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Occupational Health and Safety (cont'd)		
GRI 403: Occupational Health and Safety 2018		
403-5	Worker training on occupational health and safety	Occupational Health and Safety, page 51-52
403-6	Promotion of worker health	Occupational Health and Safety, page 51-52
403-7	Prevention and mitigation of occupational health and safety impacts business relationships	Occupational Health and Safety, page 51-52
403-9	Work-related injuries	Occupational Health and Safety, page 51-52
Talent Attraction, Retention and Development		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our People, page 46 Our People > Talent Attraction and Retention, page 47-48 Our People > Talent Development, page 49
103-2	The management approach and its components	Our People, page 46 Our People > Talent Attraction and Retention, page 47-48 Our People > Talent Development, page 49
103-3	Evaluation of the management approach	Our People, page 46 Our People > Talent Attraction and Retention, page 47-48 Our People > Talent Development, page 49
GRI 401: Employment 2016		
401-1	New employee hires	Our People > Talent Attraction and Retention, page 47
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Our People > Talent Development, page 49
404-2	Programs for upgrading employee skills and transition assistance programs	Our People > Talent Development, page 49
Customer Privacy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Venture's Sustainability Approach > Protection of Confidential Information, page 32
103-2	The management approach and its components	Venture's Sustainability Approach > Protection of Confidential Information, page 32

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Customer Privacy (cont'd)		
GRI 103: Management Approach 2016		
103-3	Evaluation of the management approach	Venture's Sustainability Approach > Protection of Confidential Information, page 32
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Venture's Sustainability Approach > Protection of Confidential Information, page 32
Socioeconomic Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Venture's Sustainability Approach > Ethics and Compliance, page 29
103-2	The management approach and its components	Venture's Sustainability Approach > Ethics and Compliance, page 29
103-3	Evaluation of the management approach	Venture's Sustainability Approach > Ethics and Compliance, page 29
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Venture's Sustainability Approach > Ethics and Compliance, page 29, 31

CORPORATE GOVERNANCE REPORT

FY 2020 was an unprecedented year due to the outbreak of the COVID-19 pandemic. Venture Corporation Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) proactively implemented precautionary measures, including social distancing, temperature taking, work-from-home, mask wearing and limiting size of meetings, and digitized its processes to facilitate the conduct of virtual meetings, including Board and Shareholder meetings. All these were executed with minimum disruption to business and global operations of the Group.

Against the above backdrop, we present the Corporate Governance Report of the Company for FY 2020.

The Board and Management are fully committed to upholding the highest standards of corporate governance, business integrity and professionalism in all business activities in the Group. The Company’s governance framework, is formulated on its mission statement and core values. This report describes our corporate governance processes with reference to the principles and provisions of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore in August 2018 (the “**2018 Code**”). Where there is any variation, an explanation has been provided on how the adopted practices are consistent with the aim and philosophy of the relevant principle.

The Group’s Social Code of Conduct was updated on 1 September 2020 and renamed “Venture Group Code of Conduct”. This Code of Conduct reinforces the Group’s commitment to instill a culture of excellence, total customer satisfaction, employees’ self-actualisation and personal integrity, teamwork and collaboration, creativity and innovation.

Group-wide training was conducted to reinforce the importance of professional and ethical behaviour expected of employees. Leaders in the Group will lead by example, to build cohesive and high-performing teams that embody the principles of the Code of Conduct.

The Company was among the inaugural constituent companies and continues to remain a constituent of the SGX Fast Track, a scheme that recognises the efforts and achievements of listed companies on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) which have upheld high standards of corporate governance and maintained a good compliance track record. Since 2011, the Company has also taken the Corporate Governance Pledge to demonstrate its commitment to maintain high standards of corporate governance, an initiative of the Securities Investors Association (Singapore). It is noteworthy that the Company improved its ranking on the Singapore Governance Transparency Index, advancing from 81st in 2019 to 32nd in 2020, attesting to its commitment to embrace sound governance principles and processes.

There are other sections in this Annual Report that are also relevant to the discussion on corporate governance, hence this report should be read together with those sections.

BOARD MATTERS – PRINCIPLES 1 TO 5

PRINCIPLE 1 – THE BOARD’S CONDUCT OF AFFAIRS

The Board’s objective is to achieve sustained value creation for all stakeholders. It strives to accomplish this through overseeing the proper conduct of the Group’s business and affairs, ensuring that the Group maintains a sound system of risk management and internal controls, as well as overseeing the Group’s strategic and operational initiatives, major funding and investments, financial performance reviews and corporate governance practices.

CORPORATE GOVERNANCE REPORT

The Role of the Board and Matters Requiring Board Approval

The Board provides stewardship to Management, conferring with them regularly. There is objective decision-making, which allows the exercise of independent judgement. Internal guidelines set out authorisation and approval limits for capital and operating expenditure, investments and divestments as well as requisitions and expenses. In addition to its statutory duties, the Board reserves the following key matters for its decision:

- a. release of financial results and disclosures of material information, including recommendation on dividend payout;
- b. recommendation of any amendment to the Company's Constitution ("**Constitution**"), renewal of annual mandates or adoption of any share plans;
- c. opening or closing of bank accounts, change of bank authorised signatories, mode of operation and dealing mandates with the Company's banks, acceptance of offers for banking facilities, any borrowings, or financial commitment related to grant of guarantees, securities and collateral guarantees by the Company;
- d. acquisition or disposition of any interest in any land, real property or assets;
- e. establishment, acquisition or incorporation of any subsidiary, or winding up, dissolution or placement of any subsidiary under receivership or judicial management; and
- f. creation of any mortgage, pledge, bond, charge, lien or any other encumbrance on the Company's assets, in whole or in part.

At the time of appointment, each of the Directors has undertaken that in the exercise of their powers and duties as a Director of the Company, they would apply their best endeavours to comply with the requirements of the SGX-ST pursuant to or in connection with the Listing Rules of the SGX-ST (the "**Listing Rules**"), the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and all other applicable securities laws and regulations, from time to time in force in Singapore, and to use their best endeavours to procure that the Company shall so comply.

Conflicts of Interest

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussions and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act, each Director is to declare to the Company his interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge.

CORPORATE GOVERNANCE REPORT

Board & Board Committees Meetings

In the discharge of its duties, the Board is supported by four Board Committees; namely, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Investment Committee, each of which has clear written Terms of Reference that set out their authorities and duties, in alignment with the 2018 Code. The Terms of Reference are reviewed and updated as and when necessary.

The Company held four formal Board meetings and various Board Committee meetings in FY 2020. The attendance of the Directors at these meetings and the Annual General Meeting ("**AGM**"), as well as the frequency of such meetings, are shown below.

Meetings held in FY2020	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee	AGM
Wong Ngit Liong	4 of 4	–	2 of 2	–	1 of 1	1 of 1
Koh Lee Boon	4 of 4	4 of 4	2 of 2	2 of 2	–	1 of 1
Goon Kok Loon	4 of 4	4 of 4	–	2 of 2	1 of 1	1 of 1
Wong Yew Meng	4 of 4	4 of 4	2 of 2	2 of 2	–	1 of 1
Jonathan S. Huberman	3 of 4	3 of 4	–	–	0 of 1	1 of 1
Han Thong Kwang	4 of 4	4 of 4	–	–	1 of 1	1 of 1
Kay Kuok Oon Kwong ⁽¹⁾	3 of 4	–	2 of 2	–	–	1 of 1
Tan Seok Hoong @ Mrs Audrey Liow ⁽²⁾	4 of 4	1 of 1	–	2 of 2	1 of 1	1 of 1
Wong-Yeo Siew Eng ⁽³⁾	1 of 1	–	–	–	–	–

Notes:

- (1) Ms Kay Kuok Oon Kwong was appointed as a member of the Remuneration Committee on 16 October 2020.
- (2) Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a member of the Audit Committee on 16 October 2020. She attended 1 of 1 meeting held after her appointment to the Audit Committee.
- (3) Mrs Wong-Yeo Siew Eng was appointed as a Director of the Company on 16 October 2020. She attended 1 of 1 meeting held after her appointment to the Board.

In addition to the scheduled meetings of the Board and the Board Committees during the financial year, the Directors also met, on an ad-hoc basis, to discuss specific matters as deemed appropriate by the Board and Board Committees members.

Director Orientation & Development / Training

An incoming Director is briefed on his/her roles, duties, obligations, responsibilities and expectations, which are set out in a formal letter from the Company. The new Director is also given the schedule of the Board and Board Committee meetings for the year, immediate past financial statements, press releases, Annual Report, Terms of Reference of Board Committees and other pertinent documents. Lines of communication, including direct access to the Chairman, Chief Executive Officer ("**CEO**"), Chief Operating Officer ("**COO**"), Chief Financial Officer ("**CFO**"), Management and Company Secretary, provide the new Director with the opportunity to establish exchanges and obtain information to perform his/her statutory duties.

CORPORATE GOVERNANCE REPORT

Typically, orientation programmes are also organised to acquaint new Directors with the Group's business and governance policies, including site tours and briefings by senior Management. If necessary, training in relevant areas is arranged for first-time Directors within one year of their appointment to the Board. To keep abreast of changes in the Financial Reporting Standards or to provide a refresher on relevant areas of law, external consultants may be invited to brief the Board. Directors may also request for training and development in areas of interest to the Board. The Board is regularly briefed by Management on the Group's activities and provided with financial updates and investor engagement activity updates on a monthly basis.

Prior to commencement of the "Circuit Breaker", Directors participated in a site visit to one of the Group's manufacturing and research and development facilities in Singapore, where they were given a presentation on products under development, and had the opportunity to interact with key executives at this facility. All participative activities, including the annual Management Conference, were later deferred as a precaution.

Access to Information

The Directors have separate and independent access to Management and the Company Secretary. The agenda for the meetings of the Board and Board Committees, together with the appropriate supporting documents, are circulated to the Board and Board Committees prior to such meetings. Key matters considered at the Board Committee meetings are shared with all Directors so that each Director is apprised of the topics discussed during each Board Committee meeting.

To enable the Board to fulfil its responsibilities and make informed decisions in a timely manner, Management regularly provides the Board with annual financial plans, monthly management accounts and reports, and other relevant information or documents. Management is also invited to attend Board meetings to provide updates on the Group's operations and business, to furnish additional information on various corporate matters and/or to discuss issues which may be raised by the Directors. These interactions with CEO and/or the executive committee ("EXCO") promote active engagement with key executives. The Board also sets aside time to meet without the presence of Management at each scheduled meeting.

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Generally, at each Board meeting:-

- (a) the chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings preceding each Board meeting;
- (b) the CEO and EXCO provide updates on the Group's business and operations;
- (c) the CFO presents the Group's quarterly financial performance; and
- (d) presentations in relation to specific business matters may be made by Management.

In furtherance of their duties, the Directors, individually or collectively, may seek and obtain independent professional advice as and when the need arises, at the expense of the Company.

Company Secretary

The Company Secretary, who is present at all Board and Board Committees meetings, ensures that Board procedures and applicable rules and regulations are followed and complied with, and advises and provides guidance on corporate governance, administrative, legal and regulatory compliance matters. The Company Secretary is legally trained, with experience in legal matters and company secretarial practices. The appointment and removal of the Company Secretary rests with the Board.

CORPORATE GOVERNANCE REPORT

Under the direction of the Chairman, the Company Secretary's responsibilities include:-

- (a) supervising, monitoring and advising on Board procedures and compliance by the Company with its Constitution, laws and regulations applicable in Singapore, the Listing Rules and the 2018 Code;
- (b) ensuring timely flow of information to the Board and the Board Committees and between Management and Directors, and keeping an open and regular line of communication between the Company, the SGX-ST and the Accounting & Corporate Regulatory Authority;
- (c) updating and informing the Board on the principles and best practices of corporate governance;
- (d) facilitating orientation for new Board appointees and supporting continuous training and development for Directors; and
- (e) facilitating the annual board performance evaluation process.

PRINCIPLE 2 – BOARD COMPOSITION AND GUIDANCE

The Board comprises nine members: Mr Wong Ngit Liong, Mr Koh Lee Boon, Mr Goon Kok Loon, Mr Wong Yew Meng, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Ms Kay Kuok Oon Kwong, Ms Tan Seok Hoong @Mrs Audrey Liow and Mrs Wong-Yeo Siew Eng. All are Independent Non-Executive Directors except for the Chairman and CEO, Mr Wong Ngit Liong. There are no alternate directors appointed. The profile of each Director is found on pages 15 to 19 of this Annual Report.

Mrs Wong-Yeo Siew Eng was appointed an Independent Non-Executive Director of the Company with effect from 16 October 2020. Mrs Wong-Yeo, who is already a Director of a Singapore listed company, has the requisite experience and relevant expertise, and will add to the collective strength and diversity of the Board.

Board Independence

At the beginning of every financial year, each Director provides a disclosure of his/her interests to the Company, including interests held by immediate family members. In line with Sections 156 and 165 of the Companies Act, subsequent changes to the interests declared earlier are promptly notified by the Director and tabled at the next Board meeting. Annually, Non-Executive Directors complete declarations of independence which are reviewed by the Nominating Committee, based on the provisions in the 2018 Code and the Listing Rules.

The Nominating Committee also performs an annual review of the Directors' interests in which potential or perceived conflicts affecting the independence of the Directors are considered (including time commitments, length of service and other factors relevant to their independence). In line with Rule 210(5) of the Listing Rules, the Nominating Committee assessed the independence of Directors under the following circumstances:

- a. whether the Director has a relationship with the Company or its related corporations, substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his/her independent judgement in the best interests of the Company;
- b. whether the Director is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years;

CORPORATE GOVERNANCE REPORT

- c. whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Remuneration Committee;
- d. whether the Director or his/her immediate family member has, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services, other than compensation for Board service;
- e. whether the Director or a Director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services;
- f. whether the Director has been a Director on the Board for an aggregate period of more than nine years; and
- g. any other applicable circumstances.

Accordingly, the Nominating Committee has reviewed and ascertained that for FY 2020, Mr Koh Lee Boon, Mr Goon Kok Loon, Mr Wong Yew Meng, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Ms Kay Kuok Oon Kwong, Ms Tan Seok Hoong @Mrs Audrey Liow and Mrs Wong-Yeo Siew Eng continue to remain independent, having considered factors such as conduct, character, judgement, and any relationship with the Company, related corporations, substantial shareholders and officers, that could be reasonably perceived to interfere with the exercise of the Director's independent judgement in the best interests of the Company. The Independent Non-Executive Directors do not have direct or indirect shareholdings exceeding 5% in the Company nor any relationships with the Company, its related corporations or the Company's shareholders with 5% or more voting rights in the Company. Directors abstained from the discussions and taking a decision in respect of their own independence.

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Where a Director has served on the Board for more than nine years, the Board has conducted a more rigorous review to determine if such Director should be considered independent notwithstanding his tenure, and the following were the factors taken into consideration:

- a. whether the Director is free from any dealings, relationships or circumstances that could affect or appear to affect his/her independent judgement, particularly with regard to whether the Director has indicated or demonstrated an alignment or habitual support for any specific group of stakeholders e.g. specific shareholders, instead of representing the interests of all stakeholders;
- b. whether the length of service has had any adverse impact on the Director's objectivity and judgement, and whether during the tenure there has been any impairment to his/her ability to discharge his/her duties and responsibilities in the overall interests of the Group, taking into consideration the interests of all stakeholders; and
- c. whether the Director continues to exhibit a firm commitment to his/her role and continues to actively participate and contribute with his/her knowledge and experience of the Group's business built up over the years, including his/her attendance record and overall performance on the Board and respective Board Committees.

The Board has taken the above factors into consideration in determining the independence of each of the three Directors who have served on the Board beyond nine years, namely, Mr Koh Lee Boon, Mr Goon Kok Loon and Mr Wong Yew Meng for FY 2020.

CORPORATE GOVERNANCE REPORT

The Board is mindful of Rule 210(5)(d)(iii) of the Listing Rules, which will come into effect on 1 January 2022. The Rule provides that a director who has served for a consecutive period of more than nine years prior to 1 January 2022, and who seeks re-election as an independent director, his/her re-election must be approved in separate resolutions by (i) all shareholders and (ii) all shareholders, excluding shareholders who are also directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

The Nominating Committee has decided that where an independent director who, having completed nine consecutive years of service, seeks re-election at the AGM in 2021, such director can opt to seek re-election as a Non-Independent Director, notwithstanding, *inter alia*, his demonstrable independence of management, rigorous participation in decision-making and ability to make independent judgement in the best interest of the Company. The Board is in accord with this decision.

Accordingly, Mr Goon Kok Loon and Mr Wong Yew Meng, who are scheduled to retire by rotation at the AGM in 2021, will seek re-election as Non-Independent Directors ahead of 1 January 2022. Mr Koh Lee Boon, who is scheduled to retire by rotation at the AGM in 2022, will become a Non-Independent Director on 1 January 2022.

As a whole, the Board comprises members who have varying lengths of tenure with a balanced spread of those with years of experience regarding the business and operations of the Company and those who are recent appointees. This diversity and balance enhance the quality of Board deliberations and decision-making. All three long-serving Directors have abstained from the discussions and taking a decision in respect of their own independence.

Lead Independent Director

Mr Koh Lee Boon was appointed the Lead Independent Director on 25 April 2014. As Lead Independent Director, he provides leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director may also be contacted if shareholders have any concerns, where contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director could meet with other Independent Non-Executive Directors and provide feedback to the Executive Director.

Mr Koh's appointments will be reviewed ahead of the change in his status as an Independent Director.

Board Diversity

The Company has adopted a policy on "Developing A High-Performance Board", recognizing the significance of diversity in various areas including, professional qualifications, skills, business experience, industry knowledge, gender, nationalities, tenure of service, seniority and other distinguishing qualities. Such diverse yet complementary qualities will drive the performance of the Board as a whole. These guidelines embody the Company's commitment to the key tenets of diversity, including ensuring that the Board has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interest of the Company.

The Company's current Board and Board Committees comprise individuals with diverse experience and expertise who, as a group, provide an appropriate balance and range of skills, experience, perspectives, and knowledge for effective stewardship of the Company's business. Collectively, the Board possesses core competencies in areas such as financial reporting, business and management experience, law, industry knowledge, strategic planning experience, customer-based experience or knowledge and members are able to make positive contributions to the Company.

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The Board regularly examines its composition and size to assess the optimum number needed to facilitate robust engagement and effective decision-making. Board membership is regularly renewed with the appointment of new members with the right blend of strengths, skills, talents and experience, and who have the capacity to contribute effectively. The Nominating Committee reviews all aspects of diversity in its annual evaluation of the Board's performance and effectiveness as well as succession planning.

Although gender is but one aspect of diversity, the Company values the importance of gender diversity to augment the collective strength of the Board. With the appointments of Ms Kay Kuok Oon Kwong and Ms Tan Seok Hoong @Mrs Audrey Liow as Directors in 2018 and Mrs Wong-Yeo Siew Eng in 2020, there is now a one-third female representation on the Company's Board.

PRINCIPLE 3 – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Wong Ngit Liong is the CEO of the Company and Chairman of the Board. As CEO, Mr Wong Ngit Liong is responsible for leading the Management of the Company and presides over the implementation of strategic objectives of the Company. Combining the roles of Chairman and CEO brings about clear leadership and accountability and unparalleled depth of knowledge to deal with the strategic challenges and growth opportunities for the Group.

There is a clear division of responsibilities between the roles of CEO and Chairman, and the roles and responsibilities have been set out in writing and formally approved by the Board, primarily covering leadership role, strategy and accountability, organisational culture and talent development, administration as well as communication with shareholders.

Chairman's Role

In his role as Chairman, Mr Wong Ngit Liong's responsibility is to lead and ensure the effectiveness of the Board and this includes: leading the Board in a strategic and effective way; promoting high standards of corporate governance; promoting a culture of openness and debate within the Board; encouraging constructive relationships within the Board and between the Board and Management; ensuring that Non-Executive Directors contribute effectively and that their contributions are taken into account by the Board; setting the agenda and ensuring that adequate time is available to discuss all agenda items, in particular, strategic issues; ensuring that the Directors receive complete, adequate and timely information; and ensuring effective communication with shareholders.

CEO's Role

In his role as CEO, Mr Wong Ngit Liong's responsibility encompasses: providing strong leadership and effective day-to-day management of the Company to deliver the strategic plan; developing, with the Board, a consensus for the Company's vision and mission; developing and implementing the strategic plan approved by the Board; driving a culture of compliance and ethical behavior; recruiting and retaining senior Management; ensuring appropriate talent management and remuneration frameworks are established; organising the Company's structure and personnel assignments for the orderly conduct and operation of the Company; implementing, with Management, the strategies and policies in pursuit of the Group's objectives; and ensuring that the Board is informed about key Company activities and issues in a timely manner.

In this role, Mr Wong Ngit Liong is supported by the EXCO comprising key management personnel, who are senior members of Management heading the various business units as well as the CFO and the Chief Human Resource Officer. The EXCO, which is chaired by the CEO, meets regularly and at least once a month to oversee the management of the Group and implementation of the Group's strategic plan. From time to time, other members of Management may be invited to attend EXCO meetings, whenever relevant.

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors Constitute Majority of the Board and Board Committees

In his dual role, Mr Wong Ngit Liong has been able to consistently ensure that strategic directions from the Board are implemented seamlessly within the Group. To strengthen segregation of the roles of Chairman and CEO, the Company has implemented internal controls and safeguards within the Group to ensure independent decision-making. In addition, in FY 2020, eight out of nine Directors were Independent Non-Executive Directors, forming the majority. This promotes an appropriate balance of power, sufficient accountability and independent decision-making at the Board. The presence of a Lead Independent Director adds to the independent element on the Board.

Independence on the Board enables it to engage in robust decision-making, monitor results, and assess and remunerate Management on its performance. It also meets the requirements of the 2018 Code which recommends that where the Chairman of the Board is also the CEO of the Group, the Independent Directors should constitute a majority of the Board. During meetings, the Non-Executive Directors, who are also Independent Directors, constructively challenge and review implementation and proposals on the Group's strategy.

The Audit Committee, the Nominating Committee and the Remuneration Committee are chaired by Independent Non-Executive Directors. In FY 2020, the Audit Committee and Remuneration Committee comprised entirely of Independent Non-Executive Directors whilst the majority of the Nominating Committee constituted Independent Non-Executive Directors.

PRINCIPLE 4 – BOARD MEMBERSHIP

Selection Process for New Directors

The Nominating Committee has a formal and transparent selection process for appointment of new Directors. The Nominating Committee assesses the appropriate mix of expertise and experience needed for an effective Board and recommends the most suitable candidates, after reviewing their qualities and profiles, taking into consideration factors such as experience, technological skills and expertise, diversity and how they will complement and augment the overall competencies of the current Board. It considers prospective candidates from an extensive network of contacts, evaluates and shortlists candidates with the relevant experience and expertise in combination or all of the following areas of general management, finance, financial reporting, legal and governance aspects, and knowledge of the Group's industry, business and markets. Suitable candidates are then recommended to the Board for consideration.

Multiple Board Representations

The Board has concurred with the Nominating Committee's recommendation that the maximum number of listed company board representations which a Director may hold should not exceed six, taking into consideration, *inter alia*, the market capitalisation of the other listed companies, their financial year end, schedule of meetings, time commitment required, intensity of participation, whether the Director has executive responsibilities in other organisations (or other principal commitments), as well as the individual Director's ability to effectively manage multiple appointments. None of the Directors are board members of five or more other listed companies. The Nominating Committee reviews the principal commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director, and is satisfied that each Director has given sufficient time and attention to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

Nominating Committee

The Nominating Committee, which is chaired by Ms Kay Kuok Oon Kwong, comprises three Independent Non-Executive Directors and one Executive Director. Ms Kay Kuok Oon Kwong was appointed to the Nominating Committee on 1 March 2019, and was appointed as the chairperson on 7 August 2019. The members are Mr Koh Lee Boon, Mr Wong Yew Meng and Mr Wong Ngit Liong. The Nominating Committee met twice in FY 2020 and had informal discussions on other occasions.

The role of the Nominating Committee is:

- a. to make recommendations to the Board on all Board appointments and re-appointments and to ensure a formal and transparent process and need for progressive renewal of the Board; and
- b. to ensure that the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors, and to make recommendations to the Board on the same,

and its responsibilities *inter alia*, include:

- a. to make recommendations to the Board on the appointment and re-appointment of new executive and non-executive Directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors;
- b. to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- c. to be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- d. to review and recommend to the Board plans for succession, in particular for the Chairman, CEO and key management personnel;
- e. to determine, on an annual basis and as and when required, the independence of a Director in accordance with the criteria set out in the 2018 Code and the Listing Rules; to make recommendations to the Board on the assessment of the independence of Directors who have served on the Board beyond nine years from the date of his/her first appointment;
- f. to recommend Directors who are retiring by rotation to be put forward for re-election;
- g. to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, taking into consideration the Director's number of listed company board representations and other principal commitments, and recommend to the Board the maximum number of listed company board representations which any Director may hold;
- h. to make recommendations to the Board on the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors, and to be responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment process shall be disclosed annually;

CORPORATE GOVERNANCE REPORT

- i. to recommend to the Board the appointment of an Independent Director to be the Lead Independent Director; and
- j. to review the training and professional development programmes for the Board and to ensure that new Directors are aware of their duties and obligations.

The Nominating Committee regularly reviews the composition of the Board and Board Committees and makes recommendations to the Board to refresh the composition. In FY 2020, the Nominating Committee's efforts to search for a suitable candidate to serve as a Non-Executive Independent Director was fruitful, leading to the appointment of Mrs Wong-Yeo Siew Eng. The Nominating Committee also refreshed the composition of the Remuneration Committee with the appointment of Ms Kay Kuok Oon Kwong and the Audit Committee with the appointment of Mrs Audrey Liow. Both appointments took effect on 16 October 2020.

Re-Election of Directors

Each year, the Nominating Committee reviews the nomination of Directors for re-election. The Nominating Committee takes into account the competencies, time commitments, contributions and performance of the Directors with reference to their attendance, preparedness, participation and candour at meetings of the Board and Board Committees, as well as the proficiency with which they have discharged their responsibilities, in recommending the Directors for re-election.

All Directors subject themselves for re-nomination and re-election at least once every three years, pursuant to the Constitution. Directors appointed by the Board during the financial year shall only hold office until the next AGM, and thereafter, be eligible for re-election at the AGM. Mrs Wong-Yeo Siew Eng, who was appointed on 16 October 2020, will submit herself for re-election pursuant to Regulation 110 of the Constitution.

Mr Goon Kok Loon, Mr Wong Yew Meng and Ms Kay Kuok Oon Kwong, who are retiring by rotation will submit themselves for re-election pursuant to Regulation 106 of the Constitution. Mr Goon Kok Loon and Mr Wong Yew Meng are seeking re-election as Non-Independent Directors. The Directors had each abstained from the discussion and taking a decision in respect of their own nomination.

The Board has accepted the Nominating Committee's recommendation to seek approval from shareholders at the forthcoming AGM to re-elect the aforesaid Directors.

PRINCIPLE 5 – BOARD PERFORMANCE

Board Performance Evaluation

A Board performance evaluation exercise is carried out annually to evaluate the performance of the Board and its Board Committees in discharging their roles. The evaluation is based on performance criteria which have been benchmarked against the criteria adopted by other listed companies with similar market capitalisation and in similar industries, and reference is also made to the board performance evaluation form set out in the Nominating Committee Guide published by the Singapore Institute of Directors. The evaluation process, undertaken by the Nominating Committee is via a questionnaire to the Directors for their feedback and comments on a set of agreed criteria. Inputs of individual Directors are collated for the Nominating Committee to review and, thereafter presented to the Board for discussion and decision on follow-up actions, if any.

For the year under review, the Nominating Committee reviewed the board performance evaluation questionnaire and included three additional questions to address matters raised by the Directors in the previous evaluation. The revised questionnaire along with a set of "Explanatory Notes" to assist the Directors in their completion of the questionnaire were approved and implemented.

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The evaluation criteria encompasses, *inter alia*, assessment of the size, independence and quality of the Board composition, adequacy and quality of information provided to the Board, whether the Board demonstrates good understanding of the Group's strategic objectives and key issues, provides insightful inputs and monitors its progress in its oversight role, depth of understanding of risk management and internal control issues, attentiveness to sustainability issues, Board interaction dynamics, and communication with the CEO and Management. The professional development needs of the Directors are reviewed to ensure that they are appropriately equipped with the relevant skills and knowledge to discharge their duties.

The objective of the annual board performance evaluation exercise is to assess the contributions and effectiveness of the Board as a whole, each Board Committee and Board members. Whilst there is no individual director evaluation *per se*, the strengths and contributions of each individual Director and their demonstrated commitment to his/her role on the Board are reviewed in the context of the performance evaluation exercise, and areas identified for improvement will be addressed.

The Board performance evaluation conducted for FY 2020 concluded, *inter alia*, that:

- a. the quality of information disseminated to members of the Board and Board Committees was adequate to make informed decisions;
- b. the Board and Management had a cordial relationship that encouraged open communication, constructive discussion and independent decision-making;
- c. the Board demonstrated responsiveness and pro-activeness;
- d. there was a high standard of conduct amongst members of the Board and the Board members pro-actively disclosed any potential conflicts of interests;
- e. the Board meetings and Board Committee meetings were well-conducted, and sufficient time was allocated to consider all matters, and the decision-making processes of the Board took into account key issues and all stakeholders; and
- f. the Board comprised competent Directors with varied and relevant experience and expertise.

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REMUNERATION MATTERS – PRINCIPLES 6 TO 8

PRINCIPLE 6 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The Remuneration Committee comprises five Independent Non-Executive Directors, namely, Mr Koh Lee Boon, Mr Goon Kok Loon, Mr Wong Yew Meng, Ms Tan Seok Hoong @Mrs Audrey Liow and Ms Kay Kuok Oon Kwong. The Remuneration Committee which is chaired by Mr Koh Lee Boon met twice in FY 2020 and is guided by clear written Terms of Reference. Ms Kay Kuok Oon Kwong was appointed to the Remuneration Committee on 16 October 2020.

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The role of the Remuneration Committee is:

- a. to ensure there is a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel; and
- b. to ensure that no Director is involved in deciding his or her own remuneration,

and the principal duties and responsibilities of the Remuneration Committee are:

- a. to review and recommend to the Board in consultation with the Chairman of the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key management personnel, and including employees related to the Directors and controlling shareholders of the Group, if any;
- b. to function as the committee referred to in the employee share schemes of the Company and shall have all the powers as set out in the schemes;
- c. to carry out its duties in the manner it deems expedient, subject always to any regulation or restriction that may be imposed upon the Remuneration Committee by the Board from time to time;
- d. to review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- e. to review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes, and carefully evaluate the costs and benefits of such schemes.

As appropriate, the Remuneration Committee will seek expert advice inside and/or outside the Company on the remuneration of Directors and any such engagement of remuneration consultants would be disclosed, including a statement on whether the remuneration consultants have any such relationship with the Company. No remuneration consultants were engaged for FY 2020.

PRINCIPLE 7 – LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8 – DISCLOSURE ON REMUNERATION

The Remuneration Committee recommends the annual fees for the Directors and ensures that the remuneration framework of key management personnel are aligned to long-term interests and policies of the Group. This enables the Company to attract, motivate and retain the best talents to further the growth of the Group's business.

Directors' Fees for Non-Executive Directors

The fees for each Non-Executive Director takes into account the Director's contributions, responsibilities on Board Committees, experience, qualifications and time commitment. Management also benchmarked the fees for Directors against listed companies of comparable size, complexities of operation, global presence and industry, taking into account the demanding responsibilities, workload and time commitment arising from the increasing complexities of the Group's activities. These ensure that the remuneration level and mix are appropriate to recognise each Non-Executive Director's contributions and responsibilities.

CORPORATE GOVERNANCE REPORT

Non-Executive Directors' fees require shareholders' approval at the Company's AGM. Management submitted its proposal for the fees based on the Directors' fee structure of the Board and Board Committees for FY 2020 set out in the table below. The Remuneration Committee endorsed the proposal for the Board's recommendation for the payment of S\$863,143 as Directors' fees for FY 2020 to shareholders for approval. There have been no revisions to the Directors' fee structure since FY 2017. The slight reduction of S\$5,474 from the FY 2019 Directors' fees of S\$868,617 is due to the changes with the appointment of Mrs Wong-Yeo Siew Eng to the Board, Ms Kay Kuok Oon Kwong to the Remuneration Committee and Ms Tan Seok Hoong @Mrs Audrey Liow to the Audit Committee on 16 October 2020, the aggregate amount of which was lower than the amount paid to Mr Cecil Wong who had retired in April 2019. Directors' fees continue to be paid in arrears upon the approval of shareholders at the Company's AGM. The Executive Director does not receive any Directors' fees. There is no scheme or arrangement for payment of Directors' fees in the form of equity. The Directors had each abstained from the discussion and taking a decision in respect of their own fees.

The Directors' fee structure of the Board and Board Committees for FY 2020 is as follows:

Annual Fee	S\$	
	Chairman	Member
Board	Not applicable	60,000
Audit Committee	35,000	25,000
Nominating Committee	30,000	25,000
Remuneration Committee	30,000	25,000
Investment Committee	Not applicable	25,000

A breakdown showing the proposed Directors' fees of each Non-Executive Director for FY 2020 is as follows:

Name of Director	Directors' Fees S\$	Directors' Fees %	Fixed Remuneration %	Variable Bonus, Variable Salary & Benefits-in-kind %	Total %
Koh Lee Boon	140,000	100	–	–	100
Goon Kok Loon	145,000	100	–	–	100
Wong Yew Meng	135,000	100	–	–	100
Jonathan S. Huberman	110,000	100	–	–	100
Han Thong Kwang	110,000	100	–	–	100
Kay Kuok Oon Kwong ⁽¹⁾	95,260	100	–	–	100
Tan Seok Hoong @Mrs Audrey Liow ⁽²⁾	115,260	100	–	–	100
Wong-Yeo Siew Eng ⁽³⁾	12,623	100	–	–	100

Notes:

(1) Ms Kay Kuok Oon Kwong was appointed as a member of the Remuneration Committee on 16 October 2020.

(2) Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a member of the Audit Committee on 16 October 2020.

(3) Mrs Wong-Yeo Siew Eng was appointed as a Director of the Company on 16 October 2020.

CORPORATE GOVERNANCE REPORT

CEO's Remuneration

As Chairman of the Board and Executive Director, CEO Mr Wong Ngit Liong does not receive Directors' fees. As a member of Management, his remuneration is reviewed by the Remuneration Committee and it comprises both cash-based and share-based components. Information on the CEO's remuneration including options granted pursuant to the Venture Corporation Executives' Share Option Scheme 2015 ("**2015 Scheme**") and awards granted pursuant to the Venture Corporation Restricted Share Plan adopted by the Company in 2011 ("**RSP**") are set out below.

CEO and Chairman	Remuneration				2015 Scheme	RSP
	Total S\$	Fixed ⁽¹⁾ %	Variable ⁽²⁾ %	Total ⁽³⁾ %	Number of share options granted in FY 2020 ⁽⁴⁾	Number of RSP shares awarded in FY 2020 ⁽⁴⁾
Wong Ngit Liong	8,236,541	18	82	100	32,000	16,000

Notes:

- (1) The fixed remuneration includes base salary, fixed allowances and annual wage supplement.
- (2) The variable remuneration includes performance bonus and benefits-in-kind.
- (3) The total remuneration includes applicable employer CPF contributions.
- (4) The fair value of share options granted under the 2015 Scheme and the fair value of awards granted under the RSP can be found in Note 25 to the financial statements.

Key Management Personnel Remuneration

The Group's practice of aligning rewards to performance is central to its overall strategy on human capital management and retention. The Group's remuneration approach draws a clear connection between performance and remuneration to support the organisation's strategic objectives of driving a performance-excellence mindset, improving organisational effectiveness, as well as attracting and retaining talent with an overarching goal of sustaining operational and financial excellence for the Group. The Group's performance-based remuneration framework and practices are also designed to reflect market considerations as well as alignment with all stakeholders' interests. Thus, the Group seeks to provide a competitive overall compensation that, among other things:

- is commensurate with the contributions of each employee to the Group's strategic objectives;
- is aligned to the financial performance of the Group and against pre-determined financial targets;
- is based on demonstrable qualities of leadership, talent management and team building;
- takes into account industry performance and outlook;
- places emphasis on sustained performance over time; and
- is subject to higher weightage for variable and performance-based components.

Performance Review and Evaluation Process

The Group has an annual and continuous performance review process that evaluates each employee's contributions. Each year, all employees are required to set out their objectives, targets and performance conditions comprising both financial and non-financial factors, constituting qualitative and quantitative elements, which must be aligned to overall strategic direction, objectives and core values of the Group. These work goals are reviewed regularly throughout the year and each employee's performance, including that of key management personnel, is assessed against the pre-determined performance targets.

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In particular, key management personnel are evaluated *inter alia*, based on the following qualitative and quantitative criteria:

a. Achievement of Goals and Targets	
i.	Financial performance of his respective business unit against targets, <i>inter alia</i> including: – Revenue generated – Accounts receivables and accounts payables management – Return on investment – Cash conversion cycle
ii.	How well the needs of new and existing customers are executed and managed
iii.	Operational excellence
iv.	Operational control / business processes control
v.	Risk management
vi.	Leadership development / succession planning
vii.	Innovation / creativity / IP content
viii.	Work improvement programmes
ix.	Other contributions such as improvement in accountability, teamwork, sharing of information across sites
b. Leadership Capabilities	
i.	Vision
ii.	Judgement
iii.	Strategic focus
iv.	Accountability
v.	Talent management
vi.	Customer focus and relationship management
vii.	Communication
viii.	Teamwork
ix.	Problem solving and creativity

For greater objectivity of assessment, all final performance ratings are comprehensively discussed and ascertained by at least two levels of managerial personnel. For key management personnel, their contributions and performance are further evaluated based on the achievement of the aforesaid objectives, and comprehensively reviewed at the Remuneration Committee meetings.

Fixed and Variable Components of Remuneration

The remuneration framework consists of both fixed and variable components. The base salary and annual wage supplement form the fixed component. Base salaries of key management personnel are determined based on the scope, criticality and complexity of each role, the individual's experience, competencies and market competitiveness. The variable component is determined based on the employee's performance evaluation and contributions, and the Group's financial performance in the relevant financial year. It is then paid out to eligible employees, including key management personnel based on a guided formula. Taking into account the risk policies of the Group, the variable component is symmetric with risk outcomes and sensitive to the time horizon of risks, as well as the Group's financial performance.

CORPORATE GOVERNANCE REPORT

Long-Term Incentives

The Company's long-term incentive schemes are aimed at promoting an ownership culture and talent retention. The share-based schemes are components of an employee's overall remuneration framework, which is intended to align employees' interests with that of shareholders, as well as other stakeholders, so as to improve performance and achieve sustainable growth for the Group. The allocation of share-based components to employees is guided by a framework administered by the Remuneration Committee. An employee's sustained performance and potential for growth are among the key considerations for granting such incentives to employees, in particular, to key management personnel.

Before each grant, the EXCO reviews the allocation of share-based components to eligible employees, and thereafter tables it for approval by the Remuneration Committee. Share-based components are vested over a pre-determined time horizon to ensure that employees continuously maintain a high level of contribution and commitment to the Group's performance and profitability.

The Company's current long-term incentive schemes consist of (a) the 2015 Scheme that was approved and adopted by the Company at an Extraordinary General Meeting ("**EGM**") held on 25 April 2014, and (b) the RSP adopted by the Company at the EGM on 28 April 2011, both of which support the Company's continuing efforts to reward, retain and motivate employees to achieve outstanding sustained performance and potential for growth, in particular, the key management personnel.

a. 2015 Scheme

i. Objectives

The 2015 Scheme was implemented to: (a) encourage and foster employees ownership, mindset and loyalty to the Group as well as align the interests of employees with the interests of the shareholders; (b) motivate employees to optimise their performance and maintain high levels of contribution to the Group's performance and profitability; and (c) attract and retain high-performing employees who can create value for the Group.

ii. Vesting Period and Options to acquire Shares are issued at a premium

Share options granted under the 2015 Scheme ("**Options**") have a one-year vesting period. The exercise of outstanding Options in the second and third year after the date of the grant is subject to a premium of 25% and 15% of the grant price respectively. The Options will expire on the fifth anniversary of the date of grant.

iii. Employees eligible to receive Options

Eligible employees are nominated and considered, on selective basis annually, for grant of Options based on their overall performance and contribution. The performance review and evaluation process are set out in the paragraphs above. The number of Options granted takes into consideration the position, job performance, potential for future development and contribution to the success and development of the Group.

CORPORATE GOVERNANCE REPORT

iv. Maximum number of Options to be granted

At the forthcoming AGM, Directors will be seeking shareholders' approval to authorise Directors of the Company to:

- (a) offer and grant Options pursuant to the provisions of 2015 Scheme during the Relevant Period; and
- (b) allot and issue such number of ordinary shares in the capital of the Company (the "**Shares**") from time to time as may be required to be issued pursuant to the exercise of Options granted pursuant to (a) above,

provided that the maximum number of Shares to be issued in connection with Options granted during the Relevant Period, shall not exceed 0.4% of the total number of issued Shares (excluding treasury shares) in the capital of the Company as of the date immediately before the grant of the Options.

"Relevant Period" means the period from this Annual General Meeting until the earlier of: (i) the conclusion of the next Annual General Meeting of the Company; and (ii) the date by which the next Annual General Meeting of the Company is required by law to be held.

Details of the Options granted under the 2015 Scheme and methodology of valuation, exercise price of Options that were granted, outstanding Options and vesting schedule are set out on pages 98 to 100 of the Directors' Statement and Note 25 to the financial statements.

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v. Size and Duration

The maximum number of new Shares which may be issued pursuant to Options granted under the 2015 Scheme on any date, when added to the aggregate number of Shares delivered and deliverable in respect of all awards made under the RSP after 30 April 2014 shall not exceed 10% of the total number of issued Shares (excluding treasury shares).

The 2015 Scheme will continue in force for a maximum of 10 years commencing on 1 January 2015.

b. Restricted Share Plan

i. Objectives

The Venture Corporation Restricted Share Plan ("**RSP**") was approved by shareholders on 28 April 2011, and will expire on 27 April 2021. The 10th Grant of RSP Awards was made on 19 January 2021. The Company is seeking shareholders' approval to implement a new Restricted Share Plan at this AGM.

The RSP was implemented in line with the focus of the Group in pursuing quality growth and to encourage sustained commitment from key leaders to grow shareholder value over a long period of time through a sense of ownership in the Company, as well as to align the interests of key leaders as stakeholders of the Company. The Group has been pursuing innovation and technical competencies, building depth and density in engineering and research and development, as well as manufacturing operations and processes – to create distinct differentiators in its technology services, products and solutions offerings.

CORPORATE GOVERNANCE REPORT

ii. Eligible employees and Vesting period

Award of fully-paid ordinary Shares of the Company, which have a five-year vesting period (or such other period determined by the Remuneration Committee), are made to selected managers in senior positions in the Group or in leadership positions in Management, technology or possess other domain expertise and competencies and who are in a position to contribute or have significantly contributed to the performance, growth and profitability of the Group.

Details of the awards made under the RSP as well as the methodology of valuation, unvested RSP awards and vesting schedule are set out on pages 101 and 102 of the Directors' Statement and Note 25 to the financial statements.

iii. Size and Duration

The aggregate number of treasury shares which may be delivered pursuant to awards under the RSP granted on any date, shall not exceed 3 per cent of the total number of issued Shares (excluding treasury shares) from time to time.

The RSP will continue in force for a maximum of 10 years commencing on 28 April 2011.

Key Management Personnel Remuneration

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In line with Principle 8.1 of the 2018 Code and as reported in previous years, the Company has elected to disclose the remuneration of its key management personnel in bands no wider than S\$250,000 and their aggregate cash-based remuneration for FY 2020. Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, the Board is of the view that it is in the best interests of the Company not to identify the remuneration band of each key management personnel.

The aggregate cash-based remuneration of the key management personnel in FY 2020 is S\$4,102,424. The percentage breakdown of the fixed and variable components for each individual is set out below. The Remuneration Committee believes that the remuneration framework enables the Company to motivate employees and, to attract and retain talents to achieve its business targets and execute its strategic objectives.

In making available the cash-based remuneration of the key management personnel in bands of S\$250,000, and disclosing precisely the aggregate cash-based remuneration of the key management personnel, the Company provides a macro perspective of the total remuneration without compromising the Group's business interests, and at the same time, minimises competitive pressures which would arise from more detailed disclosures.

In FY 2020, the key management personnel (who are not Directors or the CEO) are Mr Lee Ghai Keen, Mr Dharma Nadarajah, Mr Ng Chee Kwoon, Mr Lim Sita and Mr Wong Chee Kheong. Mr Lee Ghai Keen was promoted COO with effect from 1 January 2021.

CORPORATE GOVERNANCE REPORT

Remuneration Bands (Fixed and Variable) / Key Management Personnel	Remuneration			2015 Scheme Number of share options granted in FY 2020 ⁽⁴⁾	RSP Number of RSP shares awarded in FY 2020 ⁽⁴⁾
	Fixed ⁽¹⁾ %	Variable ⁽²⁾ %	Total ⁽³⁾ %		
Between S\$1,000,000 – S\$1,249,999					
1	55	45	100	27,000	12,000
Between S\$750,000 – S\$999,999					
3	61	39	100	27,000	12,000
Between S\$250,000 – S\$499,999					
1	82	18	100	0	0

Notes:

- (1) The fixed remuneration includes base salary, fixed allowances and annual wage supplement.
(2) The variable remuneration includes performance bonus and benefits-in-kind.
(3) The total remuneration includes applicable employer CPF contributions.
(4) The fair value of share options granted under the 2015 Scheme and the fair value of awards granted under the RSP can be found in Note 25 to the financial statements.

There were no termination, retirement or post-employment benefits granted to the CEO or to key management personnel in FY 2020.

There are no immediate family members of a Director or the CEO in a managerial role in the Company nor in any of the principal subsidiaries. There are no immediate family members of a Director, the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 in FY 2020.

ACCOUNTABILITY & AUDIT – PRINCIPLES 9 TO 12

PRINCIPLE 9 – RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk, including determining the nature and extent of the significant risks which the Company is willing to take. The Board oversees the Company's risk management framework and policies, and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. If there are any material weakness identified by the Board or Audit Committee, Management takes the necessary steps to address them.

The Group, has in place, an Enterprise Risk Management Integrated Framework ("ERM Framework"). This ERM Framework sets out the formal, systematic and comprehensive guidelines and rules to identify and manage significant risks that might affect the Group's achievement of its business objectives. The risk management process has been integrated throughout the Group and is an essential part of its business planning and monitoring process. Policy and methodology have been introduced detailing procedures, methodologies and evaluation criteria to ensure clarity and consistency in the application of the risk management process across the Group. Key risks, control measures and management actions are continually identified and monitored by the operational units and reviewed by Management. Management then applies appropriate controls and mitigating steps (whenever applicable and cost effective) to manage the risk to an acceptable level.

In addition, the Group has in place a Control Self-Assessment ("CSA") programme which provides a tangible control framework that establishes control ownership amongst functional managers and staff in their respective areas of responsibilities. Relevant functional managers across the Group assess the effectiveness of the relevant existing controls in their respective areas of responsibilities. The scores are aggregated to give an overall assurance score. The self-assessments performed by such functional managers provide the assurance that key controls to address the financial, operational, compliance and information technology risks identified to be relevant and important to the Company's operations are adequate and effective.

CORPORATE GOVERNANCE REPORT

Leveraging on the results of the ERM Framework, the CSA, the external auditors' report, internal audits and quality certifications of the Group's management systems, the CEO and the key management personnel would in turn provide an annual attestation to the Audit Committee and to the Board, relating to the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board has, together with the Audit Committee, reviewed the Group's risk assessment programmes and internal control processes. For FY 2020, the Board and the Audit Committee have received and have reviewed the assurance from:

- a. the CEO and the CFO, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- b. the CEO and the relevant key management personnel that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and various Board Committees, the assurance from the CEO, the CFO and the relevant key management personnel, the Board is satisfied and the Audit Committee concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, were adequate and effective as at 31 December 2020.

The Board and the Audit Committee however, note that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event (that could be reasonably foreseen) as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Accountability

The Board's responsibility is to present a balanced and fair assessment of the Group's performance, position and prospects to the public via the release of the Group's financial results. The Audit Committee and the Board reviews and approves the financial results before its dissemination, as well as any media release of the Group's financial results. Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany the Group's financial results announcement, a process is in place to support Management's representations to the Board on the integrity of the Group's financial statements, and to confirm that there are no transactions or events of a material or exceptional nature which would render the results misleading in any material aspect, before the Negative Assurance Statement is given by the Board.

The financial statements and other announcements are released via the SGXNet and are also available on the Company's website. The Company's Annual Reports may be viewed or downloaded from the corporate website as well.

The Board takes appropriate steps to keep abreast of changes and ensure compliance with legislative and regulatory requirements.

CORPORATE GOVERNANCE REPORT

Whistle-Blowing Policy

In addition, the Company has adopted a Whistle-Blowing Policy for the Group to provide a channel for employees of the Group and third parties to report and to raise, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other wrongdoings. The objective of the Whistle-Blowing Policy is to facilitate independent investigations of such matters and for appropriate follow-up action(s) to safeguard the Company's interests. The various channels of reporting any fraudulent practices and inappropriate activities are clearly communicated to employees and the contact may be found on the Company's corporate website (<https://www.venture.com.sg/sustainability-governance/>) as well.

PRINCIPLE 10 – AUDIT COMMITTEE

The Audit Committee comprises six Independent Non-Executive Directors. They are Mr Goon Kok Loon, Mr Koh Lee Boon, Mr Wong Yew Meng, Mr Jonathan S. Huberman, Mr Han Thong Kwang and Ms Tan Seok Hoong @Mrs Audrey Liow. Mr Goon Kok Loon is the Chairman of the Audit Committee. Ms Tan Seok Hoong @Mrs Audrey Liow was appointed to the Audit Committee on 16 October 2020. The Audit Committee is constituted and has performed in compliance with the Companies Act, the Listing Rules and the 2018 Code. The Audit Committee is guided by clear written Terms of Reference and met four times in FY 2020.

The role of the Audit Committee is to assist the Board with discharging its responsibility in connection with governance of risk, safeguarding the Company's assets, maintaining adequate accounting records, and ensuring that Management develops and maintains effective systems of risk management and internal controls to safeguard the interests of the Company and its shareholders; and its responsibilities include, *inter alia*:

- a. to review with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal accounting controls, their audit report and their management letter and Management's response. To ensure co-ordination where more than one audit firm is involved;
- b. to review the half-yearly and annual financial statements, and executive summary of key financial information, business commentary and outlook for voluntary disclosure in respect of the first and third quarter performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, and compliance with stock exchange and statutory or regulatory requirements;
- c. to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary; to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;
- d. to meet (a) with the external auditors and (b) with the internal auditors, in each case without the presence of Management, at least annually, to discuss any problems and concerns they may have, and to review the assistance given by Management to the external auditors;
- e. to review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditors;

CORPORATE GOVERNANCE REPORT

- f. where the auditors also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;
- g. to review the internal audit programme and co-ordination between the internal and external auditors and Management; and to ensure that the internal audit function is adequately resourced with qualified and experienced staff, receives co-operation and discharges its functions effectively;
- h. to review the consolidated statement of financial position, profit or loss, changes in equity and cash flows of the Group and the statement of financial position and changes in equity of the Company, before approval by the Board;
- i. to investigate any matter within its Terms of Reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. To report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- j. to review interested person transactions falling within the scope of the Listing Rules;
- k. to undertake such other reviews and projects as may be requested by the Board and such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time;
- l. to consider and recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and recommend to the Board for approval of the remuneration and terms of engagement of the external auditors;
- m. to review and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- n. to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- o. to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken; and
- p. to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced, and ensure that the internal audit function is adequately resourced.

The external auditors and internal auditors have unrestricted access to the Audit Committee and meet with the Audit Committee without the presence of Management at least once a year. The external auditors and internal auditors met with the Audit Committee without the presence of Management once in FY 2020.

CORPORATE GOVERNANCE REPORT

The Audit Committee, with the assistance of internal auditors, reviews and reports to the Board on the adequacy and effectiveness of the Group's system of controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management. In assessing the effectiveness of the Group's internal controls, the Audit Committee ensures primarily that key objectives are met, material assets are properly safeguarded, there are adequate measures to detect and prevent fraud or material errors in the accounting records, accounting records are accurate and complete, and reliable financial reports are prepared in compliance with applicable financial reporting standards, policies and regulations.

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

None of the Audit Committee members is a former partner or director of the Group's existing audit firm.

In FY 2020, the Audit Committee comprised Independent Non-Executive Directors, and more than two members, including the Audit Committee Chairman, have recent and relevant accounting or related financial management expertise or experience. The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with briefings provided by professionals or external consultants as necessary.

In line with the notice issued on 24 January 2017 by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and SGX-ST, the Audit Committee is to provide its own commentary on the key audit matters ("KAM") reported by the external auditors. During the audit of the financial statements for FY 2020, one KAM was reported by the external auditors and are set out on page 106 of this Annual Report. The Audit Committee's commentaries on the reported KAM is set out below.

KAM	Audit Committee's Comments
Impairment review of goodwill allocated to GES International Group's cash-generating unit	The carrying value of goodwill is a significant item within the Group's balance sheet. In particular, goodwill allocated to GES International Group contributed 18% and 90% of the Group's total assets and goodwill respectively. Impairment assessments, performed annually, require judgement about future market conditions, including growth rates and discount rates. The Audit Committee considered the approach, methodology and key assumptions applied in the valuation model and the report from external valuation specialist. The Audit Committee also considered the findings of the external auditors, including their assessment of the appropriateness of the key assumptions used. With these, the Audit Committee concurred with Management's conclusion that there is no impairment of goodwill as at 31 December 2020.

External Auditors

The Audit Committee oversees the Company's relationship with its external auditors, and among other things recommends to the Board the appointment and re-appointment of the external auditor. The Board considered the adequacy of the resources and experience of the audit firm, the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, and is satisfied that the re-appointment of the external auditors, Messrs Deloitte & Touche LLP, would be in compliance with Rule 712 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Board and the Audit Committee have also reviewed and are accordingly satisfied that the appointment of different audit firms for a small number of the Company's subsidiaries (as set out on pages 162 to 166 of this Annual Report) would not compromise the standard and effectiveness of the audit of the Company and the Group. None of the Company's subsidiaries are listed on a stock exchange. The subsidiaries which have significant contributions in terms of revenue and net assets are all audited by member firms of Messrs Deloitte Touche Tohmatsu Limited ("DTTL"). The subsidiaries which are audited by non-DTTL member firms are insignificant and do not have material revenue contribution or net assets. In this regard, the Company has complied with Rule 716 of the Listing Rules.

The aggregate amount of fees paid to the external auditors for audit and non-audit services are set out in Note 30 to the financial statements.

Internal Audit Department

The Internal Audit department is an independent function that reports directly to the Chairman of the Audit Committee on audit matters and to the CEO and CFO on administrative matters. The Internal Audit department has unrestricted access to all of the Group's documents and records, as well as to the Audit Committee. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the Internal Audit department.

The Internal Audit Charter empowers the internal auditors to provide independent and objective assessments and consulting services which are designed to evaluate the adequacy and effectiveness of the Group's system of internal controls. A risk-based approach is used to develop the annual audit plan to ensure that all high-risk areas are monitored for proper coverage and audit frequency.

The Audit Committee reviews and approves the audit plans and resource allocation to ensure that the internal auditors have the necessary resources to adequately and effectively perform their duties. The Internal Audit team employs suitably qualified and experienced independent personnel to provide audit and consulting services. They either possess a recognised degree in accountancy, or an equivalent professional qualification. A training and development programme is in place to ensure that the internal auditors are equipped with technical knowledge and skill sets that are appropriate and relevant.

The Internal Audit department is guided by and has met standards for the professional practice of internal audit promulgated by the Institute of Internal Auditors ("IIA"). An external assessment of the Internal Audit department in 2015 affirmed that its activities conform on the whole to the standards set by the IIA.

The Audit Committee has assessed the adequacy, effectiveness and independence of the Internal Audit department and is satisfied that the Internal Audit department is independent, effective and adequately resourced. Additionally, the Audit Committee is satisfied that the Head of the Internal Audit department has the relevant experience and qualifications. He has more than 15 years of audit experience across operational, financial and IT domains. He is the holder of multiple professional credentials including Certified Practising Accountant, Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor and Certified Information Systems Security Professional.

Investment Committee

The Investment Committee is set up to provide feedback and advice to Management on investment decisions. It also oversees the Company's exercise of the Share Buy-Back Mandate ("**Mandate**") in accordance with the terms and conditions set out in the Mandate. The current members are Mr Wong Ngit Liong, Mr Goon Kok Loon, Mr Jonathan S. Huberman, Mr Han Thong Kwang and Ms Tan Seok Hoong @Mrs Audrey Liow. The Investment Committee ("**IVC**") is supported by the Investment Office, which comprises members of Senior Management who execute the decisions of the IVC. The IVC met once in FY 2020.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT – PRINCIPLES 11 TO 13

PRINCIPLE 11 – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 12 – ENGAGEMENT WITH SHAREHOLDERS

Communication

The Company is committed to promoting effective communication with all shareholders. It has put in place established policies and procedures, ensuring all shareholders are provided with equal and timely access to material information concerning the Company. Prompt and relevant information with regard to the Company's corporate developments and financial performance is disseminated in compliance with its continuous disclosure obligations of the 2018 Code and the Listing Rules.

The Company's communication framework and practices provide open and fair, as well as meaningful and timely, shareholders' communication and interaction on a non-selective basis.

In line with the amendments to Rule 705(2) of the Listing Rules which took effect from 7 February 2020, the Company has migrated to publishing its financial statements on a half-yearly basis for its financial years ending 31 December. The Company endeavours to provide an executive summary of key financial information as well as a business commentary and outlook for the first and third quarter performance of the Group. Nevertheless, the Company continues with its regular shareholder communication via the various channels listed below.

The Company holds briefing sessions for analysts who cover Venture, after the release of its half-year and full-year financial results. Key Management of the Group preside over the briefing sessions and offer a comprehensive review of the Company's performance. An information package comprising the financial statements, press announcement and a set of presentation slides are shared with all participants. The same information package is disseminated through the SGX-ST SGXNet at the time of the briefing and also made available on the Company's corporate website for ease of access and download.

The Company typically establishes shareholder communication via a series of local non-deal road shows, global conference calls, one-on-one meetings or group meetings after its half-yearly results announcement or trading update each quarter. The various channels of shareholder communication enable Management and the Investor Relations and Corporate Communications team to share the same information across a wider group of investors.

General Meetings

Shareholders are encouraged to attend the Company's general meetings. However, if they are not able to do so, the Constitution allows each shareholder to appoint up to two proxies to attend, speak and vote on his/her behalf at the Company's general meetings. Nonetheless, pursuant to the Companies (Amendment) Act 2014 ("Act"), shareholders who are relevant intermediaries (as defined in the Act) are allowed to appoint more than two proxies to attend, speak and vote at the Company's general meetings.

The Company's general meetings are attended by all the Directors, external auditors, the Company Secretary and Management. Shareholders are given the opportunity to share their views and put their questions to the meeting(s). Where possible, the Company engages in active discussion and interaction with shareholders during the meeting(s). The minutes of shareholder meeting records the proceedings as well as relevant questions raised by shareholders and answers given by the Board.

Currently, shareholders can vote by proxy but not in absentia. The Company will consider amending its Constitution if the Board is of the view that there is justifiable demand for absentia voting, and after the Company has evaluated and put in place the necessary measures and safeguards to facilitate such voting.

CORPORATE GOVERNANCE REPORT

The Company has implemented poll voting for all resolutions tabled at the Company's general meetings. Independent scrutineers are appointed to review the electronic poll voting system and proxy verification process during the general meetings. The independent scrutineers also supervise the poll counting process. The results of each resolution are reported at the meeting(s) and announced through the SGX-ST SGXNet after the meeting(s). All resolutions tabled at the Company's general meetings are separate and distinct.

On 13 April 2020, due to the Covid-19 pandemic outbreak, the Minister for Law introduced the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order**"), which prescribed alternative arrangements for the conduct of general meetings. Under the Order, similar alternative arrangements are applicable up to 30 June 2021.

In accordance with the Order, the Company conducted the 2020 AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM. Similarly, the AGM to be held in 2021 will be via electronic means.

Minutes of the AGM held in 2020, including relevant queries and comments from shareholders and responses from the Board, was recorded and published on SGX-ST SGXNet and the Company's corporate website (www.venture.com.sg).

Investor Relations

The Company's corporate website (www.venture.com.sg) has a dedicated "Investor Relations" link which features the latest and past financial results and related information. The contact details of the Investor Relations and Corporate Communications team are available on the dedicated link, as well as in the Annual Reports, to enable shareholders to easily contact the Company. The Investor Relations and Corporate Communications team has procedures in place for addressing investors' queries or complaints as soon as possible.

Management takes an active role in participating in investor relations activities, meeting regularly with local and foreign shareholders and the investment community. During the year, the Company conducted several investor communication engagements covering non-deal road shows one-on-one and group meetings and conference calls.

The Investor Relations and Corporate Communications team handles queries by analysts, investors and shareholders in the form of letters, electronic mail, web portal mails and telephone calls. The Company endeavours to respond to all queries expeditiously. In addition, explanations and clarifications are provided to all interested parties on an equal-opportunity basis. This practice by the Company is in line with its commitment towards fair disclosure and the Listing Rules.

The Company continues to receive support from several equity sales and research institutions that regularly provide reports and updates on the Company to the investment community. To ensure accuracy of the coverage, the Company initiates direct and regular communications with the financial analysts and equity sales teams of these institutions.

The Company's Report to Shareholders is filed on an annual basis. The Report, together with the Notice of AGM, Letter to Shareholders and Circular, if applicable, are made available to all shareholders, including overseas shareholders, within the mandatory period, providing shareholders with adequate time to review the documents thoroughly. The Company also publishes the Notice of AGM and Notice of EGM, if applicable, in a major local news publication and/or on its corporate website. Full copies of the Notices are also lodged with the SGX-ST.

The AGM held in 2020 was governed by the aforesaid Order. Accordingly, the Notice of AGM and other relevant AGM documents were published on SGX-ST SGXNet and the Company's corporate website (www.venture.com.sg). We will do likewise for the AGM to be held in 2021.

CORPORATE GOVERNANCE REPORT

Through the comprehensive shareholder communication programme put in place, the Company has provided accessibility to all shareholders on an equal-opportunity basis. Management and the Investor Relations and Corporate Communications team have received positive feedback from the investment community for the provision of regular, effective and fair communication, as well as quality and timely information.

Dividend and Dividend Policy

Although the Company does not have a formal dividend policy, it strives to pay dividends that are on par or higher than the previous year. Since FY 2018, the Company has paid interim and final dividends. Barring unforeseen circumstances, the Company aims to declare dividends at sustainable rates considering a wide range of factors, including the Company's capital structure, profitability, cash flow, future earnings, working capital and capital expenditure requirements, investment plans, as well as other corporate considerations.

The Board of Directors has recommended a final dividend of 50 cents per share on a one-tier tax-exempt basis for the financial year ended 31 December 2020. This is in addition to the interim dividend of 25 cents per share paid on 18 September 2020 on a one-tier tax-exempt basis.

The proposed dividend is subject to shareholders' approval at the AGM to be held in 2021. The dividend payment date and the book closure date are set out in the Notice of AGM.

PRINCIPLE 13 – ENGAGEMENT WITH STAKEHOLDERS

The Company firmly believes that engaging its various key stakeholders to understand their relevant interests and concerns, and finding the right balance in addressing them, are crucial to its long-term success. The table on page 33 of the Annual Report summarises the Company's approach to its key stakeholder engagement.

OTHER CODES & PRACTICES

Responsible Business Alliance ("RBA") Code

The Company has adopted the RBA Code, which builds on the Group's commitment to sound management philosophy, and good employment and workplace-related practices, among other desirable corporate practices. These principles are embedded in the Group's Code of Conduct.

The Company completed the RBA validated Audit process achieving PLATINUM Status with zero findings in both non-conformance and areas for improvement.

Dealings in Securities

The Company has adopted a Share Trading Policy on dealings in securities to comply with Rule 1207(19) of the Listing Rules with effect from 1 March 2020. Directors and officers are reminded not to deal in the Company's securities during the period commencing two weeks before the announcement of a performance update for the first and third quarters of the Company's financial year (if applicable), and the period of one month before the announcement of the Company's half-year and full-year financial statements.

The Company, its Directors and officers are not expected to deal in the Company's securities on considerations of a short-term nature.

CORPORATE GOVERNANCE REPORT

The Company, its Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

Under the Share Trading Policy, relevant officers of the Company identified by the key management personnel are required to submit notifications of their trades in the Company's securities by himself/herself and their related persons via the Company's online reporting platform.

Interested Person Transactions

The Company has established procedures to ensure that all intended transactions with interested persons are reported in a timely manner to the Audit Committee for review that the transactions will be carried out in a way that is fair and at arms' length on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

There were no transactions conducted with interested persons in FY 2020.

Material Contracts

Directors complete a declaration of interests annually, in compliance with Section 165 of the Companies Act. There were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, Directors, controlling shareholders or key management, which were either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

The following table summarises our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the 2018 Code.

2018 Code Principles & Provisions	Compliance	Page Reference
BOARD MATTERS		
The Board's Conduct of Affairs		
Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.	Y	60 to 64
Provision 1.1 The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company.	Y	60
Provision 1.2 Directors are provided with opportunities to develop and maintain skills and knowledge. Information on induction, training and development provided to new and existing Directors.	Y	62 to 63
Provision 1.3 Disclosure in the Annual Report of matters that require Board approval.	Y	61
Provision 1.4 Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Y	62, 68 to 72, 81 to 82
Provision 1.5 The number of the Board and Board Committees meetings held in the year, and attendance of each individual Director at these meetings.	Y	62
Provision 1.6 Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis.	Y	63
Provision 1.7 Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense.	Y	63
Board Composition and Guidance		
Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.	Y	64 to 67
Provision 2.1 The Board should identify in the Company's Annual Report each Director it considers to be independent.	Y	15 to 19 & 64 to 66
Provision 2.2 Independent Directors make up a majority of the Board where the Chairman is not independent.	Y	64 & 68

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 2.3 Non-Executive Directors make up a majority of the Board.	Y	64 & 68
Provision 2.4 The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.	Y	66 to 67
Provision 2.5 Non-Executive Directors and/or Independent Directors meet regularly without the presence of Management. The Chairman of such meetings provide feedback to the Board and/or Chairman.	Y	63 & 66
Chairman and Chief Executive Officer Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	Y	67 to 68
Provision 3.1 The role of the Chairman and the CEO are undertaken by separate persons.	N – There are appropriate measures and clear division of responsibilities between the two roles	67
Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	Y	67
Provision 3.3 The Board has a Lead Independent Director.	Y	66
Board Membership Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.	Y	68 to 70
Provision 4.1 The Nominating Committee ("NC") makes recommendation to the Board on relevant matters relating to review of succession plans, performance evaluation, training and development programmes and appointment and re-appointment of Directors.	Y	69 to 70
Provision 4.2 The NC comprises at least three Directors, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director, if any, is a member of the NC.	Y	69

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates.	Y	68 & 70
Provision 4.4 NC and Board determines if a Director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers; discloses the relationships and the Board's reasons for considering him/her as independent.	Y	64 to 66
Provision 4.5 Information on listed company directorships and principal commitments of each Director.	Y	15 to 19
Board Performance Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.	Y	70 to 71
Provision 5.1 The NC recommends the objective performance criteria and process for the evaluation of performance of the Board, Board Committees, Chairman and individual Directors.	Y	70 to 71
Provision 5.2 Disclosure in the Annual Report on how the assessment of the Board, its Board Committees and individual Directors have been conducted.	Y	70 to 71
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.	Y	71 to 72
Provision 6.1 The Remuneration Committee ("RC") reviews and makes recommendation on the framework of remuneration and specific remuneration packages.	Y	72
Provision 6.2 The RC comprises at least 3 Directors. All members of the RC are Non-Executive Directors, the majority of whom, including the RC Chairman, are independent.	Y	71
Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	Y	72
Provision 6.4 Disclosure of the engagement of any remuneration consultants and their independence in the Annual Report.	N.A.	72

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Level and Mix of Remuneration		
Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.	Y	72 to 79
Provision 7.1 A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance.	Y	74 to 79
Provision 7.2 The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	Y	72 to 73
Provision 7.3 Remuneration is appropriate to attract, retain and motivate the Directors and key management personnel.	Y	72 to 79
Disclosure on Remuneration		
Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	Y	72 to 79
Provision 8.1 Disclosure in the Annual Report of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:		
(a) each individual Director and the CEO; and	Y	72 to 74
(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.	Y	74 to 79
Provision 8.2 Disclosure of names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000.	Y	79
Provision 8.3 Disclosure of all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company; disclosure of details of employee share scheme	Y	72 to 79

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.	Y	79 to 81
Provision 9.1 The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.	Y	79 to 80
Provision 9.2 Disclosure in the Annual Report that the Board has received assurance from:		
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and	Y	80
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Y	80
Audit Committee		
Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.	Y	81 to 84
Provision 10.1 The duties of the AC include:		
(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;	Y	81 to 83
(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;	Y	82
(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;	Y	80 to 82
(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;	Y	82
(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and	Y	81 & 84
(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; the company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	Y	82

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 10.2 The AC comprises at least 3 Directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least 2 members, including the AC Chairman, have recent and relevant accounting or related financial management expertise of experience.	Y	81 & 83
Provision 10.3 The AC does not comprise former partners or Directors of the Company's existing auditing firm or auditing corporation.	Y	83
Provision 10.4 Primary reporting line of the internal audit function is to the AC. The AC decides on the appointment, termination and remuneration of the head of the internal audit function.	Y	82 & 84
Provision 10.5 The AC meets with the external auditors without the presence of Management, at least annually. The AC meets with the internal auditors without the presence of Management, at least annually.	Y Y	82 82
SHAREHOLDER RIGHTS AND ENGAGEMENT		
Shareholder Rights and Conducts of General Meetings Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	Y	85 to 87
Provision 11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders.	Y	85 to 86
Provision 11.2 The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue.	Y	86
Provision 11.3 All Directors and external auditors attend general meeting of shareholders; Directors' attendance is disclosed.	Y	62 & 85
Provision 11.4 The Company's Constitution allow for absentia voting at general meetings of shareholders.	N – Will be addressed when there is justifiable demand and necessary safeguards are put in place	85

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 11.5 Publication of minutes of general meetings of shareholders on the Company's corporate website.	Y – also published on SGXNet	86
Provision 11.6 The Company has a dividend policy and communicates it to shareholders.	Y	87
Engagement with Shareholders Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.	Y	85 to 87
Provision 12.1 The Company provides avenues for communication between the Board and all shareholders.	Y	85 to 87
Provision 12.2 The Company has in place an investor relations policy.	Y	86 to 87
Provision 12.3 Company's investor relations policy sets out the mechanism through which shareholders may contact the Company.	Y	86 to 87
MANAGING STAKEHOLDERS RELATIONSHIPS		
Engagement with Stakeholders Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.	Y	87 to 88
Provision 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Y	87
Provision 13.2 Disclosure in the Annual Report of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships.	Y	33
Provision 13.3 The Company maintains a current Corporate website.	Y	86

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DIRECTORS' STATEMENT

The Directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 110 to 191 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this statement are:

Wong Ngit Liong
Koh Lee Boon
Goon Kok Loon
Wong Yew Meng
Jonathan S. Huberman
Han Thong Kwang
Kay Kuok Oon Kwong
Tan Seok Hoong @Mrs Audrey Liow
Wong-Yeo Siew Eng (Appointed on 16 October 2020)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options and awards mentioned in paragraphs 3 to 5 of the Directors' Statement.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors in which interests are held	Holdings in names of Directors or nominees			Holdings in which Directors are deemed to have an interest		
	At 1 January 2020 or date of appointment, if later	At 31 December 2020	At 21 January 2021	At 1 January 2020 or date of appointment, if later	At 31 December 2020	At 21 January 2021
<u>Ordinary shares of the Company</u>						
Wong Ngit Liong	20,238,219	20,328,219	20,328,219	—	—	—
Koh Lee Boon	3,000	3,000	3,000	—	—	—
Goon Kok Loon	—	—	—	5,000	5,000	5,000
Tan Seok Hoong @ Mrs Audrey Liow	3,000	3,000	3,000	—	—	—
<u>Share options to subscribe for shares of the Company</u>						
Wong Ngit Liong	110,000	142,000	142,000	—	—	—
<u>Restricted shares of the Company granted</u>						
Wong Ngit Liong	200,000	126,000	142,000	—	—	—

4 SHARE OPTIONS

- (a) The Venture Corporation Executives' Share Option Scheme ("the 2015 Scheme")
- The 2015 Scheme in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 25 April 2014 and commenced on 1 January 2015.
 - Under the 2015 Scheme, an option entitles the option holder to subscribe for a specified number of new ordinary shares in the share capital of the Company, at the subscription price determined with reference to the market price of the shares at the time of the grant of the option and adjusted for certain premium depending on when the options are exercised, and may be exercised during the exercise period applicable to those options and in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant. No option had been granted at a discount.

DIRECTORS' STATEMENT

4 SHARE OPTIONS (cont'd)

(a) The Venture Corporation Executives' Share Option Scheme ("the 2015 Scheme") (cont'd)

(iii) Details of the unissued shares under options granted pursuant to the 2015 Scheme, options granted and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2020 were as follows:

Date of grant	Grant No.	Number of options to subscribe for ordinary shares of the Company					Subscription price per share	Exercisable period
		Outstanding at 1 January 2020	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2020		
16 June 2015	2015 Grant 1	63,000	–	(63,000)	–	–	\$9.663 ^(a) \$8.890 ^(b) \$7.730 ^(c)	16 June 2016 to 15 June 2020
16 June 2016	2015 Grant 2	334,000	–	(275,000)	–	59,000	\$10.510 ^(d) \$9.670 ^(e) \$8.410 ^(f)	16 June 2017 to 15 June 2021
16 June 2017	2015 Grant 3	1,728,000	–	(1,024,000)	(11,000)	693,000	\$15.500 ^(g) \$14.260 ^(h) \$12.400 ⁽ⁱ⁾	16 June 2018 to 15 June 2022
–	2015 Grant 4 *	–	–	–	–	–	–	–
19 June 2019	2015 Grant 5	1,072,000	–	–	(37,000)	1,035,000	\$20.640 ^(j) \$18.990 ^(k) \$16.510 ^(l)	19 June 2020 to 18 June 2024
30 June 2020	2015 Grant 6	–	866,500	–	(1,000)	865,500	\$20.180 ^(m) \$18.560 ⁽ⁿ⁾ \$16.140 ^(o)	30 June 2021 to 29 June 2025
		3,197,000	866,500	(1,362,000)	(49,000)	2,652,500		

(a) If exercised between 16 June 2016 and 15 June 2017

(b) If exercised between 16 June 2017 and 15 June 2018

(c) If exercised between 16 June 2018 and 15 June 2020

(d) If exercised between 16 June 2017 and 15 June 2018

(e) If exercised between 16 June 2018 and 15 June 2019

(f) If exercised between 16 June 2019 and 15 June 2021

(g) If exercised between 16 June 2018 and 15 June 2019

(h) If exercised between 16 June 2019 and 15 June 2020

(i) If exercised between 16 June 2020 and 15 June 2022

(j) If exercised between 19 June 2020 and 18 June 2021

(k) If exercised between 19 June 2021 and 18 June 2022

(l) If exercised between 19 June 2022 and 18 June 2024

(m) If exercised between 30 June 2021 and 29 June 2022

(n) If exercised between 30 June 2022 and 29 June 2023

(o) If exercised between 30 June 2023 and 29 June 2025

* There were no options granted during the financial year ended 31 December 2018.

DIRECTORS' STATEMENT

4 SHARE OPTIONS (cont'd)

- (a) The Venture Corporation Executives' Share Option Scheme ("the 2015 Scheme") (cont'd)
- (iv) The following are details of options granted to the Directors and employees of the Group under the 2015 Scheme:

Name of participant	Number of options to subscribe for ordinary shares of the Company				
	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options exercised since commencement of Scheme to end of the financial year	Aggregate options cancelled/lapsed since commencement of Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
(i) Director of the Company:					
Wong Ngit Liong	32,000	282,000	(140,000)	–	142,000
(ii) Other Employees	834,500	9,328,500	(6,224,000)	(594,000)	2,510,500
	866,500	9,610,500	(6,364,000)	(594,000)	2,652,500

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The 2015 Scheme is administered by the Remuneration Committee whose members are:

Koh Lee Boon (Chairman)
 Goon Kok Loon
 Wong Yew Meng
 Tan Seok Hoong @Mrs Audrey Liow
 Kay Kuok Oon Kwong (Appointed on 16 October 2020)

No employee of the Company or employee of related corporations has received 5% or more of the total options available under these schemes.

There are no options granted to any of the Company's controlling shareholders or their associates as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited.

There are no other unissued shares of the Company or its subsidiaries under option at the end of the financial year except as disclosed above.

DIRECTORS' STATEMENT

5 RESTRICTED SHARES

The Venture Corporation Restricted Share Plan ("RSP") was approved at the Extraordinary General Meeting held on 28 April 2011. The duration of the RSP is 10 years commencing on 28 April 2011 and expiring on 27 April 2021. The expiry of the RSP will not affect awards granted prior to the expiration, and such awards whether fully or partially released will continue to be valid and subject to the terms and conditions of the RSP.

The RSP is to encourage sustained commitment from key leaders to grow shareholder value over a long period of time through a sense of ownership in the Company. The RSP will also align the interests of key leaders as stakeholders of the Company.

The RSP is administered by the Remuneration Committee whose members are all Independent Non-Executive Directors.

Managers in senior positions in the Group or leadership positions in management, technology or possess other domain expertise and competencies and who are in a position to contribute or have significantly contributed to the performance, growth and profitability of the Group, as may be designated by the Remuneration Committee, shall be eligible to participate in the RSP. Such managers must have been employed in the Company and/or its subsidiaries for a minimum period as determined by the Remuneration Committee.

The mode of settlement of the awards under the RSP may be by way of:

- (i) allotment and issue of new shares; and/or
- (ii) the delivery of existing shares; and/or
- (iii) payment of the equivalent value in cash (after deduction of any applicable taxes and Central Provident Fund and/or other statutory contributions); and/or
- (iv) a combination of above (i), (ii) and (iii).

Size of RSP

If new shares are issued to participants, the number of new shares issued:

- (i) when added to the number of new shares issued and issuable and existing shares delivered and deliverable in respect of all awards granted under the RSP, shall not exceed 3% of the total number of issued shares (excluding shares held in treasury) from time to time; and
- (ii) when added to the number of new shares issued and issuable and existing shares delivered and deliverable in respect of (a) all awards granted under the RSP; and (b) all options granted and outstanding under the 2015 Scheme, shall not exceed 10% of the total number of issued shares (excluding shares held in treasury) on the day preceding the relevant date of grant, where the relevant date of grant falls after 30 April 2014.

DIRECTORS' STATEMENT

5 RESTRICTED SHARES (cont'd)

The following are details of awards granted to the Directors and senior management under the RSP:

Name of participant	Awards granted during the financial year	Awards vested ^(a) during the financial year	Aggregate awards granted since commencement of RSP to end of the financial year	Aggregate awards vested ^(a) since commencement of RSP to end of the financial year	Aggregate awards cancelled/lapsed since commencement of RSP to end of the financial year	Aggregate awards outstanding as at end of the financial year
(i) Director of the Company:						
Wong Ngit Liong	16,000	90,000	216,000	90,000	–	126,000
(ii) Other Employees	116,000	120,000	1,346,000	350,000	290,000	706,000
	132,000	210,000	1,562,000	440,000	290,000	832,000

(a) Through delivery of existing shares

No employee of the Company or employee of related corporations has received 5% or more of the total grants available under these schemes.

There are no awards granted under the RSP to any of the Company's controlling shareholders or their associates as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited.

Movements in the awards by the Company during the respective financial years were as follows:

	2020	2019
At 1 January	910,000	900,000
Granted	132,000	170,000
Lapsed	–	(80,000)
Vested	(210,000)	(80,000)
At 31 December	832,000	910,000

DIRECTORS' STATEMENT

6 AUDIT COMMITTEE

The Audit Committee comprises six members, all of whom are Independent Non-Executive Directors. The members of the Audit Committee are:

Goon Kok Loon	(Chairman)
Koh Lee Boon	
Wong Yew Meng	
Jonathan S. Huberman	
Han Thong Kwang	
Tan Seok Hoong @Mrs Audrey Liow	(Appointed on 16 October 2020)

The Audit Committee held four meetings since the date of the last Directors' report.

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited which include, *inter alia*, the review of the following:

- (i) half-yearly and annual financial statements, and executive summary of key financial information, business commentary and outlook for voluntary disclosure in respect of the first and third quarter performance;
- (ii) audit plans and reports of the external and internal auditors;
- (iii) adequacy and effectiveness of the Group's system of controls, including financial, operational, compliance and information technology controls and risk management policies and systems; and
- (iv) the assistance given by management to the external and internal auditors.

Further details of the functions and activities of the Audit Committee are as set out in the Corporate Governance Report.

The Audit Committee has full access to and co-operation from management. The external auditors and internal auditors have unrestricted access to the Audit Committee and meet with the Audit Committee without the presence of management at least once a year.

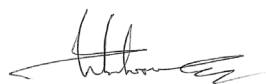
The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

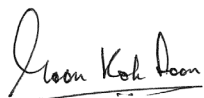
7 AUDITORS

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

ON BEHALF OF THE DIRECTORS



Wong Ngit Liong
Chairman of the Board



Goon Kok Loon
Director

19 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Venture Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 191.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Key Audit Matter

Impairment review of goodwill allocated to GES International Group's cash-generating unit ("CGU")

The aggregated goodwill of \$639.7 million constituted 20% of the Group's total assets as at 31 December 2020. The Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those affecting the business of GES International Group, of which the goodwill contributed 18% and 90% of the Group's total assets and goodwill respectively.

The key assumptions in the impairment test are disclosed in Note 16 to the financial statements.

Management has assessed that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at 31 December 2020.

How the matter was addressed in the audit

Our audit procedures focused on evaluating and challenging the key assumptions used by management as part of the value-in-use computations in conducting the impairment review for goodwill allocated to GES International Group's CGU.

These procedures included:

- using our internal valuation specialists to evaluate the appropriateness of the valuation model and the reasonableness of the expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rates and long-term growth rates by comparing the expectations to those used by management and its external valuation specialist;
- challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews of prior year's forecasts against actual results; and
- stress testing key assumptions, assessing the impact on the recoverable amounts based on sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.

We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

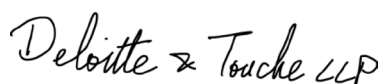
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Xu Jun.



Public Accountants and
Chartered Accountants
Singapore

19 March 2021

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2020

		The Group		The Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	928,740	714,467	299,279	303,794
Trade receivables	7	702,681	898,910	15,141	15,866
Other receivables and prepayments	8	18,696	17,327	1,826	2,468
Contract assets	9	16,759	8,478	–	–
Inventories	10	656,453	706,150	53,506	59,358
Trade receivables due from subsidiaries	11	–	–	62,595	50,581
Other receivables due from subsidiaries	11	–	–	11,130	18,041
Income tax recoverable		1	4	–	–
Total current assets		2,323,330	2,345,336	443,477	450,108
Non-current assets					
Other receivables	8	–	138	–	–
Investments in subsidiaries	11	–	–	1,227,849	1,227,849
Investments in associates		729	761	–	–
Other financial assets	12	25,050	25,229	7,111	7,440
Property, plant and equipment	13	226,704	231,739	36,590	38,560
Right-of-use assets	14	20,127	27,472	9,493	15,637
Intangible assets	15	312	172	–	–
Goodwill	16	639,708	639,708	–	–
Deferred tax assets	17	3,607	3,690	–	–
Total non-current assets		916,237	928,909	1,281,043	1,289,486
Total assets		3,239,567	3,274,245	1,724,520	1,739,594

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2020

		The Group		The Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	18	–	1,058	–	–
Trade payables	19	397,544	490,329	41,523	32,963
Other payables and accrued expenses	20	158,240	169,652	31,723	28,155
Contract liabilities	21	36,152	49,380	1,082	1,209
Lease liabilities	22	10,105	10,601	5,837	5,732
Trade payables due to subsidiaries	11	–	–	2,056	2,286
Other payables due to subsidiaries	11	–	–	20,388	20,567
Income tax payable		34,187	34,274	4,932	4,144
Total current liabilities		636,228	755,294	107,541	95,056
Non-current liabilities					
Deferred tax liabilities	17	3,365	3,040	–	–
Lease liabilities	22	10,845	17,318	4,321	10,158
Total non-current liabilities		14,210	20,358	4,321	10,158
Capital and reserves					
Share capital	23	826,980	811,082	826,980	811,082
Treasury shares	23	(16,674)	(19,993)	(16,674)	(19,993)
Share-based awards reserve	23	5,137	4,559	5,137	4,559
Investments revaluation reserve	23	1,799	1,790	1,329	1,658
Translation reserve	24	(86,211)	(78,403)	–	–
Other reserves	23	1,016	2,577	(3,886)	(1,697)
Accumulated profits		1,854,403	1,774,586	799,772	838,771
Equity attributable to owners of the Company		2,586,450	2,496,198	1,612,658	1,634,380
Non-controlling interests		2,679	2,395	–	–
Total equity		2,589,129	2,498,593	1,612,658	1,634,380
Total liabilities and equity		3,239,567	3,274,245	1,724,520	1,739,594

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	Note	The Group	
		2020 \$'000	2019 \$'000
Revenue	26	3,012,894	3,633,431
Changes in finished goods, work in progress and raw materials used		(2,219,737)	(2,726,672)
Employee benefits expense	30	(301,254)	(333,151)
Depreciation and amortisation expense		(41,607)	(38,692)
Research and development expense		(36,044)	(36,572)
Foreign currency exchange gain		1,907	4,442
Other operating expenses		(82,350)	(94,026)
Other income	27	3,293	746
Investment revenue	28	6,230	11,005
Finance costs (interest expenses on bank loans and lease liabilities)		(470)	(523)
Share of (loss) profit of associates		(32)	36
Profit before income tax		342,830	420,024
Income tax expense	29	(45,426)	(56,643)
Profit for the year	30	297,404	363,381
Other comprehensive (loss) income			
<u>Item that will not be reclassified subsequently to profit or loss:</u>			
Fair value gain on other financial assets, through other comprehensive income (FVTOCI)		9	1,125
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations	24	(7,603)	(23,448)
Other comprehensive loss for the year, net of tax		(7,594)	(22,323)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		289,810	341,058

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

		The Group	
	Note	2020 \$'000	2019 \$'000
Profit attributable to:			
Owners of the Company		297,325	363,130
Non-controlling interests		79	251
		297,404	363,381
Total comprehensive income attributable to:			
Owners of the Company		289,526	340,896
Non-controlling interests		284	162
		289,810	341,058
		Cents	Cents
Basic earnings per share	31	102.8	126.0
Fully diluted earnings per share	31	102.2	125.3

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

The Group	Note	Share capital \$'000	Treasury shares \$'000	Share-based awards reserve \$'000	Investments revaluation reserve \$'000	Translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
Balance at 1 January 2019		803,220	(19,081)	3,774	665	(55,044)	3,079	1,613,253	2,349,866	2,233	2,352,099
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	363,130	363,130	251	363,381
Other comprehensive income (loss) for the year		–	–	–	1,125	(23,359)	–	–	(22,234)	(89)	(22,323)
Total		–	–	–	1,125	(23,359)	–	363,130	340,896	162	341,058
Transactions with owners, recognised directly in equity											
Issue of shares	23	7,862	–	(164)	–	–	–	–	7,698	–	7,698
Purchase of treasury shares	23	–	(2,178)	–	–	–	–	–	(2,178)	–	(2,178)
Treasury shares reissued pursuant to equity compensation plans	23	–	1,266	(384)	–	–	(882)	–	–	–	–
Share options lapsed		–	–	(277)	–	–	–	277	–	–	–
Recognition of share-based payments	25	–	–	1,610	–	–	–	–	1,610	–	1,610
Final tax-exempt dividend paid in respect of the previous financial year	34	–	–	–	–	–	–	(144,021)	(144,021)	–	(144,021)
Interim tax-exempt dividend paid in respect of the current financial year	34	–	–	–	–	–	–	(57,673)	(57,673)	–	(57,673)
Appropriation to reserve fund		–	–	–	–	–	380	(380)	–	–	–
Total		7,862	(912)	785	–	–	(502)	(201,797)	(194,564)	–	(194,564)
Balance at 31 December 2019		811,082	(19,993)	4,559	1,790	(78,403)	2,577	1,774,586	2,496,198	2,395	2,498,593
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	297,325	297,325	79	297,404
Other comprehensive income (loss) for the year		–	–	–	9	(7,808)	–	–	(7,799)	205	(7,594)
Total		–	–	–	9	(7,808)	–	297,325	289,526	284	289,810
Transactions with owners, recognised directly in equity											
Issue of shares	23	15,898	–	(344)	–	–	–	–	15,554	–	15,554
Treasury shares reissued pursuant to equity compensation plans	23	–	3,319	(1,130)	–	–	(2,189)	–	–	–	–
Share options lapsed		–	–	(20)	–	–	–	20	–	–	–
Recognition of share-based payments	25	–	–	2,072	–	–	–	–	2,072	–	2,072
Final tax-exempt dividend paid in respect of the previous financial year	34	–	–	–	–	–	–	(144,446)	(144,446)	–	(144,446)
Interim tax-exempt dividend paid in respect of the current financial year	34	–	–	–	–	–	–	(72,454)	(72,454)	–	(72,454)
Appropriation to reserve fund		–	–	–	–	–	628	(628)	–	–	–
Total		15,898	3,319	578	–	–	(1,561)	(217,508)	(199,274)	–	(199,274)
Balance at 31 December 2020		826,980	(16,674)	5,137	1,799	(86,211)	1,016	1,854,403	2,586,450	2,679	2,589,129

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

The Company	Note	Share capital \$'000	Treasury shares \$'000	Share-based awards reserve \$'000	Investments revaluation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000
Balance at 1 January 2019		803,220	(19,081)	3,774	1,194	(815)	787,256	1,575,548
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	252,932	252,932
Other comprehensive income for the year		–	–	–	464	–	–	464
Total		–	–	–	464	–	252,932	253,396
Transactions with owners, recognised directly in equity								
Issue of shares	23	7,862	–	(164)	–	–	–	7,698
Share options lapsed		–	–	(277)	–	–	277	–
Purchase of treasury shares	23	–	(2,178)	–	–	–	–	(2,178)
Treasury shares reissued pursuant to equity compensation plans	23	–	1,266	(384)	–	(882)	–	–
Recognition of share-based payments	25	–	–	1,610	–	–	–	1,610
Final tax-exempt dividend paid in respect of the previous financial year	34	–	–	–	–	–	(144,021)	(144,021)
Interim tax-exempt dividend paid in respect of the current financial year	34	–	–	–	–	–	(57,673)	(57,673)
Total		7,862	(912)	785	–	(882)	(201,417)	(194,564)
Balance at 31 December 2019		811,082	(19,993)	4,559	1,658	(1,697)	838,771	1,634,380
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	177,881	177,881
Other comprehensive loss for the year		–	–	–	(329)	–	–	(329)
Total		–	–	–	(329)	–	177,881	177,552
Transactions with owners, recognised directly in equity								
Issue of shares	23	15,898	–	(344)	–	–	–	15,554
Treasury shares reissued pursuant to equity compensation plans	23	–	3,319	(1,130)	–	(2,189)	–	–
Share options lapsed		–	–	(20)	–	–	20	–
Recognition of share-based payments	25	–	–	2,072	–	–	–	2,072
Final tax-exempt dividend paid in respect of the previous financial year	34	–	–	–	–	–	(144,446)	(144,446)
Interim tax-exempt dividend paid in respect of the current financial year	34	–	–	–	–	–	(72,454)	(72,454)
Total		15,898	3,319	578	–	(2,189)	(216,880)	(199,274)
Balance at 31 December 2020		826,980	(16,674)	5,137	1,329	(3,886)	799,772	1,612,658

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	The Group	
	2020	2019
	\$'000	\$'000
Operating activities		
Profit before income tax	342,830	420,024
Adjustments for:		
Share of loss (profit) of associates	32	(36)
Allowance for inventories	2,009	976
Depreciation of property, plant and equipment	30,032	30,040
Depreciation of right-of-use assets	11,423	8,459
Net re-measurement of expected credit loss allowance (reversal)	522	(1,464)
Amortisation of intangible assets	152	193
Interest income	(6,230)	(11,005)
Dividend income	(811)	(901)
Interest expense	470	523
Share-based payments expense	2,072	1,610
Fair value gain on derivative instrument	(645)	–
Loss on disposal of plant and equipment, net	1,912	109
Operating profit before working capital changes	383,768	448,528
Trade receivables	191,450	(175,659)
Other receivables, prepayments and contract assets	(10,703)	23,486
Inventories	49,521	89,283
Trade payables	(91,857)	(35,432)
Other payables, accrued expenses and contract liabilities	(23,539)	(58,473)
Cash generated from operations	498,640	291,733
Interest paid	(470)	(523)
Income tax paid	(45,020)	(61,509)
Net cash from operating activities	453,150	229,701

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	The Group	
	2020	2019
	\$'000	\$'000
Investing activities		
Interest received	7,178	10,578
Dividends received from other equity investments	811	901
Purchase of property, plant and equipment	(27,768)	(35,071)
Proceeds on disposal of plant and equipment	169	348
Addition of intangible assets	(278)	(120)
Purchase of other financial assets	–	(1,378)
Net cash used in investing activities	(19,888)	(24,742)
Financing activities		
Dividends paid	(216,900)	(201,694)
Proceeds from new bank loans (Note A)	–	1,663
Repayment of bank loans (Note A)	(1,120)	(2,358)
Repayments of lease liabilities (Note A)	(11,786)	(8,117)
Proceeds from issuance of shares	15,554	7,698
Purchase of treasury shares	–	(2,178)
Net cash used in financing activities	(214,252)	(204,986)
Net increase (decrease) in cash and cash equivalents	219,010	(27)
Cash and cash equivalents at beginning of year	714,467	712,826
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(4,737)	1,668
Cash and cash equivalents at end of year (Note 6)	928,740	714,467

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

Note A: Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Non-cash changes			
	1 January 2020 \$'000	Net lease liabilities additions \$'000	Foreign exchange movement \$'000	Financing cash flows ⁽ⁱ⁾ \$'000	31 December 2020 \$'000
Bank loans (Note 18)	1,058	–	62	(1,120)	–
Lease liabilities (Note 22)	27,919	4,259	558	(11,786)	20,950

		Non-cash changes			
	1 January 2019 \$'000	Net lease liabilities additions \$'000	Foreign exchange movement \$'000	Financing cash flows ⁽ⁱ⁾ \$'000	31 December 2019 \$'000
Bank loans (Note 18)	1,798	–	(45)	(695)	1,058
Lease liabilities (Note 22)	17,351	18,766	(81)	(8,117)	27,919

(i) The cash flows comprise the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1 GENERAL

The Company (Registration No. 198402886H) is incorporated in the Republic of Singapore with its principal place of business and registered office at 5006 Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

The Company is a leading global provider of technology solutions, products and services. The principal activities of the Company are to provide manufacturing, product design and development, engineering and supply-chain management services.

The principal activities of the subsidiaries are disclosed in Note 11.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 19 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) BASIS OF ACCOUNTING - These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) BASIS OF CONSOLIDATION (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments: Recognition and Measurement*, or when applicable, the cost on initial recognition of an investment in an associate.

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

(c) BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) BUSINESS COMBINATIONS (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

- ### (d) FINANCIAL INSTRUMENTS
- Financial assets and financial liabilities are recognised on the statement of financial position when the Group or the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment revenue" line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Equity instruments designated as at FVTOCI (cont'd)

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated profits.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 (see Note 12).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "investment revenue" line item (Note 28). Fair value is determined in the manner described in Note 4(c)(v).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "foreign currency exchange gain (loss)" line item;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "foreign currency exchange gain (loss)" line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ("12m ECL"). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from publicly available economic reports, independent rating agencies, financial analysts, various external sources of actual and forecast economic information that relate to the Group's core operations, as well as other publicly available financial information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit assessment;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) A breach of contract, such as a default or past due event;
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Credit-impaired financial assets (cont'd)

- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
or
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investments revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "foreign currency exchange gain (loss)" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(j).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

- (f) INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

- (g) PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Factory buildings	–	25 to 60 years
Leasehold land and buildings	–	25 to 60 years (term of lease)
Machinery and equipment	–	3 to 10 years
Leasehold improvements and renovations	–	3 to 10 years
Office equipment, furniture and fittings	–	3 to 10 years
Computer hardware	–	3 years
Motor vehicles	–	5 to 10 years

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (h) **GOODWILL** – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

- (i) **INTANGIBLE ASSETS**

Intangible assets acquired separately

Intangible assets acquired separately, such as computer software and intellectual property, are recorded at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of 3 to 5 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) INTANGIBLE ASSETS (cont'd)

Internally-generated intangible assets – research and development expenditure (cont'd)

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. The Group has capitalised development expenditure as intangible assets and these are amortised using the straight-line method over its estimated useful life, which normally does not exceed three years.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

Customer relationships acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, customer relationships acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised on a straight-line basis over their useful lives of 10 years.

- ### (j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL (cont'd)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) ASSOCIATES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Asset Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-28 *Investments in Associates and Joint Ventures* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) ASSOCIATES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9 *Financial Instruments: Recognition and Measurement*. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

- (l) PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (m) **SHARE-BASED PAYMENTS** – The Group issues equity-settled share-based payments (comprising of share options and restricted shares) to qualifying employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair values determined at the grant date of the equity-settled share-based payments are expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based awards reserve.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the equity instruments are exercised. When the equity instruments are exercised, the carrying value of such instrument is transferred from the share-based awards reserve to share capital. When the vested equity instruments lapsed or are cancelled, the carrying value of such instrument is transferred from the share-based awards reserve to accumulated profits.

Details regarding the determination of the fair value of equity-settled share-based payments are disclosed in Note 25.

- (n) **GOVERNMENT GRANTS** – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

- (o) **REVENUE RECOGNITION** – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group derives its revenue primarily from manufacturing services, design services and tooling.

Revenue is recognised over time for arrangements with customers for which:

- The Group's performance does not create an asset with an alternative use to the Group; and
- The Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) REVENUE RECOGNITION (cont'd)

When one or both of the above conditions are not met, the Group recognises revenue when it has transferred control of the goods, which generally occurs upon delivery and passage of title to the customer.

For most of the Group's arrangement with customers, the individual manufactured product or service is capable of being distinct and is assessed as a separate performance obligation. In cases where the promise to transfer the individual good or service is not separately identifiable from other promises in the contract and is, therefore, not distinct, the contract is seen to contain only one performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied.

(i) Manufacturing services

When the Group has an alternative use for the goods produced or does not have a legal enforceable right to payment for work completed to date (inclusive of a reasonable profit margin for work in progress inventory), revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the control and significant risks and rewards of ownership of the goods;
- the Group has present right to payment for the goods transferred;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

When the Group does not have an alternative use for the goods produced and has a legal enforceable right to payment (inclusive of a reasonable profit margin) for work completed to date, revenue is recognised over time.

The Group also provides Non-Recurring Engineering ("NRE") services which may include (but are not limited to) procuring, setting up and qualifying manufacturing hardware for some of its customers as part of its manufacturing services. Once ready for use, the use and disposal of such manufacturing hardware is directed by the customers. If the criteria for over time revenue recognition is not met, revenue is recognised when the manufacturing hardware is ready to be used as per customer specifications for the mass production of customers' products. If the criteria for over time revenue recognition is met, revenue is recognised by reference to the stage of completion based on the cost-to-cost method.

The Group has reduced revenue based on products expected to be returned or rebates which customers are entitled to. The Group uses its accumulated historical experience to estimate the number of returns and the rebates using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the historical trends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) REVENUE RECOGNITION (cont'd)

(ii) Design services and tooling

Revenue from design services and tooling is recognised over time by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows, using methods that best depict the transfer of control to the customer:

- Revenue from design services is recognised based on engineers' certification of each project's progress. When the Group has a right to consideration from a customer at an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group adopts the practical expedient to recognise revenue at the amount to which the entity has a right to invoice.
- Revenue from tooling contracts is recognised based on the cost-to-cost method.

A contract asset is recognised for the cumulative revenue recognised but not yet invoiced whilst a contract liability is recognised for advance payments from customers which the Group needs to perform work to satisfy the performance obligations.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

- (p) BORROWING COSTS – Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. No interest expense has been capitalised during the year.

- (q) RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund ("CPF"), are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (r) EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.
- (s) INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(t) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Prior to 1 January 2005, the Group treated certain goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

(u) CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) *Critical judgements in applying the Group's accounting policies*

The following are the critical judgements, apart from those involving estimates (see below), that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Critical judgements in applying the Group's accounting policies (cont'd)

(i) Income tax

Management has assessed the achievability of the qualifying terms and conditions of the tax incentives awarded to the Company and some of its subsidiaries in the current and previous financial years, and is of the view that the Company and its subsidiaries will be able to satisfy all qualifying terms and conditions. Accordingly, tax provisions for the Group have been made on the basis that the tax incentives will be utilised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of expected credit loss and allowance for doubtful debts

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the loss arising on default is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the expected credit loss rate is increased (decreased) by 10%, as reflected by a change in credit provision rates by a factor of 1.1 in the case of an increase and 0.9 in the case of a decrease, expected credit loss allowance on trade receivables will increase (decrease) by \$186,000 (2019 : \$144,000).

The carrying amounts of trade and other receivables are disclosed in Notes 7, 8 and 11 respectively.

(ii) Impairment of goodwill and investments in subsidiaries

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and non-financial information, it is highly subjective in nature. Accordingly, actual outcome is likely to be different from that forecasted since anticipated events frequently do not occur as expected and the variation may be material.

The carrying amounts of goodwill of the Group and investments in subsidiaries of the Company are disclosed in Notes 16 and 11 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Allowances for inventories

In determining the net realisable value of the Group's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to be realised as estimated by management. These estimates take into consideration the fluctuations of selling prices or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying amount of inventories is disclosed in Note 10.

(iv) Provision for warranty

Provision for warranty is estimated by the Group based on historical claim experience and estimated potential rectification costs for the products sold that qualify under the contractual warranty periods. These are assessed as a percentage of sales and determined based on the claim experience, the likelihood of claims and risks arising from the contracts covered by the warranty. Other factors such as industry benchmarks and technological failure rates are also taken into consideration in the assessment. Significant judgement is involved in estimating the provision for warranties, especially for relatively new products.

The provision for warranty is disclosed in Note 20.

(v) Stage of completion in relation to revenue recognised over time

The Group recognises revenue from design services, tooling and certain manufacturing services over time by reference to the stage of completion of the contract. The stage of completion is determined using the method that best depicts the transfer of control to the customer as follows:

- Revenue from design services is recognised based on engineers' certification of each project's progress. When the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group adopts the practical expedient of recognising revenue at the amount which the Group has a right to invoice.
- Revenue from tooling contracts and certain manufacturing services are recognised based on the cost-to-cost method (i.e. at the percentage of incurred cost to date compared to total budgeted cost).

The stage of completion is estimated by the Group based on past experience and the knowledge of the engineers.

The revenue recognised and the related contract assets and contract liabilities are disclosed in Notes 26, 9 and 21 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Amortised cost:				
Cash and bank balances	928,740	714,467	299,279	303,794
Trade receivables	702,681	898,910	15,141	15,866
Trade receivables due from subsidiaries	–	–	62,595	50,581
Other receivables	6,594	8,097	796	1,802
Other receivables due from subsidiaries	–	–	11,130	18,041
	1,638,015	1,621,474	388,941	390,084
Derivative financial instruments	645	–	–	–
Other financial assets	25,050	25,229	7,111	7,440
Total	1,663,710	1,646,703	396,052	397,524

Financial liabilities

Amortised cost:				
Bank loans	–	1,058	–	–
Trade payables	397,544	490,329	41,523	32,963
Trade payables due to subsidiaries	–	–	2,056	2,286
Other payables and accrued expenses	144,738	133,656	31,723	26,138
Other payables due to subsidiaries	–	–	20,388	20,567
Lease liabilities	20,950	27,919	10,158	15,890
Total	563,232	652,962	105,848	97,844

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives*

The Group's financial risk management programmes set out its overall business strategies and risk management philosophy which is to minimise the potential adverse effects of financial risks on the performance of the Group. These programmes cover specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and are reviewed regularly by the Board of Directors to ensure that they remain pertinent to the Group's operations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group operates internationally, giving rise to market risk from changes in foreign exchange rates. The Group manages its foreign exchange exposure mainly by matching revenue and costs in the relevant currencies to create a natural hedge.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. As at each reporting date, the carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	The Group*			
	Assets		Liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	43,556	27,148	43,211	58,853
United States dollar	208,086	204,477	114,718	108,502
Euro	11,471	5,926	6,545	6,878
Swiss francs	561	251	8,062	11,650
Chinese renminbi	1,034	466	87	78
Malaysian ringgit	34,370	35,699	23,995	30,600

* Figures include intercompany monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies.

	The Company			
	Assets		Liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
United States dollar	110,166	110,243	91,774	84,961
Euro	881	627	1,059	895

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 5% change in the following foreign currencies against the functional currencies of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans within the Group where the denomination of the loan is in a currency other than the functional currency of the borrower.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity as at the year end, profit for the year would increase (decrease) by the following amounts, mainly due to year-end exposures on significant net monetary balances denominated in the respective foreign currencies.

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Singapore dollar impact	17	(1,585)	–	–
United States dollar impact	4,668	4,799	920	1,264
Euro impact	246	(48)	(9)	(13)
Swiss francs impact	(375)	(570)	–	–
Chinese renminbi impact	47	19	–	–
Malaysian ringgit impact	519	255	–	–

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit for the year would be vice versa.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings, as disclosed in Notes 6 and 18 respectively, with reputable international financial institutions.

Interest rate sensitivity analysis has not been presented as management does not expect any reasonably possible changes in interest rates to have a material impact on the Group's and Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk and credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group assesses the credit worthiness of its counterparties using credit rating information. This credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to assess its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and contract assets: lifetime ECL - not credit impaired Other receivables: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Before accepting any new customer, the Group uses the new customer's financial information and where available, external credit scores, to assess the potential customer's credit quality and defines credit limits by customer.

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk and credit risk management (cont'd)

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Of the trade receivables balance at the end of the year, 60% is due from the Group's top ten customers by revenue (2019 : 70%). Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to the top ten customers did not exceed 19% (2019 : 20%) of total assets at any time during the year. Concentration of credit risk to any other counterparty exceeded 3% but not 13% (2019 : 3% but not 13%) of total assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit assessment	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>The Group</u>						
<u>31 December 2020</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	703,892	(1,211)	702,681
Trade receivables	7	In default	Lifetime ECL	645	(645)	–
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	7,239	–	7,239
Contract assets	9	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	16,759	–	16,759
				<u>(1,856)</u>		

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk and credit risk management (cont'd)

	Note	Internal credit assessment	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>31 December 2019</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	900,261	(1,351)	898,910
Trade receivables	7	In default	Lifetime ECL	87	(87)	–
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	8,097	–	8,097
Contract assets	9	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	8,478	–	8,478
					<u>(1,438)</u>	
<u>The Company</u>						
<u>31 December 2020</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	15,179	(38)	15,141
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	796	–	796
Trade receivables due from subsidiaries	11	Performing	Lifetime ECL ⁽ⁱⁱ⁾	62,595	–	62,595
Other receivables due from subsidiaries	11	Performing	12-month ECL ⁽ⁱⁱ⁾	11,130	–	11,130
					<u>(38)</u>	
<u>31 December 2019</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	15,878	(12)	15,866
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	1,802	–	1,802
Trade receivables due from subsidiaries	11	Performing	Lifetime ECL ⁽ⁱⁱ⁾	55,581	(5,000)	50,581
Other receivables due from subsidiaries	11	Performing	12-month ECL ⁽ⁱⁱ⁾	18,041	–	18,041
					<u>(5,012)</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk and credit risk management (cont'd)

Notes:

- (i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 7 and 9 include further details on the loss allowance for these assets respectively.
- (ii) In determining the ECL, the Group has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

(iv) Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities.

Liquidity risk is managed by matching the payment and receipt cycle. The Group has sufficient cash from operations and credit lines from financial institutions (Note 18) to fund its capital investments and working capital requirements.

Liquidity and interest risk analysis

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to interest included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Group</u>						
<u>31 December 2020</u>						
Non-interest bearing	–	1,247,886	20,852	4,198	–	1,272,936
Fixed interest rate instruments	1.41	391,501	–	–	(1,372)	390,129
		<u>1,639,387</u>	<u>20,852</u>	<u>4,198</u>	<u>(1,372)</u>	<u>1,663,065</u>
<u>31 December 2019</u>						
Non-interest bearing	–	1,367,230	21,174	4,193	–	1,392,597
Fixed interest rate instruments	2.02	255,390	–	–	(1,284)	254,106
		<u>1,622,620</u>	<u>21,174</u>	<u>4,193</u>	<u>(1,284)</u>	<u>1,646,703</u>
<u>The Company</u>						
<u>31 December 2020</u>						
Non-interest bearing	–	112,305	7,111	–	–	119,416
Fixed interest rate instruments	0.51	276,988	–	–	(352)	276,636
		<u>389,293</u>	<u>7,111</u>	<u>–</u>	<u>(352)</u>	<u>396,052</u>
<u>31 December 2019</u>						
Non-interest bearing	–	156,492	7,440	–	–	163,932
Fixed interest rate instruments	1.99	234,754	–	–	(1,162)	233,592
		<u>391,246</u>	<u>7,440</u>	<u>–</u>	<u>(1,162)</u>	<u>397,524</u>

Derivative financial asset

The Group's foreign exchange forward contract asset of \$645,000 will be settled within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the interest included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>The Group</u>						
<u>31 December 2020</u>						
Non-interest bearing	–	542,282	–	–	–	542,282
Lease liabilities	2.42	10,355	11,455	–	(860)	20,950
		552,637	11,455	–	(860)	563,232
<u>31 December 2019</u>						
Non-interest bearing	–	623,985	–	–	–	623,985
Variable interest rate	0.41	1,059	–	–	(1)	1,058
instruments	3.00	11,416	17,475	–	(972)	27,919
Lease liabilities		636,460	17,475	–	(973)	652,962
<u>The Company</u>						
<u>31 December 2020</u>						
Non-interest bearing	–	95,690	–	–	–	95,690
Lease liabilities	1.82	5,965	4,454	–	(261)	10,158
		101,655	4,454	–	(261)	105,848
<u>31 December 2019</u>						
Non-interest bearing	–	81,954	–	–	–	81,954
Lease liabilities	1.82	5,965	10,309	–	(384)	15,890
		87,919	10,309	–	(384)	97,844

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

Other than the fair values of derivative financial instruments and other financial assets which are disclosed in Notes 8 and 12 respectively, the carrying amounts of cash and bank balances, trade and other receivables, bank loans, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Financial assets/ Financial liabilities	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	2020		2019			
	Assets	Liabilities	Assets	Liabilities		
	\$'000	\$'000	\$'000	\$'000		

Derivatives financial instruments (see Note 8)

The Group

Foreign exchange forward contract	645	–	–	–	Level 2	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date discounted at a rate that reflects credit risk of counterparties
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Other financial assets (see Note 12)

The Group

Quoted equity shares	20,852	–	21,036	–	Level 1	Quoted bid prices in an active market
Unquoted equity shares	4,198	–	4,193	–	Level 2	Net tangible asset of the underlying investment / most recent transacted prices which approximate fair value

The Company

Quoted equity shares	7,111	–	7,440	–	Level 1	Quoted bid prices in an active market
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There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18, and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as presented in the statements of changes in equity. Some of the subsidiaries of the Group operating in the People's Republic of China are required to set aside a part of profit after tax in a separate reserve called "Reserve Fund" as disclosed in Note 23.

The Board of Directors reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group's overall strategy remains unchanged from the previous year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following trading transactions with related parties:

	The Group	
	2020	2019
	\$'000	\$'000
Purchase of goods from associate	188	80
Sale of goods to associate	200	29

Compensation of Directors and key management personnel

The remuneration of directors and other key management personnel during the year were as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Short-term benefits	16,080	16,853
CPF contributions	188	244
Share-based payments	1,154	993
	17,422	18,090
Directors' fees	863	869
Total	18,285	18,959

NOTES TO THE FINANCIAL STATEMENTS

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5 RELATED PARTY TRANSACTIONS (cont'd)

The remuneration of Directors and other key management personnel is determined by the Remuneration Committee having regard to various factors including the individual's contribution to the achievement of the organisation and business objectives.

6 CASH AND BANK BALANCES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash	538,611	460,361	22,643	70,202
Fixed deposits	390,129	254,106	276,636	233,592
Cash and cash equivalents in the statement of cash flows	928,740	714,467	299,279	303,794

The fixed deposits' interest rates for the Group and the Company range from 0.33% to 3.35% (2019 : 1.55% to 3.35%) per annum with an original maturity of one year or less.

7 TRADE RECEIVABLES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Outside parties	702,681	898,910	15,141	15,866

The average trade credit period on sales of goods is 97 days (2019 : 83 days). No interest is charged on the trade receivables. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past debtor default experience and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast economic conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7 TRADE RECEIVABLES (cont'd)

	The Group					Total \$'000
	Not past due \$'000	< 30 days \$'000	31 - 60 days \$'000	61 - 90 days \$'000	> 90 days \$'000	
31 December 2020						
Expected credit loss rate	0.1%	0.2%	1.4%	4.1%	5.4%	
Lifetime ECL:						
– Not credit-impaired	727	100	114	208	62	1,211
– Credit impaired	–	–	–	–	645	645
	<u>727</u>	<u>100</u>	<u>114</u>	<u>208</u>	<u>707</u>	<u>1,856</u>
31 December 2019						
Expected credit loss rate	0.1%	0.2%	2.0%	6.3%	8.4%	
Lifetime ECL:						
– Not credit-impaired	839	104	170	179	59	1,351
– Credit impaired	–	–	–	–	87	87
	<u>839</u>	<u>104</u>	<u>170</u>	<u>179</u>	<u>146</u>	<u>1,438</u>

The Company's provision matrix is not disclosed as the lifetime ECL is insignificant but the expected credit loss rates applied approximate that of the Group as their loss patterns are similar.

Management is of the view that majority of the Group's and the Company's trade receivables are within their expected cash collection cycle. There are certain trade receivables which are less than 4% (2019 : 3%) of the total trade receivables as at the end of the reporting period that are outstanding for periods longer than the expected credit terms as agreed with the customers. The average days overdue of these receivables is 54 days (2019 : 71 days).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7 TRADE RECEIVABLES (cont'd)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	The Group			The Company
	Lifetime ECL			Lifetime ECL
	Collectively assessed: not credit-impaired \$'000	Individually assessed: credit-impaired \$'000	Total \$'000	Collectively assessed: not credit-impaired \$'000
Balance at 1 January 2019	1,693	6,177	7,870	12
Written off	–	(4,902)	(4,902)	–
Doubtful debt recovery	–	(1,077)	(1,077)	–
Net re-measurement of loss allowance	(387)	–	(387)	–
Foreign exchange losses (gains)	45	(111)	(66)	–
Balance at 31 December 2019	1,351	87	1,438	12
Written off	–	(89)	(89)	–
Net re-measurement of loss allowance	(136)	658	522	26
Foreign exchange gains	(4)	(11)	(15)	–
Balance at 31 December 2020	1,211	645	1,856	38

8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Other receivables	3,646	3,985	737	1,753
Derivative financial instruments	645	–	–	–
Deposits	2,948	4,112	59	49
Prepayments	11,457	9,368	1,030	666
	18,696	17,465	1,826	2,468
Less: Amounts receivable within 12 months	(18,696)	(17,327)	(1,826)	(2,468)
Amounts receivable after 12 months	–	138	–	–

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Based on the Group's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Group has assessed the expected credit loss rate on other receivables to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

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9 CONTRACT ASSETS

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Contract assets	16,759	8,478	–	–

Contract assets comprise unbilled revenue and other recoverables from customers for which the Group has performed work at balance sheet date, but the agreed billing milestones have not been reached. Such unbilled revenue and recoverables arise from design services contracts, tooling work and other non-recurring engineering services. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The increase in the Group's contract assets between 31 December 2019 and 31 December 2020 was attributable mainly to higher accrued revenue for design services contracts.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Based on the Group's historical credit loss experience with the relevant customers, as well as available forward-looking information, the Group has assessed the expected credit loss rate on contract assets to be insignificant.

10 INVENTORIES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Raw materials	420,091	427,432	24,698	32,414
Work in progress	92,615	85,454	16,902	12,868
Finished goods	143,747	193,264	11,906	14,076
	656,453	706,150	53,506	59,358

In 2020, the Group recognised an expense of \$2,009,000 (2019 : \$976,000) in respect of provisions and write-offs of aged inventory determined based on assessments of net realisable value and estimates on forecasted usage.

NOTES TO THE FINANCIAL STATEMENTS

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11 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 \$'000	2019 \$'000
Unquoted equity shares, at cost	1,148,474	1,148,474
Less: Impairment loss	(3,203)	(3,203)
Net carrying amount	1,145,271	1,145,271
Advances to subsidiaries ⁽¹⁾	86,840	86,840
Less: Impairment in advances to subsidiaries	(4,262)	(4,262)
	1,227,849	1,227,849

(1) Advances to subsidiaries are an extension of the Company's investment and hence are capital in nature.

Trade receivables from subsidiaries of \$62,595,000 (2019 : \$50,581,000) are stated net of allowance for doubtful debts of \$ Nil (2019 : \$5,000,000). \$5,000,000 was written back due to improvement in a subsidiary's financial position and recovery during 2020. \$6,800,000 of receivables were written-off during the year due to waiver of intercompany balances owing from a subsidiary.

Amounts due to and from subsidiaries are unsecured, interest-free and payable within 12 months other than advances to subsidiaries as mentioned above.

For purpose of impairment assessment, loss allowance for trade receivables due from subsidiaries has been measured at an amount equal to lifetime ECL. Other receivables due from subsidiaries are considered to have low credit risk and there has been no significant increase in the risk of default during the current reporting period. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period for trade and other receivables due from subsidiaries.

Details of the Company's significant subsidiaries as at the end of the reporting period are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2020 %	2019 %	
Advanced Products Corporation Pte Ltd	Singapore	100	100	Trading and manufacturing of electronics products and wholesale of computer hardware and peripheral equipment
Cebelian Holdings Pte Ltd	Singapore	100	100	Investment holding
Venture Electronics (Europe) B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁵⁾	Netherlands	100	100	Investment holding

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2020 %	2019 %	
Venture Electronics Spain S.L. (wholly-owned subsidiary of Venture Electronics (Europe) B.V.) ⁽¹⁾	Spain	100	100	Manufacture, design, engineering, customisation and logistic services
Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽¹⁾	People's Republic of China	100	100	Trading and manufacturing of electronic and computer-related products
Venture Electronics (Shenzhen) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁴⁾	People's Republic of China	100	100	Manufacture and sale of terminal units
VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁵⁾	United States of America	100	100	Trading and manufacturing of electronic and computer-related products
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁵⁾	United States of America	100	100	Manufacture, design, engineering, customisation engineering, and logistic services
Venture Design Services Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁵⁾	United States of America	100	100	Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation logistics and repair services
Venture Enterprise Innovation, Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁵⁾	United States of America	100	100	Manufacturing of high technology products, and provision of design solutions and services
VIPColor Technologies Pte Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)	Singapore	100	100	Develop and market colour imaging products for label printing
Advanced Instrument Pte. Ltd. (wholly-owned subsidiary of Advanced Products Corporation Pte Ltd)	Singapore	100	100	Research and experimental development on biotechnology, life and medical science and manufacture and repair of engineering and scientific instruments
Venture International Pte. Ltd.	Singapore	100	100	Import and export of electronic parts, components, equipment, devices and instruments

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2020 %	2019 %	
VIPColor Technologies USA, Inc. (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) ⁽⁵⁾	United States of America	100	100	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	100	100	Information system development and support
Multitech Systems Pte. Ltd.	Singapore	100	100	Trading and manufacturing of electronic and computer-related products
Scinetic Engineering Pte Ltd (60% owned by the Company and 40% owned by GES Investment Pte. Ltd.)	Singapore	100	100	Design, development, manufacture, sales, installation and servicing of computers and related products
Technocom Systems Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
Pintarmas Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn. Bhd.) ⁽¹⁾	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
V-Design Services(M) Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn. Bhd.) ⁽¹⁾	Malaysia	100	100	Design and development of electronic products and services
Venture Electronics Services (Malaysia) Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
Venture Electronics Solutions Pte Ltd	Singapore	100	100	Manufacture, design, engineering and logistics services to electronics equipment manufacturers worldwide
Ventech Investments Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁵⁾	British Virgin Islands	100	100	Investment holding
Univac Precision Engineering Pte Ltd	Singapore	100	100	Specialists, manufacturers, fabricators and dealers of precision plastic tools, components and sub-assemblies.

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2020 %	2019 %	
Munivac Sdn. Bhd. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽¹⁾	Malaysia	100	100	Manufacture of plastic precision engineering components
Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽⁵⁾	United States of America	100	100	Design, customisation and marketing of tool-making and precision engineering solutions
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) ^{(2) (6)}	Singapore	81.6	81.6	Investment holding
Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) ^{(3) (6)}	People's Republic of China	81.6	81.6	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
Univac Precision Plastics (Suzhou) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) ^{(3) (6)}	People's Republic of China	81.6	81.6	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
GES International Limited	Singapore	100	100	Investment holding and provision of management services
GES (Singapore) Pte Ltd (wholly-owned subsidiary of GES International Limited)	Singapore	100	100	Provision of manufacturing services for original design and manufacture and electronic manufacturing services
GES Investment Pte. Ltd. (wholly-owned subsidiary of GES International Limited)	Singapore	100	100	Investment holding and provision of administrative and technical services to a subsidiary
Shanghai GES Information Technology Co., Ltd (wholly-owned subsidiary of GES (Singapore) Pte Ltd) ⁽¹⁾	People's Republic of China	100	100	Provision of manufacturing services for original design and manufacture and electronic manufacturing services

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2020 %	2019 %	
GES Manufacturing Services (M) Sdn. Bhd. (wholly-owned subsidiary of GES Investment Pte. Ltd.) ⁽¹⁾	Malaysia	100	100	Manufacture of electronics equipment, computer, data and telecommunications products in industrial electronics industries
Winza Pte. Ltd. (a subsidiary of Advanced Products Corporation Pte Ltd)	Singapore	100	100	Trading and manufacturing of electronic and computer related products

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

- (1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
- (2) Audited by another firm of auditors, BSL Public Accounting Corporation.
- (3) Audited by another firm of auditors, Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.
- (4) Audited by another firm of auditors, BDO China Li Xin Da Hua Certified Public Accountants Co., Ltd.
- (5) Not required by law to be audited in its country of incorporation and not material to the results of the Group.
- (6) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of these non-wholly owned subsidiaries are individually insignificant to the Group.

The net assets of the subsidiaries referred to in Notes (2), (3), (4) and (5) above are less than 20% of the net assets of the Group as at the financial year end.

The Company has provided a commitment for financial support of \$41,055,000 (2019 : \$39,806,000) to certain subsidiaries for a period of twelve months from the end of the reporting period so as to enable the subsidiaries to continue to operate as going concerns and meet their contractual obligations when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

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12 OTHER FINANCIAL ASSETS

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Equity instruments measured at fair value through profit or loss (FVTPL)</u>				
Unquoted equity shares ^(a)	1,351	1,346	–	–
<u>Equity instruments measured at fair value through other comprehensive income (FVTOCI)</u>				
Quoted equity shares ^(b)	20,852	21,036	7,111	7,440
Unquoted equity shares ^(a)	2,847	2,847	–	–
	<u>25,050</u>	<u>25,229</u>	<u>7,111</u>	<u>7,440</u>

Other financial assets refer to equity instruments measured at fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

(a) The investments in unquoted equity shares include investments in venture capital funds and other investee companies.

(b) The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year. Investments in quoted equity securities offer the Group and the Company the opportunity for returns through distribution income and fair value gains. Quoted equity shares have no fixed maturity or coupon rate.

Equity instruments measured at FVTOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the financial year ended 31 December 2020 and 31 December 2019, no material change in the fair value of financial assets at FVTPL have been included in profit or loss for the year as part of "investment revenue".

NOTES TO THE FINANCIAL STATEMENTS

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13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Factory buildings \$'000	Leasehold land and buildings ⁽ⁱ⁾ \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Computer hardware \$'000	Motor vehicles \$'000	Total \$'000
<u>The Group</u>									
Cost:									
At 1 January 2019	25,256	47,553	159,541	308,586	47,756	47,440	4,527	2,458	643,117
Exchange differences	(438)	355	(714)	(4,567)	(1,377)	(2,349)	–	(197)	(9,287)
Reclassification ⁽ⁱⁱ⁾	3,752	(3,752)	–	–	–	–	–	–	–
Additions	–	147	31	14,145	15,996	4,136	255	361	35,071
Disposals	–	–	–	(9,342)	(460)	(1,636)	(332)	(121)	(11,891)
At 31 December 2019	28,570	44,303	158,858	308,822	61,915	47,591	4,450	2,501	657,010
Exchange differences	(410)	(587)	(844)	(1,746)	(303)	(636)	–	(14)	(4,540)
Additions	–	–	3,882	8,250	12,264	3,372	–	–	27,768
Disposals	–	–	–	(10,499)	(5,089)	(2,143)	–	(29)	(17,760)
At 31 December 2020	28,160	43,716	161,896	304,827	68,787	48,184	4,450	2,458	662,478
Accumulated depreciation:									
At 1 January 2019	–	7,546	64,569	260,583	35,513	39,286	3,101	1,546	412,144
Exchange differences	–	97	(341)	(2,617)	(693)	(2,200)	–	(12)	(5,766)
Depreciation	–	579	4,874	15,979	3,258	4,475	591	284	30,040
Disposals	–	–	–	(9,296)	(397)	(1,601)	(19)	(121)	(11,434)
At 31 December 2019	–	8,222	69,102	264,649	37,681	39,960	3,673	1,697	424,984
Exchange differences	–	(161)	(713)	(2,081)	(240)	(503)	–	(18)	(3,716)
Depreciation	–	1,186	4,749	15,027	3,882	4,347	561	280	30,032
Disposals	–	–	–	(9,011)	(4,649)	(2,124)	–	(29)	(15,813)
At 31 December 2020	–	9,247	73,138	268,584	36,674	41,680	4,234	1,930	435,487
Impairment:									
At 1 January 2019, 31 December 2019 and 31 December 2020	–	–	–	18	36	190	–	43	287
Carrying amount:									
At 31 December 2020	28,160	34,469	88,758	36,225	32,077	6,314	216	485	226,704
At 31 December 2019	28,570	36,081	89,756	44,155	24,198	7,441	777	761	231,739

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and building ⁽ⁱ⁾ \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
<u>The Company</u>						
Cost:						
At 1 January 2019	39,166	42,523	3,363	7,715	1,090	93,857
Additions	–	438	374	484	–	1,296
Disposals	–	(91)	(11)	(221)	–	(323)
At 31 December 2019	39,166	42,870	3,726	7,978	1,090	94,830
Additions	–	382	248	400	–	1,030
Disposals	–	(447)	–	(49)	–	(496)
At 31 December 2020	39,166	42,805	3,974	8,329	1,090	95,364
Accumulated depreciation:						
At 1 January 2019	4,897	38,145	2,639	7,382	511	53,574
Depreciation	1,031	1,267	293	271	157	3,019
Disposals	–	(91)	(11)	(221)	–	(323)
At 31 December 2019	5,928	39,321	2,921	7,432	668	56,270
Depreciation	1,028	1,201	296	309	150	2,984
Disposals	–	(444)	–	(36)	–	(480)
At 31 December 2020	6,956	40,078	3,217	7,705	818	58,774
Carrying amount:						
At 31 December 2020	32,210	2,727	757	624	272	36,590
At 31 December 2019	33,238	3,549	805	546	422	38,560

(i) The Group and the Company made upfront payments in full to secure the right-of-use of leasehold land and buildings for the Group's manufacturing operations, warehousing and office premises. Leasehold factory buildings classified under Factory Buildings were classified to Leasehold land and buildings on the adoption of SFRS(I)16 in 2019.

(ii) In 2019, the Group received an updated Notice of Assessment from the tax authority in relation to a property that was purchased in 2018. The reclassification between Freehold Land and Factory Building is made to reflect the allocation of value between land and building of the property in the updated assessment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14 RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including leasehold land and buildings and plant and equipment. The average lease term is 6 years (2019 : 5.7 years).

	Leasehold land and buildings ⁽ⁱ⁾ \$'000	Plant and equipment \$'000	Total \$'000
<u>The Group</u>			
Cost:			
At 1 January 2019	17,174	177	17,351
Exchange differences	(277)	–	(277)
Additions	18,855	34	18,889
Disposals	(123)	–	(123)
At 31 December 2019	35,629	211	35,840
Exchange differences	(89)	(3)	(92)
Additions	4,745	–	4,745
Disposals	(1,035)	–	(1,035)
At 31 December 2020	39,250	208	39,458
Accumulated depreciation:			
At 1 January 2019	–	–	–
Exchange differences	(59)	–	(59)
Depreciation	8,415	44	8,459
Disposals	(32)	–	(32)
At 31 December 2019	8,324	44	8,368
Exchange differences	(107)	–	(107)
Depreciation	11,548	52	11,600
Disposals	(530)	–	(530)
At 31 December 2020	19,235	96	19,331
Carrying amount:			
At 31 December 2020	20,015	112	20,127
At 31 December 2019	27,305	167	27,472

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14 RIGHT-OF-USE ASSETS (cont'd)

	Leasehold land and buildings ⁽ⁱ⁾ \$'000
<u>The Company</u>	
Cost:	
At 1 January 2019	–
Additions	18,431
At 31 December 2019 and 31 December 2020	18,431
Accumulated depreciation:	
At 1 January 2019	–
Depreciation	2,794
At 31 December 2019	2,794
Depreciation	6,144
At 31 December 2020	8,938
Carrying amount:	
At 31 December 2020	9,493
At 31 December 2019	15,637

- (i) These pertain to leasehold land and buildings for which the Group and the Company make periodic lease payments. These are used for the Group's manufacturing operations, warehousing and office premises.

In addition, the Group and the Company made upfront payments in full to secure the right-of-use of certain leasehold land and buildings. These leasehold land and buildings, with net book value amounting to \$88,758,000 and \$32,210,000 (2019 : \$89,756,000 and \$33,238,000) for the Group and the Company respectively, are presented within property, plant and equipment (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

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15 INTANGIBLE ASSETS

	Customer relationships \$'000	Development expenditure \$'000	Computer software \$'000	Total \$'000
<u>The Group</u>				
Cost:				
At 1 January 2019	168,483	58,280	24,055	250,818
Exchange differences	–	(381)	86	(295)
Additions	–	–	120	120
At 31 December 2019	168,483	57,899	24,261	250,643
Exchange differences	–	200	14	214
Additions	–	–	278	278
At 31 December 2020	168,483	58,099	24,553	251,135
Accumulated amortisation:				
At 1 January 2019	168,483	58,099	24,055	250,637
Exchange differences	–	(378)	19	(359)
Amortisation	–	134	59	193
At 31 December 2019	168,483	57,855	24,133	250,471
Exchange differences	–	198	2	200
Amortisation	–	45	107	152
At 31 December 2020	168,483	58,098	24,242	250,823
Carrying amount:				
At 31 December 2020	–	1	311	312
At 31 December 2019	–	44	128	172

	Development expenditure \$'000
<u>The Company</u>	
Cost:	
At 1 January 2019, 31 December 2019 and 31 December 2020	32,533
Accumulated amortisation:	
At 1 January 2019, 31 December 2019 and 31 December 2020	32,533
Carrying amount:	
At 1 January 2019, 31 December 2019 and 31 December 2020	–

The amortisation period for development expenditure and computer software is three years which approximates the useful lives of the intangible assets. Intellectual property relates to licensing rights for manufacture of equipment and is amortised over its estimated useful life of five years.

The fair value of the customer relationships which arose from the acquisition of GES (Note 16) on 29 November 2006 has been amortised over its useful life of ten years and was fully amortised in 2016. No amortisation charge was recorded in profit or loss in 2019 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

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16 GOODWILL

	The Group \$'000
Cost:	
At 1 January 2019, 31 December 2019 and 31 December 2020	640,593
Impairment:	
At 1 January 2019, 31 December 2019 and 31 December 2020	(885)
Carrying amount:	
At 1 January 2019, 31 December 2019 and 31 December 2020	639,708

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2020 \$'000	2019 \$'000
<u>Technology Products and Design Solutions</u>		
(a) GES International Limited and its subsidiaries ("GES International Group") (single CGU)	573,568	573,568
<u>Advanced Manufacturing and Design Solutions</u>		
(b) Technocom Systems Sdn Bhd (previously transferred from Venture Electronics Solutions Pte Ltd) (single CGU)	10,980	10,980
(c) Univac Precision Engineering Pte Ltd and its subsidiaries ("Univac Group") (single CGU)	55,160	55,160
Total	639,708	639,708

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

In accordance with the requirements of SFRS(I) 1-36, the value in use calculations applied a discounted cash flow model using management approved cash flow projections.

The key assumptions used in determining the recoverable amount of the CGUs are those regarding discount rates, revenue growth rates, profitability margins, capital expenditures, working capital cycles and non-operating cash balances, as at the assessment date.

NOTES TO THE FINANCIAL STATEMENTS

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16 GOODWILL (cont'd)

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts. The growth rate used to extrapolate the cash flows of the respective CGUs beyond the forecast period of 5 years is 2% (2019 : 2%), which does not exceed the long-term growth rate for the relevant markets. The implied pre-tax rates used to discount the cash flow projections of the respective CGUs are as follows:

- (a) The rate used to discount the cash flows from GES International Limited and its subsidiaries is 11.0% (2019 : 11.0%).
- (b) The rate used to discount the cash flows from Univac Precision Engineering Pte Ltd and its subsidiaries is 11.5% (2019 : 11.5%).
- (c) The rate used to discount the cash flows from Technocom Systems Sdn Bhd is 13.0% (2019 : 13.0%).

The values assigned to other key assumptions are based on past performances and expected future market development.

As at the end of the respective reporting periods, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the respective carrying amounts of the CGUs.

17 DEFERRED TAX ASSETS/LIABILITIES

	The Group	
	2020 \$'000	2019 \$'000
<u>Deferred tax assets:</u>		
Balance at beginning of year	3,690	3,747
Exchange differences	(83)	(57)
Balance at end of year	3,607	3,690

The deferred tax assets mainly comprise the tax effect of temporary differences associated with tax credits for certain overseas research and development activities and accelerated accounting depreciation.

	The Group	
	2020 \$'000	2019 \$'000
<u>Deferred tax liabilities:</u>		
Balance at beginning of year	3,040	2,058
Current year provision	357	996
Exchange differences	(32)	(14)
Balance at end of year	3,365	3,040

The deferred tax liabilities comprise the tax effect of temporary differences associated with accelerated tax depreciation.

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18 BANK LOANS

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Bank loans (unsecured)	–	1,058	–	–

In 2019, the bank loans comprised bank borrowings of \$1,058,000 which was a revolving credit facility drawn down by a subsidiary. The loan bore effective interest rate of 0.41% per annum and was fully repaid during the year.

19 TRADE PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Outside parties	397,544	490,329	41,523	32,963

The average credit period on purchases of goods is 73 days (2019 : 68 days). No interest is charged by suppliers on trade payables. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

20 OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Other payables	14,215	9,426	–	–
Salary related accruals	57,223	60,625	18,681	19,730
Accrued expenses	86,802	99,601	13,042	8,425
	158,240	169,652	31,723	28,155

Salary related accruals for both the Group and the Company include \$6,880,000 (2019 : \$7,333,000) due to Directors. The amount due to Directors is unsecured, interest-free and payable within 12 months.

The Group's accrued expenses include provisions for warranty of \$13,502,000 (2019 : \$35,996,000). The Company's accrued expenses include provisions for warranty of \$Nil (2019 : \$2,017,000).

The Group and the Company assessed the provision for warranties based on historical claim experience and estimated potential rectification costs for the products sold that qualify under the contractual warranty periods. Such provisions are assessed as a percentage of sales, determined by management based on the claim experience, the likelihood of claims and risks arising from the contracts covered by the warranty, and taking into consideration other factors such as industry benchmarks and technological failure rates.

NOTES TO THE FINANCIAL STATEMENTS

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21 CONTRACT LIABILITIES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Contract liabilities	36,152	49,380	1,082	1,209

Contract liabilities arise from advance payments from customers. In the case of design services, tooling and non-recurring engineering services, such advances arise when a particular milestone payment exceeds the work done to date. Contract liabilities are also recognised when a customer makes payment for the Group's working capital which the Group has deployed specifically for the customers' projects.

The decrease in the Group's contract liabilities in 2020 result from delivery of goods during the financial year.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

\$34,716,000 of contract liabilities as at 31 December 2019 were recognised in revenue in the subsequent financial year.

22 LEASE LIABILITIES

(Group and Company as a lessee)

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Maturity analysis:				
Within one year	10,355	11,416	5,965	5,965
In the second to fifth year inclusive	11,455	17,475	4,454	10,309
	21,810	28,891	10,419	16,274
Less: Unearned interest	(860)	(972)	(261)	(384)
	20,950	27,919	10,158	15,890
Analysed as:				
Current	10,105	10,601	5,837	5,732
Non-current	10,845	17,318	4,321	10,158
	20,950	27,919	10,158	15,890

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

23 SHARE CAPITAL, TREASURY SHARES AND RESERVES

SHARE CAPITAL

	The Group and the Company			
	2020	2019	2020	2019
	Number of ordinary shares '000	Number of ordinary shares '000	\$'000	\$'000
Issued and paid up:				
At beginning of year	289,726	289,026	811,082	803,220
Issuance of shares	1,362	700	15,898	7,862
At end of year	291,088	289,726	826,980	811,082

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

TREASURY SHARES

	The Group and the Company			
	2020	2019	2020	2019
	Number of ordinary shares '000	Number of ordinary shares '000	\$'000	\$'000
At beginning of year	1,265	1,199	19,993	19,081
Repurchased during the year	–	146	–	2,178
Reissuance pursuant to equity compensation plans	(210)	(80)	(3,319)	(1,266)
At end of year	1,055	1,265	16,674	19,993

SHARE-BASED AWARDS RESERVE

This arises on the grant of share options and share awards to employees under the employee share option schemes and restricted share plan respectively. Further information about share-based payments to employees is set out in Note 25.

INVESTMENTS REVALUATION RESERVE

This arises on revaluation of equity instruments designated as at FVTOCI (Note 12), net of cumulative gain/loss transferred to accumulated profits upon disposal.

This reserve is not available for distribution to the Company's shareholders.

OTHER RESERVES

This includes reserve fund of \$4,902,000 (2019 : \$4,274,000) offset by other reserve of \$3,886,000 (2019 : \$1,697,000).

The reserve fund is a part of the profit after tax of a subsidiary operating in the People's Republic of China ("PRC") transferred to the reserve fund in accordance with local requirements. This legal reserve cannot be distributed or reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off accumulated losses or increasing capital.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

24 TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

25 SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Company has a share option scheme for qualifying employees of the Group and the Company which was approved on 25 April 2014 and commenced on 1 January 2015 ("2015 Scheme"). There was an earlier share option scheme which was approved on 30 April 2004 and expired on 30 April 2014 ("2004 Scheme"). Notwithstanding the expiry of the 2004 Scheme, any outstanding and unexercised options held by option holders prior to such expiry will continue to remain valid. The schemes are administered by the Remuneration Committee. Options are exercisable at a price determined with reference to market price of shares at the time of grant of the options and adjusted for certain premium depending on when the options are exercised, and may be exercised during the exercise period applicable to those options and in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant. The vesting period is one year. If the options remain unexercised after a period of five years from the date of grant, the options would lapse. Options are cancelled if the employee leaves the Group.

Details of the share options outstanding during the year under the 2004 Scheme are as follows:

	<u>The Group and the Company</u>	
	2019	
	Number of	Weighted
	share options	average
		exercise price
		\$
Outstanding at beginning of year	43,000	7.45
Cancelled during the year	–	–
Exercised during the year	(43,000)	7.45
Outstanding at end of year	–	–
Exercisable at end of year	–	–

The weighted average share price at the date of exercise for share options exercised in 2019 was \$17.39.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (cont'd)

Equity-settled share option schemes (cont'd)

Details of the share options outstanding during the year under the 2015 Scheme are as follows:

	The Group and the Company			
	2020	Weighted average exercise price \$	2019	Weighted average exercise price \$
	Number of share options		Number of share options	
Outstanding at beginning of year	3,197,000	15.66	2,806,000	13.78
Granted during the year	866,500	20.18	1,078,000	20.64
Exercised during the year	(1,362,000)	11.42	(657,000)	11.23
Cancelled during the year	(49,000)	19.12	(30,000)	15.66
Outstanding at end of year	<u>2,652,500</u>		<u>3,197,000</u>	
Exercisable at end of year	<u>2,652,500</u>	18.06	<u>3,197,000</u>	15.66

The weighted average share price at the date of exercise for share options exercised during the year was \$18.30 (2019 : \$16.56). The options outstanding at the end of the year have a weighted average remaining exercisable period of 3.2 years (2019 : 3.0 years).

The Group recognised total expenses of \$522,000 (2019 : \$297,000) relating to the share options transactions during the year.

Options granted

The fair values under the respective grants were calculated using the trinomial model with the following inputs:

	Options granted on 30 June 2020 under the 2015 Scheme
Grant Ref No.	2015 Grant 6
Estimated fair value of options granted on above dates	\$0.62 per option
Share price at valuation date	\$16.64
Exercise price	\$20.18 ⁽¹⁾
	\$18.56 ⁽²⁾
	\$16.14 ⁽³⁾
Expected volatility	23.75% ⁽⁴⁾
Exercise multiple (times)	1.03
Risk free rate	0.871%
Expected dividend yield	5.0%

(1) If exercised between 30 June 2021 to 29 June 2022.

(2) If exercised between 30 June 2022 to 29 June 2023.

(3) If exercised between 30 June 2023 to 29 June 2025.

(4) Expected volatility was determined by considering the historical volatility of the Company's share price that commensurate with the contract life of the options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (cont'd)

Restricted Share Plan (RSP)

The Venture Corporation Restricted Share Plan ("RSP") was approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 28 April 2011. The RSP is administered by the Remuneration Committee ("Committee").

The duration of the RSP is 10 years commencing on 28 April 2011 and expiring on 27 April 2021. Awards granted prior to such expiration, whether fully or partially released, will continue to be valid and subject to the terms and conditions of the RSP.

Managers in senior positions in the Group or leadership positions in management, technology or possess other domain expertise and competencies and who are in a position to contribute or have significantly contributed to the performance, growth and profitability of the Group, as may be designated by the Committee, shall be eligible to participate in the RSP. Such managers must have been employed in the Company and/or its subsidiaries for a minimum period as determined by the Committee.

Movement in the awards by the Company during the year was as follows:

	The Group and the Company	
	2020	2019
At 1 January	910,000	900,000
Granted	132,000	170,000
Lapsed	–	(80,000)
Vested	(210,000)	(80,000)
At 31 December	832,000	910,000

The Group recognised total expenses of \$1,550,000 (2019 : \$1,313,000) relating to RSP transactions during the year.

RSP granted

	2020	2019
Vest on	30 June 2025	20 June 2024
Risk-free interest rate	0.871%	1.75%
Share price at valuation date	\$16.18	\$17.28
Expected dividend yield	5.00%	5.50%
Fair value of the contingent award of shares at grant date using the above inputs (per share)	\$12.60	\$13.13

The awards have a 5-year vesting period and are subject to the rules of the RSP.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (cont'd)

Restricted Share Plan (RSP) (cont'd)

RSP granted (cont'd)

The mode of settlement of the awards under the RSP may be by way of:

- (i) allotment and issue of new shares; and/or
- (ii) the delivery of existing shares; and/or
- (iii) payment of the equivalent value in cash (after deduction of any applicable taxes and Central Provident Fund and/or other statutory contributions); and/or
- (iv) a combination of above (i), (ii) and (iii)

26 REVENUE

	The Group	
	2020 \$'000	2019 \$'000
Manufacturing, engineering, design and fulfilment services revenue	3,012,083	3,632,530
Dividend income	811	901
Total	3,012,894	3,633,431

The majority of the revenue is recognised at a point in time, with revenue recognised over time contributing less than 10% of the total revenue.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period for contracts that have an original expected duration of a year or more.

Where performance obligations are part of a contract that has an original expected duration of a year or less, or if revenue is recognised based on the Group's right to invoice the customer in the amount that corresponds directly with the value of the Group's performance completed to date, no disclosure of transaction price allocated to remaining performance obligations is made in accordance with SFRS(I) 15.120.

	The Group	
	2020 \$'000	2019 \$'000
Design services	2,600	3,282
Non-recurring engineering services and tooling	495	1,174
Total	3,095	4,456

Management expects that 89% (2019 : 100%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognised as revenue during the next reporting period. The remaining unsatisfied contracts will be recognised as revenue in 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

27 OTHER INCOME

	The Group	
	2020	2019
	\$'000	\$'000
Government grants	2,506	16
Other income	787	730
Total	3,293	746

28 INVESTMENT REVENUE

	The Group	
	2020	2019
	\$'000	\$'000
Interest income on bank deposits	6,230	11,005

29 INCOME TAX

	The Group	
	2020	2019
	\$'000	\$'000
Income tax on profit for the year:		
Current year	46,248	59,386
Overprovision in prior years	(1,179)	(3,739)
Deferred income tax (Note 17):		
Current year	357	996
Total	45,426	56,643

Domestic income tax of the Company is calculated at 17% (2019 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax expense for the year can be reconciled to the accounting profit as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Profit before income tax	342,830	420,024
Income tax expense at statutory tax rate	58,281	71,404
Non-(taxable) allowable items	1,001	(2,460)
Overprovision of income tax in prior years, net	(1,179)	(3,739)
Deferred tax benefits not recognised	317	63
Effect of different tax rates of overseas operations	9,712	15,866
Tax-exempt income/Income under concessionary tax rate	(22,276)	(23,959)
Utilisation of deferred tax benefits previously not recognised	(517)	(546)
Other items	87	14
Total income tax	45,426	56,643

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

29 INCOME TAX (cont'd)

The income tax for the Group differs from the amount determined by applying the statutory tax rates primarily due to pioneer status and other tax incentives granted to the Company and its subsidiaries.

Management has assessed the achievability of the qualifying terms and conditions of the tax incentives awarded to the Company and some of its subsidiaries in the current and previous financial years, and management is of the view that the Company and its subsidiaries will be able to satisfy all qualifying terms and conditions. Accordingly, tax provisions for the Group have been made on the basis that the tax incentives will be utilised.

Subject to agreement with the relevant tax authorities, the Group has the following available for offsetting against future taxable income:

	Tax losses carryforward \$'000	Capital allowance carryforward \$'000	Total \$'000
Balance at 1 January 2019	16,135	3,928	20,063
Amount in current year	373	–	373
Amount utilised in current year	(1,016)	(2,194)	(3,210)
Balance at 31 December 2019	15,492	1,734	17,226
Amount in current year	1,863	–	1,863
Amount utilised in current year	(2,496)	(546)	(3,042)
Balance at 31 December 2020	14,859	1,188	16,047
Deferred tax benefit on above not recorded:			
At 31 December 2019	2,634	295	2,929
At 31 December 2020	2,526	202	2,728

At the end of the reporting period, the aggregate amount of deferred tax liabilities in respect of temporary differences associated with undistributed earnings of subsidiaries that have not been recognised is \$20,276,000 (2019 : \$18,086,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

30 PROFIT FOR THE YEAR

Other than as disclosed elsewhere in the financial statements, profit for the year has been arrived at after charging (crediting):

	The Group	
	2020	2019
	\$'000	\$'000
Cost of inventories recognised as expense	2,219,737	2,726,672
Loss on disposal of plant and equipment and right-of-use assets, net	1,912	109
Allowance for inventories (Note 10)	2,009	976
<u>Directors' remuneration:</u>		
– Directors of the Company	8,521	8,972
– Directors of the subsidiaries	8,901	9,118
– Directors' fees payable to Directors of the Company	863	869
Total Directors' remuneration	18,285	18,959
<u>Employee benefits expense (including Directors' remuneration):</u>		
– Equity settled share-based payments	2,072	1,610
– Defined contribution plans	23,587	26,014
– Salaries	275,595	305,527
Total employee benefits expense ⁽ⁱ⁾	301,254	333,151
<u>Impairment loss on financial assets:</u>		
– Doubtful debt recovered	(69)	(1,077)
– Net re-measurement of loss allowance (reversal) (Note 7)	522	(387)
	453	(1,464)
<u>Audit fees:</u>		
– Paid to auditors of the Company	423	423
– Paid to other auditors	177	177
Total audit fees	600	600
<u>Non-audit fees:</u>		
– Non-audit fees paid to auditors of the Company	2	5
Aggregate amount of fees paid to auditors	602	605

⁽ⁱ⁾ In 2020, Job Support Scheme grant income of \$14,600,000 was netted against employee benefits expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

30 PROFIT FOR THE YEAR (cont'd)

	The Group	
	2020 \$'000	2019 \$'000
Depreciation expense on right-of-use assets	11,423	8,459
Interest expense on lease liabilities	466	512
Expense relating to short-term leases and leases of low value assets	2,111	7,253

31 EARNINGS PER SHARE

	The Group			
	2020		2019	
	Basic \$'000	Diluted \$'000	Basic \$'000	Diluted \$'000
Profit for the year attributable to owners of the Company	297,325	297,325	363,130	363,130
	Number of shares '000		Number of shares '000	
Weighted average number of ordinary shares used to compute earnings per share	289,242	290,813	288,185	289,908
Earnings per share (cents)	102.8	102.2	126.0	125.3

32 CAPITAL EXPENDITURE COMMITMENTS

	The Group	
	2020 \$'000	2019 \$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	269	92

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 SEGMENT INFORMATION

The Group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance are as follows:

- (i) Advanced Manufacturing & Design Solutions ("AMDS").
- (ii) Technology Products & Design Solutions ("TPS").

Accordingly, the above are the Group's reportable segments under SFRS(I) 8 *Operating Segments*.

Segment revenue and results

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Eliminations \$'000	Group \$'000
<u>2020</u>				
Revenue:				
External sales	2,151,030	861,864	–	3,012,894
Inter-segment sales	30,595	2,667	(33,262)	–
Total revenue	2,181,625	864,531	(33,262)	3,012,894
Results:				
Segment profit	244,768	92,334	–	337,102
Investment revenue				6,230
Interest expense				(470)
Share of loss of associates				(32)
Profit before income tax				342,830
Income tax expense				(45,426)
Profit for the year				297,404

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Eliminations \$'000	Group \$'000
<u>2019</u>				
Revenue:				
External sales	2,775,323	858,108	–	3,633,431
Inter-segment sales	22,958	3,503	(26,461)	–
Total revenue	2,798,281	861,611	(26,461)	3,633,431
Results:				
Segment profit	325,244	84,262	–	409,506
Investment revenue				11,005
Interest expense				(523)
Share of profit of associates				36
Profit before income tax				420,024
Income tax expense				(56,643)
Profit for the year				363,381

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of impairment loss on associate, investment revenue, finance cost, share of profit of associates and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 SEGMENT INFORMATION (cont'd)

Segment assets

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Group \$'000
<u>31 December 2020</u>			
Segment assets	2,095,437	1,114,743	3,210,180
Investments in associates			729
Other financial assets			25,050
Income tax recoverable/deferred tax assets			3,608
Consolidated total assets			<u>3,239,567</u>
<u>31 December 2019</u>			
Segment assets	2,110,623	1,133,938	3,244,561
Investments in associates			761
Other financial assets			25,229
Income tax recoverable/deferred tax assets			3,694
Consolidated total assets			<u>3,274,245</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than investments in associates, other financial assets (Note 12) and income tax assets. Goodwill has been allocated to reportable segments as described in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 SEGMENT INFORMATION (cont'd)

Other segment information

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Group \$'000
2020			
Additions to non-current assets ⁽¹⁾	31,436	1,355	32,791
Depreciation and amortisation	34,762	6,845	41,607
Allowance for inventories	44	1,965	2,009
Net remeasurement of ECL (reversal) allowance	470	(17)	453
Loss on disposal of plant and equipment, net	1,912	–	1,912
Foreign currency exchange adjustment gain	(1,690)	(217)	(1,907)

2019

Additions to non-current assets ⁽¹⁾	57,513	13,918	71,431
Depreciation and amortisation	31,775	6,917	38,692
Allowance for inventories	557	419	976
Net remeasurement of ECL reversal	(1,457)	(7)	(1,464)
Loss on disposal of plant and equipment, net	79	30	109
Foreign currency exchange adjustment gain	(3,893)	(549)	(4,442)

(1) Non-current assets other than financial instruments and deferred tax assets.

Group's revenue by Technology Domains Segments

	2020 \$'000	2019 \$'000
Portfolio A ⁽²⁾	1,253,891	1,713,428
Portfolio B ⁽³⁾	1,759,003	1,920,003
Consolidated revenue	3,012,894	3,633,431

(2) Portfolio A comprised Life Science, Genomics, Molecular Diagnostics and Related Materials Technology, Medical Devices and Equipment, Healthcare & Wellness Technology, Lifestyle Consumer Technology, Health Improvement Products and Others.

(3) Portfolio B comprised Instrumentation, Test & Measurement Technology, Networking & Communications, Security & Safety, Building Automation, Industrial IOT, Fintech & Advanced Payment Systems, Computing & Productivity Systems, Advanced Industrial Technology, Printing & Imaging, Related Components Technology and Others.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

33 SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates in two principal geographical areas - Singapore (country of domicile) and Asia-Pacific (excluding Singapore).

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates, deferred tax assets and financial assets) by geographical locations are detailed below:

	Revenue from external customers		Non-current assets ⁽¹⁾	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	623,006	688,117	693,248	705,153
Asia-Pacific (excluding Singapore)	2,225,959	2,764,664	132,480	138,129
Others	163,929	180,650	61,123	55,809
Total	3,012,894	3,633,431	886,851	899,091

(1) Non-current assets other than financial instruments and deferred tax assets.

Information about major customers

The total revenue for the AMDS segment includes revenue from one customer (2019 : one customer) which individually makes up more than 10% of the Group's total revenue.

34 DIVIDENDS

In the financial year ended 31 December 2020, the Company declared and paid:

- (i) a final one-tier tax-exempt dividend of \$0.50 per ordinary share on the ordinary shares of the Company totalling \$144,446,000 in respect of the financial year ended 31 December 2019; and
- (ii) an interim one-tier tax-exempt dividend of \$0.25 per ordinary share on the ordinary shares of the Company totalling \$72,454,000 in respect of the financial year ended 31 December 2020.

In respect of the financial year ended 31 December 2020, the Directors of the Company propose that a final one-tier tax-exempt dividend of \$0.50 per ordinary share be paid to all shareholders. The total estimated dividend to be paid is \$145,016,000.

This proposed dividend has not been included as a liability in these financial statements as it is subject to approval by shareholders at the Annual General Meeting to be held in 2021.

In the financial year ended 31 December 2019, the Company declared and paid:

- (i) a final one-tier tax-exempt dividend of \$0.50 per ordinary share on the ordinary shares of the Company totalling \$144,021,000 in respect of the financial year ended 31 December 2018; and
- (ii) an interim one-tier tax exempt dividend of \$0.20 per ordinary share on the ordinary shares of the Company totalling \$57,673,000 in respect of the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

35 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2021

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MARCH 2021

Number of issued and paid-up shares	:	291,191,577
Number of treasury shares	:	1,055,000
Number of issued and paid-up shares (excluding treasury shares)	:	290,136,577
Class of shares	:	Ordinary
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	34	0.34	628	0.00
100 – 1,000	5,509	54.41	3,890,585	1.34
1,001 – 10,000	4,082	40.32	13,762,302	4.74
10,001 – 1,000,000	486	4.80	18,714,205	6.45
1,000,001 and above	13	0.13	253,768,857	87.47
	10,124	100.00	290,136,577	100.00

Note:

As at 9 March 2021, the Company has no subsidiary holdings.

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TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares held	% ⁽¹⁾
1	CITIBANK NOMINEES SINGAPORE PTE LTD	87,889,496	30.29
2	DBS NOMINEES PTE LTD	69,240,287	23.86
3	DBSN SERVICES PTE LTD	45,474,285	15.67
4	HSBC (SINGAPORE) NOMINEES PTE LTD	22,041,661	7.60
5	RAFFLES NOMINEES (PTE) LIMITED	9,475,016	3.27
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	9,060,626	3.12
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,073,537	1.06
8	SOCIETE GENERALE SINGAPORE BRANCH	1,819,195	0.63
9	PHILLIP SECURITIES PTE LTD	1,328,634	0.46
10	TAN CHOON HUAT	1,103,500	0.38
11	YONG YING-I	1,100,000	0.38
12	OCBC SECURITIES PRIVATE LTD	1,098,001	0.38
13	WONG NGIT LIONG	1,064,619	0.37
14	UOB KAY HIAN PTE LTD	764,515	0.26
15	YONG WEI-WOO NEE CHEANG WEI-WOO	650,000	0.22
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	604,137	0.21
17	SOO ENG HIONG	534,518	0.18
18	GOODPACK HOLDINGS PTE LTD	399,000	0.14
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	338,497	0.12
20	LIM PUI NGAN	316,000	0.11
		257,375,524	88.71

Note:

(1) Based on 290,136,577 Shares in issue as at 9 March 2021 (being 291,191,577 Shares in issue and disregarding 1,055,000 Shares held in treasury).

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

Based on information received by the Company as at 9 March 2021

Name	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽²⁾	% ⁽¹⁾
BlackRock, Inc. ⁽³⁾	–	–	15,660,066	5.40
Schroders PLC	–	–	18,250,400	6.29
Wong Ngit Liong	20,328,219	7.01	–	–

Notes:

(1) Based on 290,136,577 Shares in issue as at 9 March 2021 (being 291,191,577 Shares in issue and disregarding 1,055,000 Shares held in treasury).

(2) Deemed interest refer to interests determined pursuant to Section 7 of the Companies Act.

(3) BlackRock, Inc. is deemed to have an interest in 15,660,066 Shares of the Company held by its various subsidiaries.

SHARES HELD IN THE HANDS OF THE PUBLIC

Based on information received by the Company as at 9 March 2021, approximately 81.30% ⁽¹⁾ of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

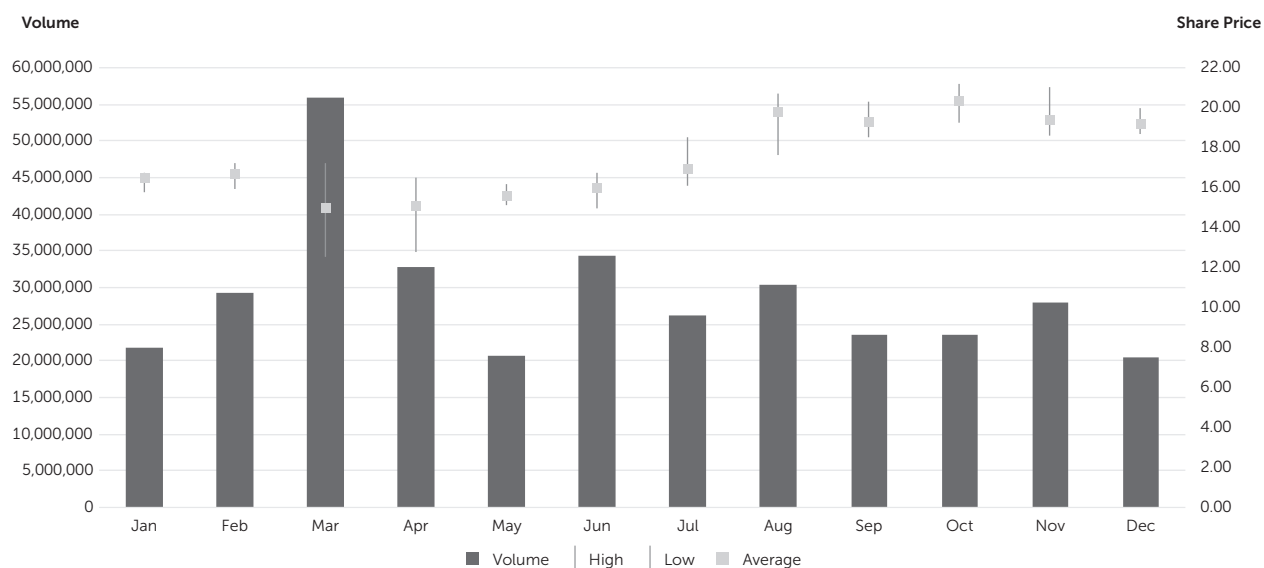
Note:

(1) Percentage is calculated based on the total number of 290,136,577 shares, excluding treasury shares.

SHARE PERFORMANCE

YEAR ENDED 31 DECEMBER 2020

Share Prices	2020 (S\$)
Last Transacted	19.42
High	21.21
Low	12.52
Average	17.47
Total Volume for 2020	346,707,203



INTERNATIONAL NETWORK

SINGAPORE

Venture Corporation Limited

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

Venture International Pte. Ltd.

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

Advanced Instrument Pte. Ltd.

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Advanced Products Corporation
Pte Ltd**

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

Cebelian Holdings Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

GES International Limited

28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

GES Investment Pte. Ltd.

28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

GES (Singapore) Pte Ltd

28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**Innovative Trek Technology
Pte Ltd**

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

Scinetic Engineering Pte Ltd

28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**Univac Design & Engineering
Pte Ltd**

211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6854 3388

**Univac Precision Engineering
Pte Ltd**

211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6854 3388

Multitech Systems Pte. Ltd.

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Venture Electronics Solutions
Pte Ltd**

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

VIPColor Technologies Pte Ltd

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

Winza Pte. Ltd.

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

INTERNATIONAL NETWORK

MALAYSIA

GES Manufacturing Services (M) Sdn. Bhd.

PLO 34, Fasa 2
Kawasan Perindustrian Senai
81400 Senai
Johor, Malaysia
T : +60 (07) 599 2511
F : +60 (07) 599 2521

Munivac Sdn. Bhd.

No. 51 & 53
Jalan Riang 21
Taman Gembira
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 335 6333
F : +60 (07) 335 0088

Pintarmas Sdn. Bhd.

No. 6
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

Technocom Systems Sdn. Bhd.

No. 2 & 4
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

V-Design Services (M) Sdn. Bhd.

No. 2 & 4
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

Venture Electronics Services (Malaysia) Sdn. Bhd.

Plot 44
Bayan Lepas Industrial Park IV
11900 Bayan Lepas
Pulau Pinang, Malaysia
T : +60 (04) 642 8000
F : +60 (04) 642 9000

USA

Univac Precision, Inc.

1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (510) 45 6 9300
F : +1 (408) 24 0 6886

Venture Design Services Inc.

1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (510) 45 6 9300
F : +1 (408) 24 0 6886

Venture Electronics International, Inc.

1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (510) 45 6 9300
F : +1 (408) 24 0 6886

Venture Enterprise Innovation, Inc.

1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (510) 45 6 9300
F : +1 (408) 24 0 6886

VIPColor Technologies USA, Inc.

1621 Barber Lane Milpitas CA 95035
California
United States of America
T : +1 (510) 74 4 3770
F : +1 (510) 74 4 3738

VM Services, Inc.

1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (510) 45 6 9300
F : +1 (408) 24 0 6886

INTERNATIONAL NETWORK

CHINA

Shanghai GES Information Technology Co., Ltd

668 Li Shi Zhen Road
Shanghai Zhangjiang Hi-Tech Park
Pudong Shanghai 201203
People's Republic of China
T : +86 (21) 3898 4898
F : +86 (21) 5080 6968

Univac Precision Plastics (Suzhou) Co., Ltd

No. 18 Chun Yao Road
No. 2 3E Industrial Park
Xiang Cheng District
Suzhou 215131
People's Republic of China
T : +86 (512) 6282 8828
F : +86 (512) 6282 3318

Univac Precision Plastics (Shanghai) Co., Ltd

No. 18 Chun Yao Road
No. 2 3E Industrial Park
Xiang Cheng District
Suzhou 215131
People's Republic of China
T : +86 (512) 6282 8828
F : +86 (512) 6282 3318

Venture Electronics (Shanghai) Co., Ltd

T52-5, No. 1201, Guiqiao Road
China (Shanghai) Pilot Free Trade Zone
Pudong New Area
Shanghai 201206
People's Republic of China
T : +86 (21) 5899 8086
F : +86 (21) 5899 7682

Venture Electronics (Shenzhen) Co., Ltd

3832 Chang Ping Business Building
Shihua Road, Free Trade Zone
Futian Shenzhen 518038
People's Republic of China
T : +86 (755) 2395 0126
F : +86 (755) 2395 0115

EUROPE

Venture Electronics (Europe) B.V.

Schiphol Boulevard 359
1118 BJ Schiphol
The Netherlands
T : +31 (20) 238 2400

Venture Electronics Spain S.L.

Carrer Pagesia, 22-24 1B
08191 Rubí, Barcelona
Spain
T : +34 (93) 588 3018

Ventech Investments Ltd

Portcullis Chambers
4th Floor, Ellen Skelton Building
3076 Sir Francis Drake Highway
Road Town, Tortola
British Virgin Islands VG1110
T : +1 (284) 494-5296
F : +1 (284) 494-5283



VENTURE CORPORATION LIMITED

Company Registration No.: 198402886H
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873

www.venture.com.sg