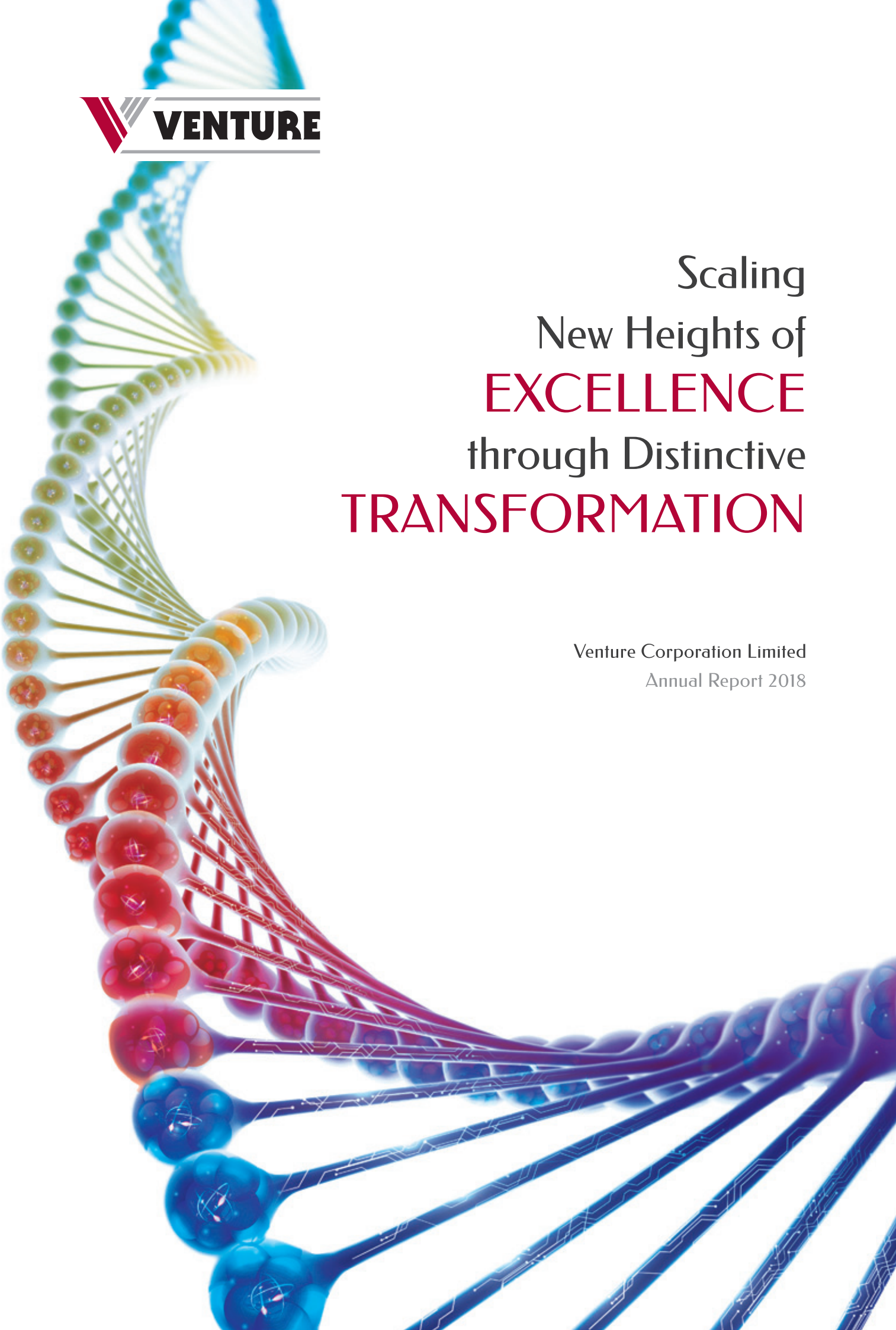


A large, abstract graphic of a DNA double helix runs diagonally from the top left to the bottom right of the page. The helix is composed of many spheres connected by lines, with a color gradient from light blue at the top to dark blue at the bottom. The spheres have a glowing, translucent appearance.

Scaling New Heights of **EXCELLENCE** through Distinctive **TRANSFORMATION**

Venture Corporation Limited
Annual Report 2018

Our Mission

To be a leading
global provider
of technology
services, products
and solutions



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



EUROPE



CHINA



MALAYSIA



SINGAPORE

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MAPPING THE FRONTIER FOR NEXT-GENERATION SOLUTIONS WITH TRAILBLAZING PARTNERS





**INSPIRING OUR PEOPLE
TO EXPAND THEIR
LIBRARY OF EXPERTISE**







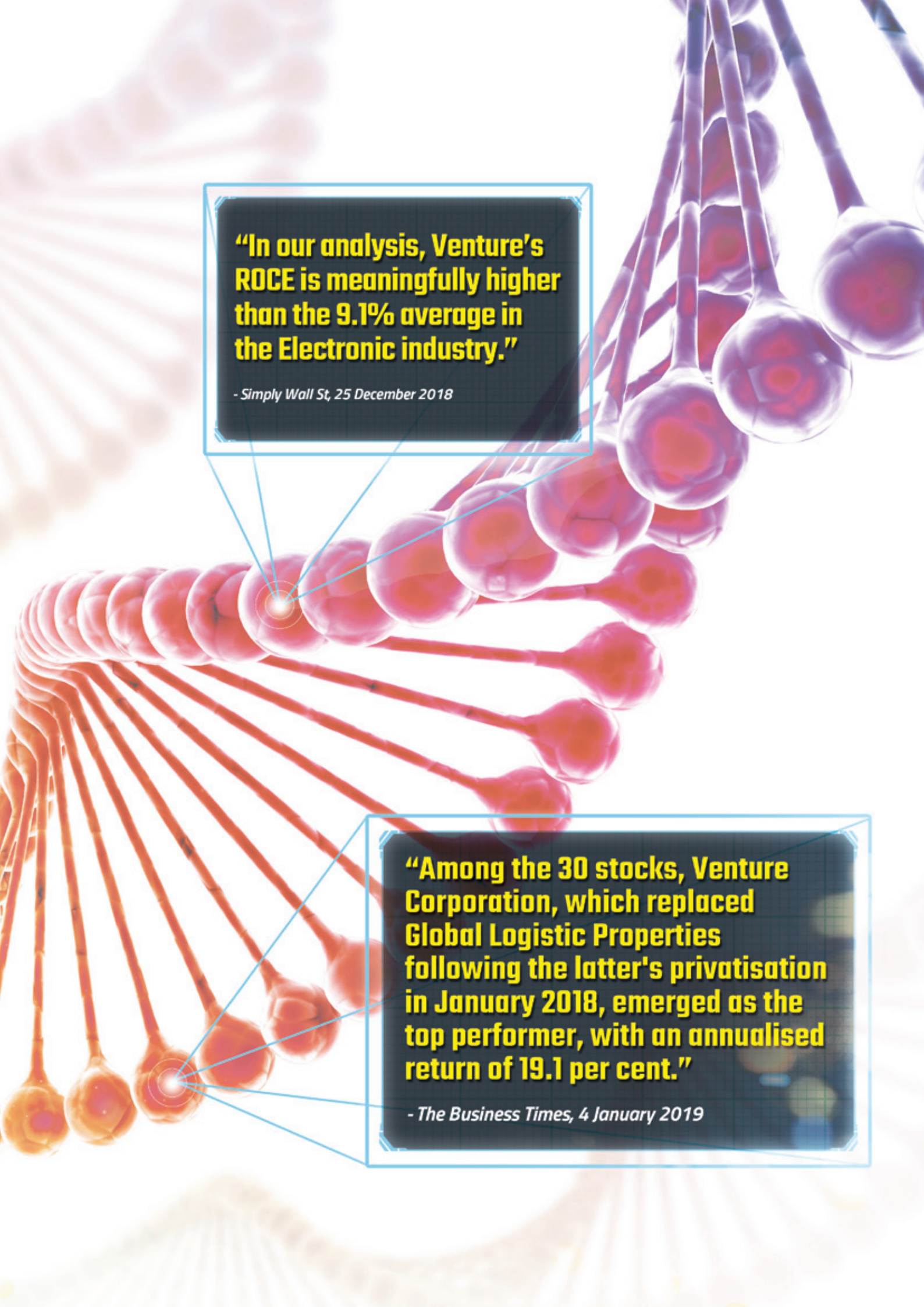
DELIVERING AND CAPTURING CONSISTENT VALUE FOR ALL STAKEHOLDERS

"From 2008 to 2017, net profit attributable to shareholders grew from S\$166.7 million in 2008 to S\$372.8 million in 2017, up by 124%."

- The Motley Fool Singapore, 21 January 2019

"Venture's high cash coverage and low debt levels indicate its ability to utilise its borrowings efficiently in order to generate ample cash flow."

- Simply Wall St, 4 December 2018



"In our analysis, Venture's ROCE is meaningfully higher than the 9.1% average in the Electronic industry."

- Simply Wall St, 25 December 2018

"Among the 30 stocks, Venture Corporation, which replaced Global Logistic Properties following the latter's privatisation in January 2018, emerged as the top performer, with an annualised return of 19.1 per cent."

- The Business Times, 4 January 2019

Message to Shareholders

“In 2018, we supported the successful launch of several new products across various technology domains, validating our transformational engineering capabilities and wide-ranging domain expertise.”

Dear Shareholders,

I am glad to report that Venture has delivered a creditable performance in 2018.

Despite the global challenges from supply chain disruptions, geopolitical trade tensions and customer consolidations, Venture stayed the course and delivered uninterrupted operational excellence for our 100+ customers/partners.

In 2018, we supported the successful launch of several new products across various technology domains, validating our transformational engineering capabilities and wide-ranging domain expertise. We also added new customers, offering prospects for long-term value creation.

These operational achievements were attained during a relatively difficult year, which affirms our distinctive value proposition that is treasured by our customers.

FY 2018

S\$3,484.6 million
Revenue

S\$433.0 million
Profit before tax

S\$370.1 million
Profit attributable to
owners of the Company

Message to Shareholders



As a result, the Group turned in a respectable revenue of S\$3,484.6 million for the financial year ended 31 December 2018 ("FY 2018"). Although FY 2018 revenue was 13.0% lower year-on-year, Venture attained a compounded annual growth rate of 8.4% over the period from FY 2013 to FY 2018.

Despite revenue headwinds in 2018, Venture remained profitable by creating high value through its differentiated strategy, strong research & development ("R&D") capabilities and prudent cost management.

The Group profit before tax was S\$433.0 million. Excluding a one-off gain of S\$11.3 million in the previous year ("FY 2017") arising from the disposal of investment in an associate, profit before tax was sustained despite lower revenue year-on-year.

Net profit (profit attributable to owners of the Company) of S\$370.1 million for FY 2018 was one of Venture's best performances based on pure organic growth – excluding the one-off gain in the previous year, net profit for FY 2018 would have

been 2.4% higher than the record net profit set in FY 2017. Over the period from FY 2013 to FY 2018, the compounded annual growth rate for Venture's net profit was a commendable 23.1%.

Venture continued to display a robust balance sheet, generating cash from operations of S\$311.5 million in FY 2018 (FY 2017: S\$499.9 million). As at 31 December 2018, the Group had S\$712.8 million of cash and bank balances (S\$752.4 million as at 31 December 2017).

The Group net cash position remained strong at S\$711.0 million (S\$721.6 million as at 31 December 2017) despite an increase of S\$89.3 million dividends paid in 2018, inclusive of S\$57.6 million interim dividend paid in September 2018.

As at 31 December 2018, equity attributable to owners of the Company grew 8.5% to S\$2,349.9 million (S\$2,165.8 million as at 31 December 2017) and Net Asset Value per share was S\$8.16 (S\$7.61 as at 31 December 2017).

Message to Shareholders



PROPOSED FINAL DIVIDEND

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 2018.

In September 2018, Venture paid its first-ever interim dividend of 20 cents per share. Including the interim dividend, total dividend for FY 2018 will amount to 70 cents per share, representing a 16.7% increase over the prior year. Despite not having a declared dividend policy, Venture's practice has been to pay out dividends at sustainable rates.

On a cumulative basis, Venture has paid out over S\$2.0 billion in dividends since its public listing in 1992.

Over a 10-year period from end-2008 to end-2018, Venture generated an annualised total shareholder return of 19.1%, emerging as the top performer of the Straits Times Index ("STI"). The STI generated annualised total returns of 9.2% over the same period¹.

Subject to the approval of shareholders at the Annual General Meeting to be held on 24 April 2019, the proposed final dividend will be paid on 22 May 2019.

¹ The Business Times, 4 January 2019

Message to Shareholders



“By enriching our technical knowledge and skillsets across more diverse industries, we are able to partner and support many global technology industry leaders in wide-ranging domains.”

TRANSFORMING TO DIFFERENTIATE

Over the years, Venture has successfully steered its business towards more high value-added industries that require our strong engineering capabilities.

By enriching our technical knowledge and skillsets across more diverse industries, we are able to partner and support many global technology industry leaders in wide-ranging domains.

During the year, we assisted several customers in their new product introductions and replacement product launches. One of them was for a leading laboratory analytical instrument company, which is a long-term partner in the liquid chromatography domain. Leveraging on this long-term partnership, we have expanded into manufacturing their next-generation mass spectrometry instrument.

Launched globally in 2018, this product was designed to address the market’s need for an easy-to-use, compact and affordable instrument. Testament to the strong partnership, we have been entrusted to work on their next-generation mass spectrometry instruments.

We forged several strategic partnerships during the year with leading organisations across various technology domains. In the Life Science domain, we are collaborating on a partnership with an emerging leader in the development of next-generation equipment. These opportunities will allow us to augment existing capabilities and gain new competencies to establish and expand our participation in our selected ecosystems.

The continuous transformation of our business model will enable us to transcend our strengths in operational excellence, R&D capabilities and diverse domain expertise.

Message to Shareholders

“To ensure our relevance in an increasingly interconnected ecosystem, Venture will continue to differentiate its business model and enhance its value proposition.”

SCALING NEW HEIGHTS OF EXCELLENCE

To propel Venture to the next phase of growth, we have set in motion several significant initiatives.

Venture aims to be a strong contributor in several dynamic ecosystems through our globally linked Clusters of Excellence, located in Southeast Asia, China and the United States of America (“USA”). This will give us access to new markets in selected technology domains in the years ahead.

We are particularly excited about our new facilities in Milpitas, Silicon Valley, USA, home to many emerging and leading global technology companies. When ready, the Milpitas facilities will enhance our USA Cluster of Excellence, creating opportunities for future growth. In February 2019, we announced the acquisition of a new facility in Tebrau, Johor, Malaysia. This will fortify the Group’s strong foothold in Southeast Asia.

Venture aspires to harness synergies through integration of new know-how and deep knowledge in science and technology, to drive productive partnerships and derive successful outcomes. This is imperative as the world shifts from being product-centric to technology domain-centric. By keeping abreast of technological breakthroughs and digital evolutions, Venture aspires to gain a first-mover advantage in emerging opportunities.

Venture’s talent pool and bench strength remain critical for our success and next phase of growth. Through various learning platforms, our people are constantly inspired to achieve new levels of excellence to deliver impactful value creation.

To ensure our relevance in an increasingly interconnected ecosystem, Venture will continue to differentiate its business model and enhance its value proposition, by participating in multi-disciplinary projects. This could include forming new alliances with strategic partners such as research institutions and thought leaders.

Message to Shareholders



In the long term, we envisage Venture to become an enabler of successful multi-lateral collaborations. We want to embed Venture in the development and delivery of next-generation technology services, products, and solutions to the world. As we continue to support our partners towards their success, we will concurrently capture satisfactory returns for all stakeholders.

SUSTAINABILITY AT OUR CORE

On the sustainability front, Venture is aiming to reach new levels of excellence.

This year, we have included our full Sustainability Report in the Annual Report. By doing so, we wish to convey the intrinsic interconnectivity of Venture's business approach with its sustainability performance in one holistic report.

Furthermore, with additional disclosures on Venture's Occupational Health and Safety performance this year, we have met the criteria of the Global Reporting Initiative Standards 2016: Core Option. This demonstrates Venture's continued commitment to improve its sustainability performance for the benefit of all stakeholders.

Venture also considers Board refresh and diversity as part of its sustainability performance. The Board regularly reviews its composition and skills to enhance the collective strength and expertise of the Board as a whole.

In 2018, Venture welcomed two new Independent Non-Executive Directors to its Board. Ms Kay Kuok Oon Kwong was appointed with effect from 1 January 2018, and Ms Tan Seok Hoong @Mrs Audrey Liow was appointed with effect from 1 November 2018. These appointments bring to the Board a wealth of knowledge and experience.

Message to Shareholders



For more information on Venture's environment, social and governance performance in 2018, please refer to our Sustainability Report on pages 29 to 56.

A WORD OF THANKS

2018 was a challenging year, but Venture emerged resilient and ready to scale new heights of excellence. This is possible with the collaborative efforts of all its stakeholders.

I would like to thank my fellow Directors on the Venture Board for their insightful guidance and steadfast commitment. The Venture Management team has benefitted greatly from their judicious stewardship and unwavering support.

We are pleased to welcome Mrs Audrey Liow, an addition to the independent non-executive Directors. I believe she will make invaluable contributions to Board deliberations.

Our long-serving Director, Mr Cecil Vivian Richard Wong is not seeking re-election at this Annual General Meeting. On behalf of Management and my fellow Directors, I would like to express our deepest gratitude to Mr Cecil Wong for his 26 years of dedicated service. As a pioneer member of Venture's Board since its public listing in 1992, the Venture Group has thrived under his steadfast support and constant guidance. Mr Cecil Wong's professionalism and dedication have been invaluable to Board deliberations and decision-making.

Message to Shareholders



“Imagination is more important than knowledge. For knowledge is limited, whereas imagination embraces the entire world, stimulating progress, giving birth to evolution.” – Albert Einstein

With a view to tapping his wisdom and people skills, the Board will confer an honorary title of Director Emeritus on Mr Cecil Wong. We hope that as Director Emeritus, Mr Cecil Wong will continue to engage and inspire our people, especially the younger generation.

In closing, I would like to express my appreciation to Venture’s Management and employees for their dedication and hard work. To our many customers and partners around the world, we look forward to embarking on more engaging and mutually beneficial collaborations. I would also like to thank our suppliers, vendors and other business associates for your strong support over the years.

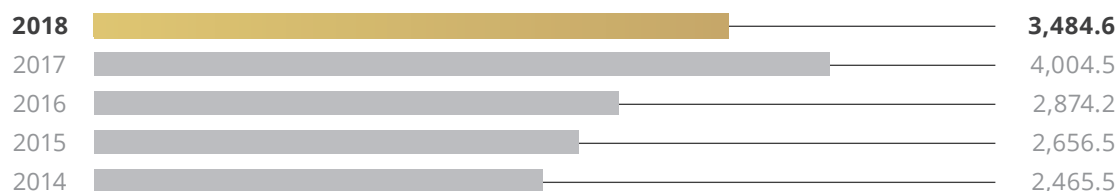
Finally, I would like to thank our shareholders for your steadfast belief in Venture’s future. Together, we will continue to work on Venture’s transformational journey.

“Imagination is more important than knowledge. For knowledge is limited, whereas imagination embraces the entire world, stimulating progress, giving birth to evolution.” – Albert Einstein

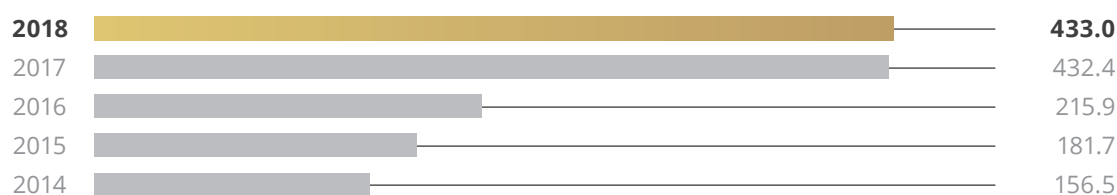
Wong Ngit Liong
Chairman & CEO

Financial Highlights

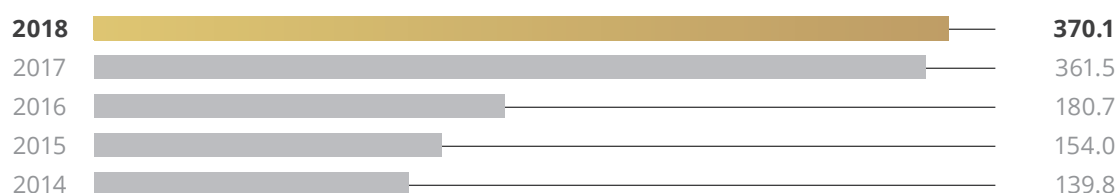
REVENUE (\$\$MILLION)



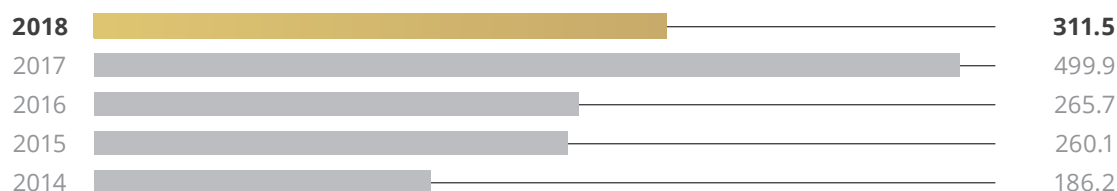
PROFIT BEFORE TAX (\$\$MILLION)*



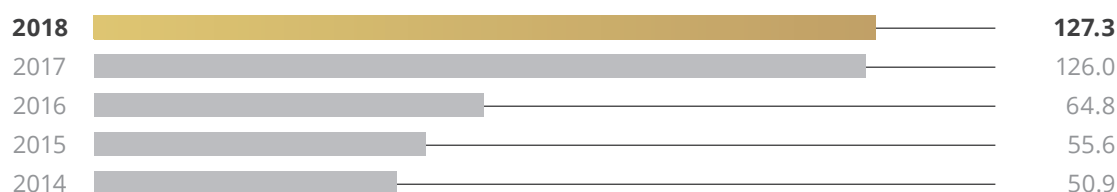
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$\$MILLION)*



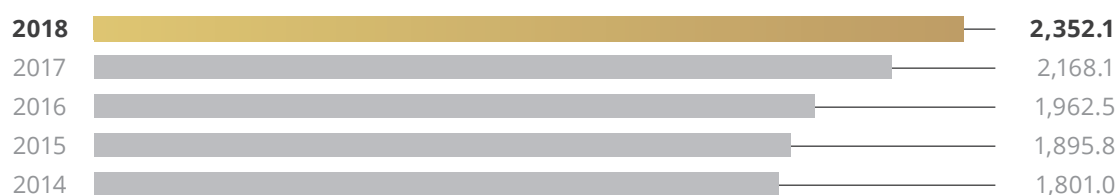
CASH GENERATED FROM OPERATIONS (\$\$MILLION)



EARNINGS PER SHARE (SINGAPORE CENTS)*



NET ASSETS (\$\$MILLION)



* For better comparative purposes, Profit Before Tax and Profit Attributable to Owners of the Company used in the calculations were before the effects of impairment arising from prior year adjustment in 2014 and exclude one-off gain on disposal of an investment in associate in 2017.

Financial Highlights

5-Year Financial Highlights

(S\$MILLION)	2014	2015	2016	2017	2018
Comprehensive Income¹					
Revenue	2,465.5	2,656.5	2,874.2	4,004.5	3,484.6
Profit Before Tax	156.5	181.7	215.9	432.4	433.0
Profit Attributable to Owners of the Company	139.8	154.0	180.7	361.5	370.1
Balance Sheet (Restated)					
Total Assets	2,464.4	2,528.3	2,758.5	3,144.2	3,204.6
Total Liabilities	663.4	632.5	796.0	976.1	852.5
Shareholders' Equity	1,798.5	1,893.2	1,960.1	2,165.8	2,349.9
Cash & Bank Balances	393.3	459.3	499.7	752.4	712.8
Net Asset Value Per Share (Singapore cents)	654.6	684.7	703.1	760.9	816.4
Other Key Ratios¹					
Earnings Per Share (Singapore cents) ²	50.9	55.6	64.8	126.0	127.3
ROCE (%) ³	8.3	9.2	10.7	19.7	18.0
ROE (%) ⁴	7.7	8.3	9.4	17.5	16.4

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 were before the effects of impairment arising from prior year adjustment in 2014 and exclude 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.

Board of Directors



Seated from left to right:

KOH LEE BOON Independent Non-Executive Director, Lead Independent Director
WONG NGIT LIONG Chairman & CEO
CECIL VIVIAN RICHARD WONG Independent Non-Executive Director
KAY KUOK OON KWONG Independent Non-Executive Director

Standing from left to right:

TAN SEOK HOONG @MRS AUDREY LIOW Independent Non-Executive Director
GOON KOK LOON Independent Non-Executive Director
HAN THONG KWANG Independent Non-Executive Director
WONG YEW MENG Independent Non-Executive Director
JONATHAN S. HUBERMAN Independent Non-Executive Director

Board of Directors

WONG NGIT LIONG

Chairman & CEO

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

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. He also holds a Master of Science in Electronics Engineering degree from the University of California, Berkeley 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:

27 April 2016

Committee Memberships:

- Chairman, Investment Committee
- Member, Nominating Committee

Past Principal Directorships in the last three years:

- National University of Singapore Board of Trustees

Board of Directors

CECIL VIVIAN RICHARD WONG

Independent Non-Executive Director

Mr Cecil Vivian Richard Wong serves on the Boards of Pan-United Corporation Ltd, Chartered Asset Management Pte Ltd and John K Young Pte Ltd.

Mr Wong has retired as partner of Ernst & Young International after spending more than 30 years there and in its predecessor companies. He continues to be actively involved in social work by serving at several non-profit organisations. In recognition of his contributions to Singapore, he was awarded the Public Service Medal and the Public Service Star by the President of Singapore in 1992 and 2000 respectively.

Mr Wong's past directorships include British & Malayan Trustees Ltd, CK Tang Ltd, Bukit Sembawang Estates Limited, and several other Malaysian and Singapore public companies.

Mr Wong holds a Bachelor of Arts degree from Cambridge University's Fitzwilliam College. He is a member of the Institute of Singapore Chartered Accountants.

Date of first appointment as a Director:
6 May 1992

Date of last re-election as a Director:
27 April 2016

Committee Memberships:

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

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:
27 April 2016

Committee Memberships:

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

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 Ltd. 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

Past Principal Directorships in the last three years:

- IPLaboratories Pte Ltd

WONG YEW MENG

Independent Non-Executive Director

Mr Wong Yew Meng currently serves in various public organisations such as the Land Transport Authority of Singapore, the Nanyang Technological University, the Singapore Deposit Insurance Corporation Limited and the Kidney Dialysis Foundation Ltd. He is also an independent Director of Ascendas Funds Management (S) 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 a board member of the People's Association, Public Utilities Board and the Competition 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

Past Principal Directorships in the last three years:

- Competition Commission of Singapore
- People's Association

Board of Directors

JONATHAN S. HUBERMAN

Independent Non-Executive Director

Mr Jonathan S. Huberman is currently the CEO of Ooyala, Inc., a US-based company, which provides online video technology products and services, including managing and delivering online videos around the globe to all devices. He also serves on the Board of Aculon, Inc.

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, 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:
27 April 2017

Committee Memberships:

- Member, Audit Committee
- Member, Investment Committee

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. He has held various senior management roles in operations 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 the division's products and solutions, and its businesses worldwide.

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:
27 April 2017

Committee Memberships:

- Member, Audit Committee
- Member, Investment Committee

Board of Directors

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, the Wildlife Reserves Singapore Conservation Fund, the Northlight School, and the National University of Singapore.

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. She also received the PIS Medal from the Sultan of Johor for Social Work in 1980.

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 Memberships:

- Member, Nominating Committee (appointed 1 March 2019)

Past Principal Directorships in the last three years:

- SymAsia Foundation Limited

TAN SEOK HOONG @MRS AUDREY LIOW

Independent Non-Executive Director

Ms Tan Seok Hoong @Mrs Audrey Liow has been appointed as an Independent Non-Executive Director with effect from 1 November 2018.

Mrs 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) Co., Ltd. She currently serves on the Tanjong Katong Girls' School Advisory Committee.

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

Committee Memberships:

- Member, Investment Committee (appointed 1 March 2019)
- Member, Remuneration Committee (appointed 1 March 2019)

Key Management Executives

WONG NGIT LIONG*

Chairman & CEO

NG CHEE KWON

Chief Financial Officer

Mr Ng Chee Kwon is the Chief Financial Officer (CFO) 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 is also a member of the Group's Investment Committee.

Mr Ng brings with him more than 20 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, U.S.A. Mr Ng is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

LEE GHAI KEEN

Executive Vice President

Technology Products & Solutions

Mr Lee Ghai Keen joined the Group in March 1998 and was appointed to his current position in 2012. He provides key leadership to Group-wide R&D efforts and programmes and leads a large group of R&D engineers across the Group's design centres in Singapore, Malaysia, China and the United States. He is also 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. He 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.

Key Management Executives

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 United States, and Indonesia in those companies. Mr Nadarajah was also trained in the United Kingdom as a Field Engineer for Schlumberger Wireline, and was 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 Medalist.

LIM SITA

Chief Human Resource Officer

Mr Lim Sita joined the Group in September 2014. He is responsible for the Group's human resource (HR) 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.

WONG CHEE KHEONG

*Vice President, Design Services
Head of Global Supply Base Management
Head of Information Technology*

Mr Wong Chee Kheong joined the Group in May 2003. He is the Vice President of Design Services for the Group's Advanced Manufacturing & Design Solutions business and leads the Design Services team in developing new innovative products for global customers.

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.

List of Properties

ANG MO KIO SINGAPORE



MARSILING SINGAPORE



JOHOR BAHRU MALAYSIA



JOHOR BAHRU MALAYSIA



LOCATION	ADDRESS	SITE AREA (SQ.M.)	TENURE	USAGE
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) 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 Kulaijaya, Johor, Malaysia	PLO 49, Jalan Perindustrian 4 Kawasan Perindustrian 2 81400 Senai Johor, Malaysia	4,978	Leasehold (Expiring 2052)	Industrial
MK 18, Lot No. 17946P Singapore	5006 Ang Mo Kio Avenue 5 TECHplace II, Singapore 569873	8,219	Leasehold (Expiring 2052)	Office and Industrial
Lot 12368 Mukim 12, Daerah Barat Daya Penang, Malaysia	Plot 26, Hilir Sungai Kluang 3 Phase 4 11900 Bayan Lepas Penang, Malaysia	8,981	Leasehold (Expiring 2051)	Office and Industrial
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
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
MK 13, Lot No. 2361 Singapore	28 Marsiling Lane Singapore 739152	10,550	Leasehold (Expiring 2022)	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 81200 Johor Bahru Johor, Malaysia	29,029	Freehold	Industrial

List of Properties

PENANG
MALAYSIASENAI
MALAYSIASHANGHAI
CHINAMILPITAS
USA

LOCATION	ADDRESS	SITE AREA (SQ.M.)	TENURE	USAGE
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
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
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
HS(D) 8712 PTD 3217, Bayan Lepas Penang, Malaysia	Plot 44, Bayan Lepas Industrial Park IV 11900 Bayan Lepas Penang, Malaysia	39,522	Leasehold (Expiring 2055)	Industrial
HSD 46117 PT 5272, Daerah Seberang Perai Selatan Penang, Malaysia	Plot 318, Batu Kawan Industrial Park Penang, Malaysia	123,706	Leasehold (Expiring 2074)	Industrial
A.P.N.: 086-03-081	1621 Barber Lane (also known as 481 Cottonwood Drive) Milpitas, CA 95035 United States of America	39,012	Freehold	Office and Industrial

Investor Relations Calendar

8 January 2019	DBS Vickers Pulse of Asia Conference in Singapore
22 February 2019	Announcement of Full Year 2018 Results
6 March 2019	Non-Deal Roadshow in Singapore Post Full Year 2018 Results J.P. Morgan ASEAN Technology, Media & Telecom Forum in Singapore
24 April 2019	Annual General Meeting
25 April 2019	Announcement of First Quarter 2019 Results
May 2019	Non-Deal Roadshow in Singapore Post First Quarter 2019 Results
5pm, 13 May 2019	Book Closure Date in Relation to Full Year 2018 Final Dividend
22 May 2019	Dividend Payment Date (subject to shareholders' approval at the AGM)
8 August 2019	Announcement of Second Quarter 2019 Results
August 2019	Non-Deal Roadshow in Singapore Post Second Quarter 2019 Results
8 November 2019	Announcement of Third Quarter 2019 Results
November 2019	Non-Deal Roadshow in Singapore Post Third Quarter 2019 Results

Note: Future dates and events are indicative and subject to change.



SUSTAINABILITY REPORT

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Letter from the Board

“Improving the sustainability performance of Venture is an ongoing process. In FY 2018, Venture introduced several sustainability initiatives such as launching of the Learning Management System, investing in energy efficiency solutions and enhancing policies and practices to safeguard confidential information.”

Venture Corporation Limited (“Venture” or the “Group”) is pleased to present its second Sustainability Report (the “Report”) for the financial year ended 31 December 2018 (“FY 2018”). The Report shares the business practices that Venture has undertaken to strengthen its business and the sustainability milestones achieved in FY 2018. To remain as the preferred business partner with leading corporations in technology domains and ecosystems of interests, Venture’s business strategy will continue to holistically take into consideration its economic, environmental, social and governance (“EESG”) performance. This overarching vision would contribute to Venture’s objective of scaling to the next level of excellence.

Improving the sustainability performance of Venture is an ongoing process. In FY 2018, Venture introduced several sustainability initiatives such as launching of the Learning Management System (“LMS”), investing in energy efficiency solutions and enhancing policies and practices to safeguard confidential information. These initiatives not only improved operational efficiency and resource management, but also benefitted the environment and community-at-large.

Venture’s Board of Directors (the “Board”) believes that the relentless pursuit of excellence and continuous transformation are essential for the business to ascend to a new level of growth. The Board remains committed to creating and capturing more impactful value for its stakeholders in the long-term through synergistic and sustainable ecosystems. The Board provides oversight of the management and monitoring of the material EESG issues through the Sustainability Steering Committee (“SSC”) and the Sustainability Task Force (“STF”).

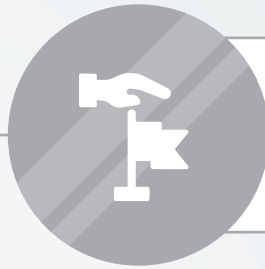
The Board is excited to share more details of Venture’s sustainability performance in the following sections of the Report.

**Board of Directors
Venture Corporation Limited**

Venture's Sustainability Approach

Value creation lies at the heart of all operations carried out by the Group. Venture's value creation for its stakeholders is anchored upon its five core values.

VENTURE'S CORE VALUES



Relentless Pursuit
of Excellence



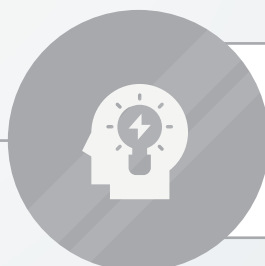
Rendering the Highest
Level of Total Customer
Satisfaction



Encouraging
Employees to Realise
Their Full Potential



Building Strong Cohesion
and Teamwork



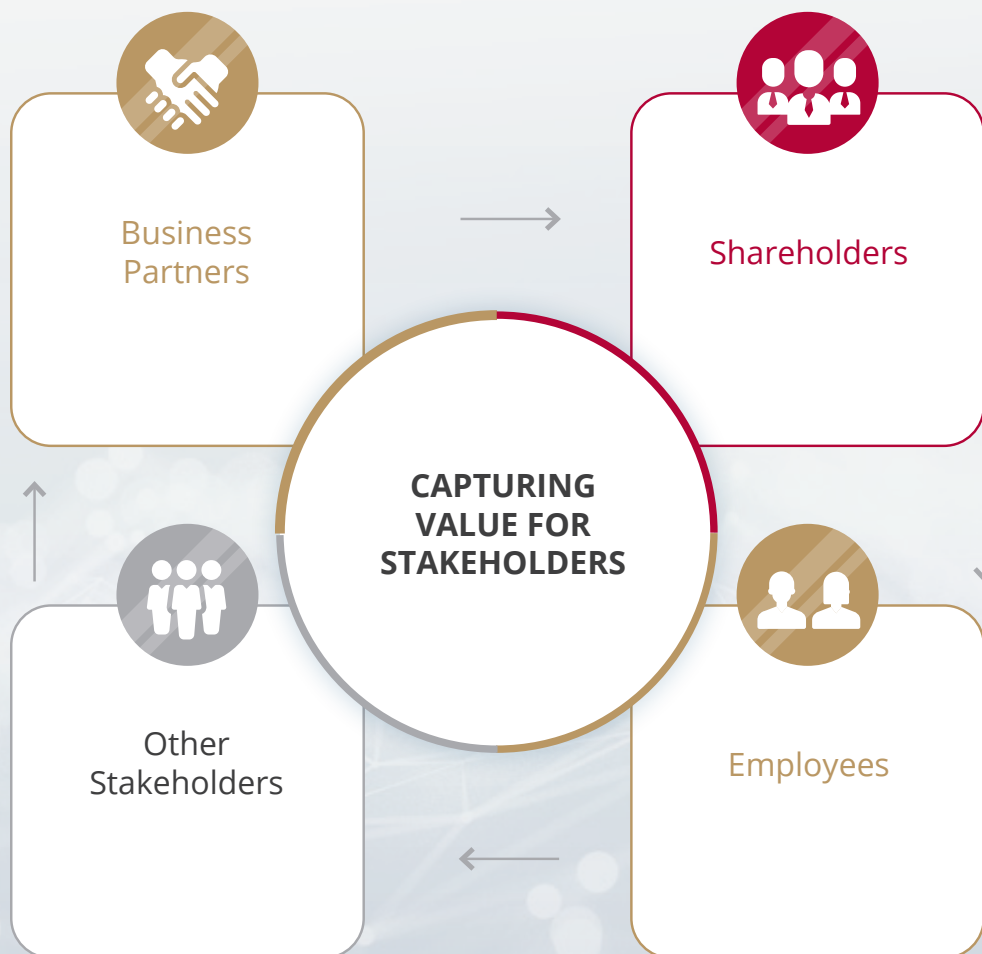
Fostering Creativity
and Innovation

Venture's Sustainability Approach

The Group acknowledges that EESG aspects play an increasingly important role in influencing business decisions and strategy. Thus, Venture's sustainability approach is designed to support the Group's business goals and to create impactful value for its business partners, employees, shareholders and all other stakeholders. The Group believes that success should be grounded in sound corporate governance practices, a diverse and engaged workforce and innovation.

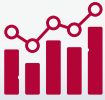


The Group acknowledges that EESG aspects play an increasingly important role in influencing business decisions and strategy.



Venture's Sustainability Approach

The table below shows how Venture has created value for its stakeholders to address their key concerns:

	Leverage Venture's leading capabilities to deliver innovative solutions
	Differentiate through building trusted business relationships anchored upon high ethical business conduct
	Excel by developing strategic partnerships to enable a synergistic ecosystem
	Explore new market segments and technology domains to drive financial growth and deliver strong returns
	Build a business model that is resilient, sustainable and adaptable in a dynamic business environment
	Create a collaborative and safe work environment across global operations and facilities
	Empower employees with continuous development opportunities to reach their full potential
	Enhance learning platforms to equip employees with strong technical, professional and leadership skills

VENTURE'S VALUE CREATION JOURNEY FOR STAKEHOLDERS

Venture's Sustainability Approach

To drive value creation, the SSC manages and monitors the key sustainability issues. The SSC reports directly to the Board on sustainability performance and is supported by the STF to manage and implement the strategies. The Board guides and oversees the material EESG factors to ensure alignment with Venture's business and strategy.

As a testament to its continuous pursuit of excellence and growth in strengths and capabilities, Venture has received numerous prestigious awards from its customers as well as other organisations over the years. They include **"Outstanding Supplier", "Preferred Supplier" and "Partnership Excellence Award"**. Venture was also ranked amongst 85 companies in a 2019 special report featuring an inaugural list of Fastest-Growing Companies in Singapore, issued by Singapore Press Holdings and international market research firm, Statista.



Material Factors



ENVIRONMENTAL MANAGEMENT

APPROACH



Venture proactively manages its environmental performance by incorporating sustainable practices into its business operations.

VALUE



Robust environmental management helps the Group to streamline operational efficiency, enhances Venture's reputation and results in cost savings.

Venture considers the environmental performance of its business with utmost importance, as the Group recognises the delicate balance for co-existence of all natural resources. Venture is committed to protecting the environment and continuously improve its environmental performance.

Environmental Systems and Policies

The Group has established and maintained environmental management systems to efficiently and effectively manage its environmental performance. In addition to maintaining its ISO 14001 certification for all reported sites since 2001, the Group continues to make reference to the Responsible Business Alliance ("RBA") Code of Conduct in managing its environmental issues. Such issues include environmental permits and reporting, pollution prevention, resource reduction and energy consumption and greenhouse gas ("GHG") emissions. Venture's continuous effort to conserve resources and prevent pollution as well as its commitment to build awareness and comply with applicable environmental laws and regulations are reiterated through the Group's Environmental Policy.

In addition, Venture continues to uphold the Lean philosophy led by the Lean Council to drive improvement across all sites. The Lean Council, championed by Lean Leads and Site Champions, explores ideas and opportunities to streamline the Group's processes and manufacturing competencies. For example, Venture's assessment and appraisal of its Lean initiatives have improved its overall efficiency and performance to deliver best-in-class solutions, products and services.

Environmental Awareness and Training

The Group actively engages its employees through training to enhance their awareness and participation on sustainability practices across the business operations. Employees are encouraged to provide feedback related to the environmental management practices. An environmental management representative has been appointed to manage and track the environmental performance and objectives for each site, including reducing GHG emissions, maintaining compliance with the relevant laws and regulations and energy management.



Venture considers the environmental performance of its business with utmost importance, as the Group recognises the delicate balance for co-existence of all natural resources.

Material Factors

FY 2018 PERFORMANCE

COMPLIANCE



Maintained **zero cases** of significant fines or non-monetary sanctions as a result of compliance with relevant environmental laws and regulations.

CERTIFICATIONS

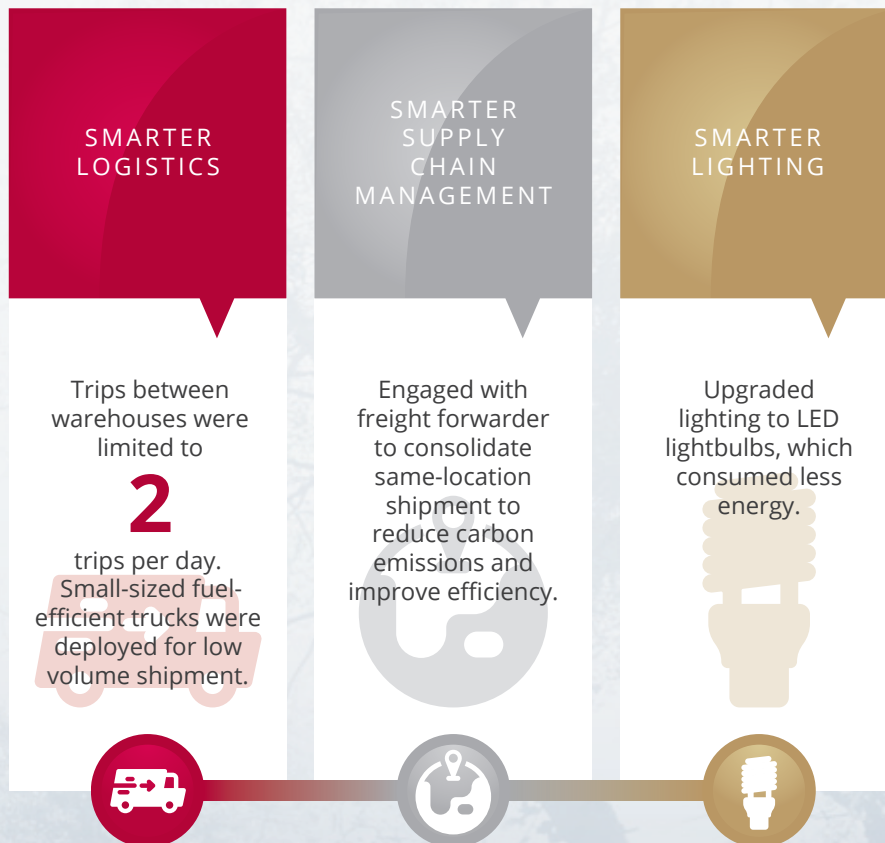
All the sites disclosed within the scope of the Report **maintained their ISO 14001 certifications.**



Material Factors

CARBON FOOTPRINT

The Group achieved GHG emissions reduction that exceeded its 3% target in FY 2018. The reduction was achieved through several initiatives adopted by the Group's sites in Singapore as listed below:



TARGETS FOR 2019



The Group will continue to **uphold its good track record of zero cases** of significant fines or non-monetary sanctions to ensure compliance with the relevant environmental laws and regulations.

In addition, the Group will **maintain the ISO 14001 certifications** for all sites globally during the year.

Material Factors



TALENT ATTRACTION, RETENTION AND DEVELOPMENT

APPROACH



Venture attracts and retains a diverse pool of talent and invests in equipping its employees with the right skills and experiences.

VALUE



A dynamic and competent workforce helps the business to be future-ready and stay ahead in the fast-changing business landscape.

TALENT ATTRACTION

As Venture's business continues to expand, it is important to attract, develop and retain talent across key geographical clusters of excellence in Southeast Asia, the United States of America and China. Venture's recruitment practices continue to be guided by Venture's Code of Conduct and takes into consideration the RBA, United Nations Global Compact principles and applicable local laws.

Recruitment Strategy

Venture enhanced its recruitment strategy to attract a new generation of employees. As part of the strategy, Venture carried out a recruiter training programme for internal recruiters to effectively reach out to potential candidates. The Group also leveraged external partnerships to source for talents. The Human Resources ("HR") department tapped on LinkedIn to share Venture's corporate news and articles to reach out to potential candidates. Venture also initiated university collaborations in FY 2018, reaching out to graduates through internships and traineeships. To ensure that Venture's external partners are good ambassadors of Venture, the Group has in place a Standard Operating Procedure on partner management.

This year, the Corporate Career website was given a design uplift to be more user-friendly and informative. In addition, the Group revamped its branding collateral with more attractive verbiage and graphics.



As Venture's business continues to expand, it is important to attract, develop and retain talent across key geographical clusters of excellence in Southeast Asia, the United States of America and China.

Material Factors

FY 2018 PERFORMANCE

RECRUITMENT



Through university collaborations, Venture reached out to an estimated **2,000 students**. About **40 interns and trainees** were engaged through the graduate engagement programmes.

BRANDING

Venture's **branding was revamped** to attract potential talents through various recruitment channels.



TARGET FOR 2019



Venture will continue to **refine and enhance its employment brand** to attract and retain the best talents consistent with high performance.

Material Factors

TALENT RETENTION AND CAREER DEVELOPMENT

Talent Retention and Career Development

Venture actively encourages its employees to enhance and develop their skills and knowledge. This is aligned with its core value of encouraging employees to realise their full potential. It is critical that Venture invests in and strengthens its workforce, to excel and to retain its market leadership in an ever-evolving global marketplace, by fostering creativity and innovation.



Employee Training

As part of HR's drive to encourage continuous learning, the Group did a pilot launch of the LMS in FY 2018. The LMS is an online learning management platform that allows employees to have 24/7 access to learning materials relating to functional, leadership and soft skills. The LMS also facilitates effective administration and tracking of courses, attendance and evaluation.

The Group has received positive feedback from employees across different functions and positions following the launch.

In addition to the LMS, Venture's other successful programmes include the Venture Certified Manufacturing Engineer programme, Venture Certified Materials Executive programme and the One Venture Core Values Workshop programme. These programmes impart lessons that are unique only to Venture and allow employees to reap multiple positive outcomes.

"We can learn continuously online and the LMS makes our learning plans more systematic. I really enjoy the LMS app feature as it allows me to easily manage my online classes through my phone."

Engineer, Process

"One of the benefits of the LMS is its flexibility. We are able to learn at our own pace and not be confined to a classroom. The feature that I find most useful is the sharing of video learning. We are able to access the LMS whether in the office or at home."

Manager, Planning

Employee Career Progression

Apart from investing in employees' development, Venture is committed to ensuring that its employees are provided with the right platform to progress their careers. The HR department actively monitors and tracks employees' years of service and career progression. In FY 2018, close to 4,500 employees participated in various feedback sessions organised by the HR department, to encourage communication between managers and their teams. Venture also believes in linking rewards to performance and potential and established the Long Service Award to recognise employees' dedication to Venture.

Material Factors

FY 2018 PERFORMANCE

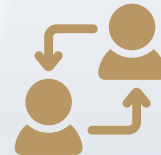
EMPLOYEE TRAINING



Launched the online LMS to facilitate employees' continuous learning and development.

Close to **4,500 employees** participated in feedback sessions in FY 2018.

EMPLOYEE ENGAGEMENT



TARGET FOR 2019



The Group will **continue to improve its engagement focus groups** to ensure that an effective and open channel is available for regular feedback from employees.

Material Factors



OCCUPATIONAL HEALTH AND SAFETY

APPROACH



Venture is committed to building a strong health and safety culture to create a safe work environment for its workforce.

VALUE



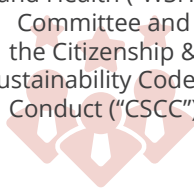
Robust risk and process control practices positively impact Venture's workforce safety performance and increase employees' morale.

Operating with over 12,000 employees, Venture places importance in providing and maintaining a safe and healthy workplace for its employees. Venture understands that the Occupational Health and Safety ("OHS") policies and practices directly impact its employees. The Group has undertaken initiatives to build a strong health and safety culture, including establishing health and safety committees, conducting training and monitoring the Group's safety performance.

VENTURE'S HEALTH AND SAFETY CULTURE

POLICIES AND MANAGEMENT

Empower employees to take the lead on OHS, through the Workplace Safety and Health ("WSH") Committee and the Citizenship & Sustainability Code of Conduct ("CSCC")



EMPLOYEE TRAINING

Conduct regular OHS-related training for all employees



PERFORMANCE AND MONITORING

Monitor and track safety performance to benchmark against industry average

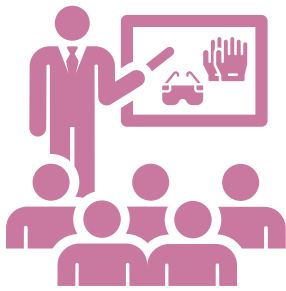


Material Factors

Policies and Management

The WSH Committee comprises members of the working sites and management. The WSH Committee oversees the management of OHS in Singapore and drives the safety programmes including safety training courses. In Malaysia, this responsibility is led by management, in alignment with the CSCC coupled with collective feedback from the employees.

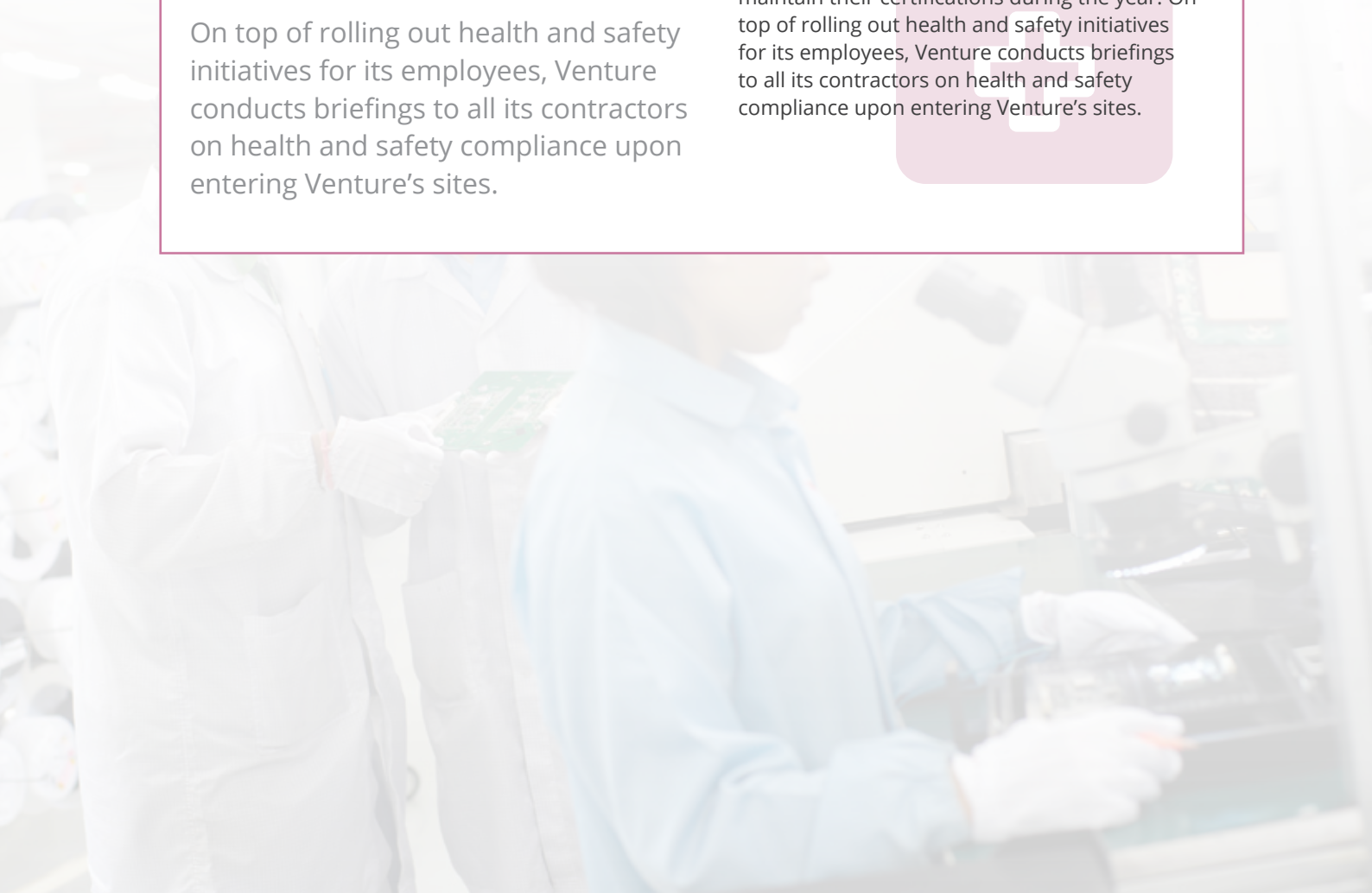
To further inculcate the health and safety culture, Venture has conducted various health and safety initiatives such as fire drills, medical screenings, monthly health and safety inspections and regular maintenance of production equipment and machinery. Regular management reviews are also conducted to improve existing safety standards and practices to enhance compliance with applicable codes, regulations and laws in the countries in which Venture operates.



On top of rolling out health and safety initiatives for its employees, Venture conducts briefings to all its contractors on health and safety compliance upon entering Venture's sites.

Employee Training

Employees attend health- and safety-related training sessions every quarter to increase their health and safety awareness and knowledge. All employees' training records are tracked and employees are encouraged to complete the relevant health and safety courses. The Group also ensures that its safety officers attend the required OHS training to maintain their certifications during the year. On top of rolling out health and safety initiatives for its employees, Venture conducts briefings to all its contractors on health and safety compliance upon entering Venture's sites.



Material Factors

FY 2018 PERFORMANCE



Venture is pleased to report that the Group has **performed better than the industry average** in health and safety for FY 2018.

In FY 2018, we maintained zero cases of significant fines or non-monetary sanctions for non-compliance with relevant health and safety laws and regulations. In Malaysia, there were no work-related fatalities or accidents. The absentee rate of Venture's site in Malaysia is 1.4 days per employee, which is lower than the average of 73.1 days per employee¹ surveyed across Malaysian organisations. The table below summarises Venture's health and safety performance in Singapore, benchmarked against industry average in FY 2018.

VENTURE'S FY 2018 HEALTH AND SAFETY PERFORMANCE IN SINGAPORE

Health and Safety Performance Indicators	Venture	Industry Average
Number of Fatalities	0	4 ²
Accident Severity Rate ³	47.7	61 ²
Accident Frequency Rate ⁴	1.4	1.5 ²
Occupational Disease Incidence Rate ⁵	0	18 ²
Absentee Rate ⁶	6.7	9.5 ⁷

TARGETS FOR 2019



The Group will continue to **ensure its safety officers** maintain their certifications during the year.

The Group will also **ensure selected employees attend the mandatory OHS training** as assigned to their job roles, such as first aid, fire-fighting and spill control training.

¹ Source: Healthiest Workplace Survey 2018 by AIA and Rand Corporation.

² Source: Workplace Safety and Health Report 2018 for Manufacturing Industry (January to June 2018), Ministry of Manpower.

³ Accident Severity Rate = Number of lost days/ Total number of man-hours worked x 1,000,000. It is assumed that each employee worked a total of 40 man-hours per week.

⁴ Accident Frequency Rate = (Number of workplace fatalities + Number of workplace injuries)/ Total number of man-hours worked x 1,000,000. It is assumed that each employee worked a total of 40 man-hours per week.

⁵ Occupational Disease Incidence Rate = Number of occupational disease incidents/100,000 employed persons

⁶ Absentee Rate = Total number of absentee days/ Total number of employees

⁷ Source: Absenteeism, Conditions of Employment, 2016, Ministry of Manpower. Number of absentee days is the average absentee days due to outpatient and hospitalisation sick leave days.

Material Factors



PROTECTION OF CONFIDENTIAL INFORMATION

APPROACH



Venture's overarching approach to safeguarding confidential information is underpinned by its Code of Conduct and strong internal process controls.

VALUE



Information security allows Venture to forge trust and maintain long-term partnerships with its stakeholders.

Venture has forged and built numerous business partnerships through its pursuit of creating unparalleled enterprise excellence. To maintain the trust between the Group and its partners, Venture is committed to safeguarding the confidential information it has access to through its business transactions.

Policies and IT Infrastructure Management

The Group continues to maintain its high standards and to be recognised as a trusted business partner by its customers and stakeholders. Venture conducts its business with reference to the Personal Data Protection Act ("PDPA") and RBA's Code of Conduct – Ethics and Management System (Intellectual Property). The Group's manufacturing sites and business units continue to be guided by policies and SOPs, which detail the measures to securely receive, handle and store confidential information.

The Group continues to invest in cybersecurity infrastructure and systems to enhance its defence against cyber threats and attacks. The system is constantly monitored to enable early detection of any unauthorised access or attempts to access Venture's network, programmes and data. Manufacturing sites and business units are audited for compliance with SOPs. The operations and IT teams regularly conduct reviews to improve the SOPs to safeguard and secure confidential information.

Employee Training and Awareness

Venture's employees play key roles in supporting the Group to protect confidential information. Venture believes in the importance of creating an environment and culture that promotes employees' responsibility and accountability to protect confidential information, including Intellectual Property. Training, orientation and awareness programmes are provided to sensitise employees regarding their legal obligations, including how to handle and protect sensitive material, information about confidentiality laws and legal repercussions of violating confidentiality obligations. Confidentiality provisions in employment contracts clearly state the legal obligation to protect confidential information which they handle or come across in the course of their employment.



The Group continues to maintain its high standards and to be recognised as a trusted business partner by its customers and stakeholders.

Material Factors

FY 2018 PERFORMANCE

POLICY AND PROCESS



Enhanced policies and practices such as the Acceptable IT Use Policy and data protection processes to prevent data loss.

Maintained compliance with existing policies and procedures relating to the protection of confidential information.

COMPLIANCE



TARGETS FOR 2019



The Group **strives to maintain compliance** with existing policies and procedures at all times.

The Group will continue to improve existing processes to **safeguard confidential information**, through periodic review of SOPs and introduction of staff training.

Material Factors



COMPLIANCE WITH OTHER LAWS AND REGULATIONS

APPROACH



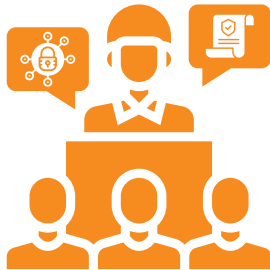
Venture's growth and success are firmly anchored on a framework of sound corporate governance principles, practices and processes.

VALUE



Good corporate governance and ethical corporate conduct underpin Venture's operational and financial performance, to deliver value creation for all of Venture's stakeholders.

Venture believes that good corporate governance drives sound business decisions and performance, that will in turn strengthen its resilience and competitive edge. With diverse operating geographies, Venture is committed to complying with laws and regulations wherever it has operations.



To further strengthen the Group's commitments and minimise the risk of non-compliance, the Group requires all new employees to undergo compliance training that covers the Group's various policies.

Policies and Management

Through its recent materiality review session, which is part of the Enterprise Risk Management Framework, the Group continues to recognise that the business faces heightened risks regarding export control laws, conflict-free minerals and anti-bribery and corruption due to the nature of its business and its workforce spread across different geographies.

To proactively manage the risks and exposures, the Group has instituted various policies to guide its business conduct, including Group Export Control Compliance Policy ("ECCP"), Conflict Minerals Policy, and Anti-bribery and Corruption Policy ("ABC Policy").

Material Factors

Employee Training

To further strengthen the Group's commitments and minimise the risk of non-compliance, the Group requires all new employees to undergo compliance training that covers the Group's various policies, including the Code of Conduct, the ABC Policy and the Conflict Minerals Policy. Regular training is provided to employees to keep them up-to-date on the compliance issues that affect their functions.

Export Control Laws

Venture has in place a Group-wide ECCP that prescribes a framework of operational controls and protocols for the Group's internal and external transactions, to be conducted in compliance with applicable export control laws and regulations.

In FY 2018, training on the Group ECCP was provided for some key manufacturing sites, further strengthening their operational controls. The ECCP Working Group also periodically reviews and discusses updates to the Group ECCP.

VENTURE SUPPORTS



'conflict-free' minerals

and is committed to sourcing components and materials from companies that share its values around human rights, ethics and environmental responsibility.

Conflict-Free Minerals

Venture supports 'conflict-free' minerals and is committed to sourcing components and materials from companies that share its values around human rights, ethics and environmental responsibility. The Group goes to extra lengths to communicate and engage with its supply chain partners to ensure compliance of RBA standards on conflict minerals. This is to prevent minerals that finance violence from ending up in its products. All suppliers are required to conduct their due diligence and perform cross-checks against the list of known public global smelters/ refiners list published by RBA, to ensure conflict-free supply chains.

Anti-bribery and Corruption

The Group acknowledges that the business is exposed to the risks of corruption. The Group has several mechanisms such as the ABC Policy, Venture's Code of Conduct and the Employee Annual Self-Declaration on Conflicts of Interest in place, to prevent and detect potential corruption violations. The Group also has a Whistle-Blowing Policy to provide employees and third parties with a channel to report and to raise, in good faith and confidence, any concerns about possible improprieties. The reporting channel is overseen by the Internal Audit department. To ensure good governance over the value chain, the Group requests its suppliers to adhere to its Code of Business Conduct for Suppliers.

Material Factors

FY 2018 PERFORMANCE

ECCP



Complied with all relevant export control laws and work with suppliers to minimise disruption to Venture's business operations.

COMPLIANCE



Maintained compliance with the relevant laws and regulations, failing which may result in either public allegations of non-compliance or significant fines being levied on the Group.



TARGET FOR 2019

The Group endeavours to **maintain its compliance** status during the year.

About the Report

The Report provides an overview of Venture's approach in creating value through the EESG issues that are key to its business and stakeholders.

The Report has been prepared in accordance with the Global Reporting Initiative's ("GRI") Standards 2016 – Core option and SGX-ST Listing Manual (Rules 711A and 711B).

The scope and boundaries of the Report have been determined with consideration of all of Venture's stakeholders in mind. This year, the Report scope remains the same as last year's Report. The Report sets out EESG information for the Group's major sites in Singapore and Malaysia that collectively contribute

approximately three quarters of the Group's FY 2018 revenue. The information presented in the Report covers the financial year ended 31 December 2018, unless otherwise stated.

The Report, together with other information disclosed in the Annual Report, will aid in communicating and promoting transparent reporting to all of Venture's stakeholders. The Group highly values feedback to continuously improve its sustainability reporting. If you wish to provide feedback on the Report, please send your comments to sustainability@venture.com.sg.

MATERIALITY ASSESSMENT

This year, Venture conducted a materiality review session to determine the relevance of the six material EESG factors identified last year. The six material EESG factors are:



Economic performance



Environmental management



Occupational health and safety



Talent attraction, retention
and development



Protection of
confidential information



Compliance with other laws
and regulations

The materiality review session was guided by the GRI Materiality Principle, supported by background research on peers and industry trends. Venture concluded that the six identified material EESG factors continue to remain relevant to its business and stakeholders. The Board has validated the material EESG factors for this year's reporting. Venture is committed to reviewing its material EESG factors regularly to ensure that they remain relevant, to support the Group's pursuit of excellence.

About the Report

STAKEHOLDER ENGAGEMENT

Venture is committed to engaging effectively with all its stakeholders as they are impacted by the actions that Venture takes. Venture has regular engagements with its internal and external stakeholders to understand their expectations, interests and concerns. Understanding stakeholders' perspectives offers valuable insights that help Venture to strategise its business decisions and operations. Having considered all its stakeholders in the preparation of the Report, the table below summarises Venture's engagement methods with its three key stakeholders groups, namely business partners, employees, and shareholders. These three stakeholder groups have a significant influence on Venture's success and are in turn, the most significantly impacted by Venture's value creation journey.

KEY STAKEHOLDERS	KEY TOPICS OF CONCERN	ENGAGEMENT METHODS	FREQUENCY
Business Partners 	- Deliver innovative solutions with excellent technological and engineering capabilities - Uphold high ethical and responsible ESG standards along the supply chain	- Regular meetings between our business partners and our internal resources including Senior Management, TCS (Total Customer Satisfaction) Managers, Alliance Management and Programme Managers - Business review and customer scorecard	Throughout the year Periodically
Employees 	- Fair and competitive remuneration with opportunities to develop skills and reach full potential - Safe and collaborative work culture that emphasises on teamwork and cohesion	- Induction programme for new employees - Training and development programmes - Regular communications and meetings - Recreational and wellness activities - Performance and career development - Health and safety training	Throughout the year
Shareholders 	Sustain the business in the long term and deliver strong economic performance	- Corporate announcements and dissemination of financial results via SGXNet and company website - Annual General Meeting	Throughout the year Annually

GRI Content Index

	GRI STANDARDS (2016)	NOTES/PAGE NUMBER(S)
UNIVERSAL STANDARDS		
GRI 102: General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Venture Corporation Limited
102-2	Activities, brands, products, and services	Pages 192 to 196
102-3	Location of headquarters	Inside back cover
102-4	Location of operations	Pages 167 to 170
102-5	Ownership and legal form	Pages 205 to 206
102-6	Markets served	Pages 167 to 170, 192 to 196
102-7	Scale of the organisation	Pages 16 to 17, 42, 111
102-8	Information on employees and other workers	Employees disclosed in this report are based in Malaysia and Singapore. Venture employs both direct and indirect labour. Breakdown by gender is not applicable.
102-9	Supply chain	Confidentiality constraints
102-10	Significant changes to 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	Venture has memberships of association with relevant organisations.
Strategy		
102-14	Statement from senior decision-maker	Page 30
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 31

GRI Content Index

	GRI STANDARDS (2016)	NOTES/PAGE NUMBER(S)
Governance		
102-18	Governance structure	Page 34
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 32 and Page 51
102-41	Collective bargaining agreements	In line with Venture's Code of Conduct, all Venture employees are free to join or not join 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	Page 51
102-43	Approach to stakeholder engagement	Page 51
102-44	Key topics and concerns raised	Page 51
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Pages 167 to 170
102-46	Defining report content and topic Boundaries	Page 50
102-47	List of material topics	Page 50
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January – 31 December 2018
102-51	Date of most recent report	December 2017
102-52	Reporting cycle	Annual

GRI Content Index

	GRI STANDARDS (2016)	NOTES/PAGE NUMBER(S)
102-53	Contact point for questions regarding the report	Page 50
102-54	Claims of reporting in accordance with GRI Standards	Page 50
102-55	GRI content index	Pages 52 to 56
102-56	External assurance	Venture has not sought external assurance for this reporting period and may consider it in the future.
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	The material factor boundaries are defined as where Venture has significant impacts and has caused or contributed to the impacts through its business relationships. Material factors with internal boundaries: ▪ Economic Performance ▪ Talent Attraction, Retention and Development Material factors with internal and external boundaries: ▪ Environmental Management ▪ Occupational Health and Safety ▪ Protection of Confidential Information ▪ Compliance with Other Laws and Regulations

GRI Content Index

	GRI STANDARDS (2016)	NOTES/PAGE NUMBER(S)
TOPIC-SPECIFIC STANDARDS		
Economic Performance		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 8 to 17, 111 to 204
103-3	Evaluation of the management approach	
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	Pages 8 to 17, 111 to 204
Environmental Management		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 35 to 37
103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Pages 35 to 37
Occupational Health and Safety		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 42 to 44
103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	Pages 42 to 44 The breakdown by gender is currently not available as it is not a regulatory requirement to report incidents based on gender.
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	

GRI Content Index

	GRI STANDARDS (2016)	NOTES/PAGE NUMBER(S)
Talent Attraction, Retention and Development		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 38 to 41
103-3	Evaluation of the management approach	
GRI 404: Training and Education		
404-2	Program for upgrading employee skills and transition assistance programs	Pages 38 to 41
Compliance with Other Laws and Regulations		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 47 to 49
103-3	Evaluation of the management approach	
GRI 419: Socio-economic Compliance		
419-1	Non-compliance with relevant laws and regulations	Pages 47 to 49
Protection of Confidential Information		
GRI 103: Management Approach		
103-2	The management approach and its components	Pages 45 to 46
103-3	Evaluation of the management approach	
N/A This material factor is a non-GRI topic		
N/A	Non-compliance with existing policies and practices relating to the protection of confidential information	Pages 45 to 46

Corporate Governance Report

Venture Corporation Limited (the “Company”) and its subsidiaries (together, the “Group”) firmly believe that their growth and success are anchored on a framework of sound corporate governance principles, practices and processes. The Group holds the view that its drive towards good corporate governance and ethical corporate conduct will translate to sound business decisions, underpinning its operational and financial performance and delivering value to all stakeholders.

Towards this end the Company has adopted corporate governance principles and practices that are in line with the recommendations of the Code of Corporate Governance 2012 issued on 2 May 2012 (“Code”). The Code of Corporate Governance was revised in August 2018 (“2018 Code”) and ahead of the timeline for adherence, this Corporate Governance Report (“Report”) will also describe where the Company’s practices are aligned with the 2018 Code. Beyond compliance with baseline regulations, the Company adheres to the spirit of the Code, anchored on the key principles of corporate integrity, transparency, responsibility, accountability and sustainability. From a wider perspective, good corporate governance is embodied in the integrity of management who uphold sound governance practices and processes that serve to promote and safeguard the Group’s interests and assets and the interests of all stakeholders, collectively. The Group believes that corporate governance is not simply a matter of compliance with the Code, or applicable policies and regulatory standards. Rather, it is about embedding the right corporate mindset in its people.

The Group has also adopted the Group’s Social Code of Conduct (the “Code of Conduct”) which is modelled on and applies the language of the Responsible Business Alliance Code of Conduct. This Code of Conduct builds on the Group’s commitment to good employment practices and workplace-related human rights, among other desirable corporate practices. It sets out a common approach for corporate-wide development of policies and practices. The Code of Conduct applies to each Group employee around the world, without exception.

Acknowledging that its people are the key upholders of such standards, the Group has conscientiously nurtured a strong corporate governance culture amongst its Board of Directors, management and its employees. In addition, the Group actively engages its supply chain partners and business associates in the development and implementation of codes of conduct that are similar to the Group’s standards and practices.

This Report describes the Company’s corporate governance practices with specific reference to the Code. The Company has complied in material respects with the principles and guidelines of the Code. Where there are variations from any of the principles and guidelines, an explanation has been provided on how the adopted practices are consistent with the intent of the relevant principle.

Since 2011, the Company has taken the Corporate Governance Pledge, an initiative of the Securities Investors Association (Singapore), as a commitment to maintaining its high standards of corporate governance.

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

BOARD MATTERS – PRINCIPLES 1 TO 6

PRINCIPLE 1 – THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board’s corporate 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

Role of the Board and Matters Requiring Board Approval

The Board guides the Group in setting an appropriate tone-from-the-top, desired organisation culture, values and standards of ethical behavior. There are Group internal guidelines setting out authorisation and approval limits for capital and operating expenditure, bank facilities, investments and divestments as well as requisitions and expenses. The matters requiring the Board's review and approval include, *inter alia*:

- a. release of any financial results and disclosures of material information, including recommendation on dividend payout for shareholders' approval;
- b. recommendation of any amendment to the Company's Constitution ("Constitution") for shareholders' approval;
- c. appointment of Corporate Representatives to subsidiaries for the purpose of representing the Company in various matters;
- d. 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;
- e. acquisition or disposition of any material interest in any land, real property or assets, other than in the ordinary course of business;
- f. establishment, acquisition or incorporation of any subsidiary, or winding up, dissolution or placement of any subsidiary under receivership or judicial management; and
- g. creation of any mortgage, pledge, bond, charge, lien or any other encumbrance on the Company's assets, in whole or in part.

Each of the Directors has also given an undertaking 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 Singapore Exchange Securities and Trading (SGX-ST) pursuant to or in connection with the SGX-ST Listing Manual 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 ("Declaration") as soon as practicable after the relevant facts have come to his knowledge.

Corporate Governance Report

Board 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 clearly written Terms of Reference that set out their duties and responsibilities, aligned with the Code. The Terms of Reference of the Board Committees were reviewed and the duties and responsibilities of the Board Committees have been updated to align with the 2018 Code.

The Company held four formal Board meetings in 2018 and various Board Committee meetings. The attendance of the Directors at these meetings and at the Annual General Meeting ("AGM"), as well as the frequency of such meetings, are as follows:

Meetings held in FY2018	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee	AGM
Wong Ngit Liong	4 of 4	–	2 of 2	–	2 of 2	1 of 1
Cecil Vivian Richard Wong	4 of 4	4 of 4	2 of 2	3 of 3	–	1 of 1
Koh Lee Boon	4 of 4	3 of 4	2 of 2	3 of 3	–	1 of 1
Goon Kok Loon	4 of 4	4 of 4	–	3 of 3	2 of 2	1 of 1
Wong Yew Meng	4 of 4	4 of 4	2 of 2	3 of 3	–	1 of 1
Jonathan S. Huberman	3 of 4	3 of 4	–	–	2 of 2	1 of 1
Han Thong Kwang	4 of 4	4 of 4	–	–	2 of 2	1 of 1
Kay Kuok Oon Kwong ⁽¹⁾	4 of 4	–	–	–	–	1 of 1
Tan Seok Hoong @Mrs Audrey Liow ⁽²⁾	1 of 1	–	–	–	–	–

Notes:

⁽¹⁾ Ms Kay Kuok Oon Kwong was appointed as a Director of the Company on 1 January 2018.

⁽²⁾ Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a Director of the Company on 1 November 2018.

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

Appointment Letter

On appointment, 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 and annual report, Terms of Reference of Board Committees, and other pertinent documents. Lines of communication, including direct access to the Chairman, CEO, CFO, management and Company Secretary, are established and provides a new Director with the opportunity to establish exchanges and obtain information to perform his/her statutory duties.

Director Development / Training

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. Site visits provide an intimate understanding of the Group's key business operations, and give them an opportunity to interact with the executives of the Group. Relevant training and briefing programmes for Directors are organised and funded by the Company, including first-time Directors, in areas such as accounting, legal and industry-specific knowledge, as appropriate, to ensure that they are kept abreast of developments within the Group and the industry, as well as of new laws and regulations. Training in relevant areas

Corporate Governance Report

conducted by the Singapore Institute of Directors 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, external consultants may be invited to brief the Board on such changes. The Board is regularly briefed by management on the Group's activities and provided with financial updates monthly and investor engagement activity updates.

PRINCIPLE 2 – BOARD COMPOSITION AND GUIDANCE

The Board comprises nine members: Mr Wong Ngit Liong, Mr Cecil Vivian Richard Wong, 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 and Ms Tan Seok Hoong @Mrs Audrey Liow. 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 of the Directors may be found on pages 19 to 23 of this Annual Report.

Ms Kay Kuok Oon Kwong was appointed to the Board on 1 January 2018 and Ms Tan Seok Hoong @Mrs Audrey Liow was appointed on 1 November 2018.

Board Independence

At the beginning of every financial year, each Director provides a disclosure of their interests to the Company. In line with Sections 156 and 165 of the Companies Act, when there are changes to the interests declared at the beginning of the financial year, the Director makes interim declarations; which are then tabled at the next Board meeting. Each independent director is required to complete a declaration of independence which is reviewed by the Nominating Committee on an annual basis, based on the guidelines in the Code and the Listing Rules.

The Nominating Committee performs an annual review of the Directors' interests in which potential or perceived conflicts, which would affect the independence of the Directors, are considered (including time commitments, length of service and other factors relevant to their independence). In the Nominating Committee's review, the following circumstances, *inter alia*, were considered:

- 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 for the current or any of the past three financial years;
- c. whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is 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; and
- f. whether the Director has been a director on the Board for an aggregate period of more than nine years.

Corporate Governance Report

Accordingly, the Nominating Committee has reviewed and ascertained that Mr Cecil Vivian Richard Wong, 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 and Ms Tan Seok Hoong @Mrs Audrey Liow, continue to remain independent, having considered factors such as conduct, character, judgement, and any relationship with the Company, related companies, 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 eight Independent Non-Executive Directors do not have direct or indirect shareholdings exceeding 5% in the Company nor any relationships with the Company, its related companies or the Company's shareholders with 5% or more voting rights in the Company.

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 their independent judgement, particularly with regards 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 ability to discharge his 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 role and continues to actively contribute with his knowledge and experience of the Group's business built up over the years.

The Board also comprises members who have varying lengths of tenure with a balanced spread of less and more experience regarding the business and operations of the Company, which decreases the probability of a lack of objectivity in the Board. Based on these considerations, the Board concurred with the Nominating Committee's views that the four Directors who have served on the Board beyond nine years, namely, Mr Cecil Vivian Richard Wong, Mr Koh Lee Boon, Mr Goon Kok Loon and Mr Wong Yew Meng continue to be independent.

Mr Cecil Vivian Richard Wong, Mr Koh Lee Boon, Mr Goon Kok Loon and Mr Wong Yew Meng had each abstained from the discussion and taking a decision in respect of their own independence.

Lead Independent Director

Mr Koh Lee Boon, the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee, was appointed as the Lead Independent Director of the Company on 25 April 2014. As Lead Independent Director, he provides leadership in situations where the Chairman is conflicted, especially as the Chairman is not deemed independent. The Lead Independent Director may also be contacted if shareholders have any concerns, where contact through the normal channels of the Chairman and CEO or management has failed to resolve, are inadequate or inappropriate. At least once a year, the Lead Independent Director will meet with other Independent Non-Executive Directors and External Auditors and provide feedback to the Executive Director accordingly.

Corporate Governance Report

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 regarding the strategic challenges and growth opportunities facing the Group.

There is a clear division of responsibilities between the role 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 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 the 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.

Independent Non-Executive Directors comprise majority of the Board and Board Committees

By performing dual roles, Mr Wong Ngit Liong has been able to consistently ensure that strategic objectives are implemented seamlessly within the Group. Even though the roles of Chairman and CEO are not separate, there are internal controls and safeguards within the Group to ensure independent decision-making. In addition, Independent Non-Executive Directors form the majority of the Board, numbering eight out of nine members of the Board. This reposes a high level of accountability, promotes an appropriate balance of power and authority and ensures a greater capacity for independent decision-making at the Board, in keeping with the spirit of good corporate governance. The appointment of a Lead Independent Director adds to the independent element on the Board.

The strong level of independence on the Board enables it to engage in robust decision-making, monitor results, and assess and remunerate management on its performance. It also more than meets the requirements of the Code which recommends that where the Chairman of the Board is also the CEO of the Group, the independent directors should constitute half the Board. During meetings, Non-Executive Directors constructively challenge and review implementation and proposals on the Group's strategy.

Corporate Governance Report

In addition, the Audit Committee, the Nominating Committee and the Remuneration Committee are also chaired by Independent Non-Executive Directors and their membership comprises a majority of Independent Non-Executive Directors.

PRINCIPLE 4 – BOARD MEMBERSHIP

Board Diversity

The Company is committed to attracting talented individuals to serve as Directors, regardless of their gender, race, ethnicity, religion, age, disability status or any other aspects of diversity. To this end, the Company endeavours to ensure that the Board and its Board Committees comprise individuals with diverse experience and expertise who, as a group, will provide an appropriate balance and range of skills, experience, perspectives, and knowledge for effective stewardship of the Company's business. The Board possess core competencies in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge and members who are able to make positive contributions to the Company.

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 and talents and who have the capacity to contribute effectively.

The Company also upholds the importance of gender diversity. Accordingly, in FY 2018, two women directors were appointed to the Board. Ms Kay Kuok Oon Kwong was appointed on 1 January 2018 and Ms Tan Seok Hoong @Mrs Audrey Liow on 1 November 2018, bringing women representation on the Board to one-fifth. It goes without saying that these appointments augment the collective strength of the Board. The Board will continue to identify potential candidates on the basis of their core competencies and capacity to contribute.

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 profile, taking into consideration factors such as experience, technological skills and expertise, diversity and how they will complement and augment the 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, accounting 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 determines the maximum number of listed company board representations which a Director may hold. 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 has reviewed the principal commitments of each 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 Mr Cecil Vivian Richard Wong, comprises four Independent Non-Executive Directors and one Executive Director. The other members are Mr Koh Lee Boon, Mr Wong Yew Meng, Ms Kay Kuok Oon Kwong and Mr Wong Ngit Liong. Ms Kay Kuok Oon Kwong was appointed to the Nominating Committee on 1 March 2019. The Nominating Committee, guided by clear written Terms of Reference, met twice in 2018 and had informal discussions on other occasions.

The Nominating Committee's role 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 Code and the SGX 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 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;

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- 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 had recommended to the Board to refresh the composition of the Nominating Committee, the Remuneration Committee and the Investment Committee, to which the Board had concurred. These committees were reconstituted on 1 March 2019.

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. Ms Tan Seok Hoong @Mrs Audrey Liow, who was appointed on 1 November 2018, will submit herself for re-election pursuant to Regulation 110 of the Constitution.

Mr Wong Ngit Liong and Mr Koh Lee Boon who are retiring by rotation will submit themselves for re-election pursuant to Regulation 106 of the Constitution. 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 recommendations to seek approval from shareholders at the forthcoming AGM to re-elect Directors Ms Tan Seok Hoong @Mrs Audrey Liow, retiring under Regulation 110, and Mr Wong Ngit Liong and Mr Koh Lee Boon, both retiring under Regulation 106 of the Constitution.

Mr Cecil Vivian Richard Wong, who will retire by rotation is not seeking re-election at this AGM. The Board and Management express their deepest gratitude to Mr Cecil Vivian Richard Wong for his 26 years of dedicated service. His professionalism and dedication have been invaluable to Board deliberations and decision-making. With a view to tapping his wisdom and people skills, the Board will confer an honorary title of Director Emeritus on Mr Cecil Vivian Richard Wong.

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 structured survey with 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 to present the results to the Board for discussion and decision on follow-up actions, if any.

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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 and Board Committees performance evaluation exercise is to assess the contribution and effectiveness of the Board as a whole, of each Board Committee and of the Chairman. Whilst there is no individual director evaluation *per se*, in the detailed evaluation process, the strengths and contributions of each individual Director and their demonstrated commitment to his/her role on the Board would be reviewed in context as well. Areas identified for improvement will be addressed and monitored.

The Board performance evaluation conducted for FY 2018 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.

PRINCIPLE 6 – 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. Board Committee meeting minutes are circulated to all Directors so that each Director is apprised of the topics considered and discussed during each Board Committee meeting.

In addition, to ensure that the Board is able to fulfil its responsibilities and to make informed decisions in a timely manner, management regularly provides to the Board annual financial plans, monthly management accounts and reports, and other relevant information or documents. Furthermore, management provides, upon any Director's request, any additional information required to make informed decisions. The 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 the Directors may raise.

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

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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. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow to the Board and Board Committees, and between management and Non-Executive Directors. The Company Secretary's responsibilities include facilitating the orientation and training of new Directors, supporting continuous training of existing Directors and providing updates to the Directors on new developments in corporate governance, legal and regulatory matters. The appointment and removal of the Company Secretary rests with the Board.

REMUNERATION MATTERS – PRINCIPLES 7, 8 & 9

PRINCIPLE 7 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The Remuneration Committee comprises five Independent Non-Executive Directors, namely, Mr Koh Lee Boon, Mr Cecil Vivian Richard Wong, Mr Goon Kok Loon, Ms Tan Seok Hoong @Mrs Audrey Liow and Mr Wong Yew Meng. The Remuneration Committee which is chaired by Mr Koh Lee Boon met twice in 2018 and is guided by clear written Terms of Reference. Ms Tan Seok Hoong @Mrs Audrey Liow was appointed to the Remuneration Committee on 1 March 2019.

The role of the Remuneration Committee is to:

- a. 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. 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 regulations or restrictions 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.

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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 2018.

PRINCIPLE 8 – LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9 – DISCLOSURE ON REMUNERATION

The Remuneration Committee recommends the fees for the Directors and oversees that the remuneration framework of key management personnel are aligned to long-term interests and policies of the Group. This ensures that the Company is able 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 Non-Executive Director takes into account the Director's contributions, responsibilities on Board Committees, experience, qualifications and time commitment. This ensures that the remuneration level and mix are appropriate to recognise each Non-Executive Director's contribution and responsibilities. Non-Executive Directors' fees require shareholders' approval at the Company's AGM. Executive Directors do not receive Directors' fees.

The fee for Directors is benchmarked 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. The Remuneration Committee recommends and the Board seeks shareholders' approval for the payment of S\$850,000 as Directors' fees for FY 2018. The increase from the directors' fees of FY 2017 of \$780,000 is purely due to the addition of two new Directors. The Directors' fee structure was revised in FY 2017 and remains the same for FY 2018. Directors' fees are paid in arrears and are paid only upon approval of the shareholders at the Company's AGM. 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 2018 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

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A breakdown showing the proposed Directors' fees of each Non-Executive Director for FY 2018 is as follows:

Name of Director	Director's Fees S\$	Director's Fees %	Fixed Remuneration %	Variable Bonus, Variable Salary & Benefits-in-kind %	Total %
Cecil Vivian Richard Wong	140,000	100	–	–	100
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⁾	60,000	100	–	–	100
Tan Seok Hoong @ Mrs Audrey Liow ⁽²⁾	10,000	100	–	–	100

Notes:

⁽¹⁾ Ms Kay Kuok Oon Kwong was appointed as a Director of the Company on 1 January 2018.

⁽²⁾ Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a Director of the Company on 1 November 2018.

CEO's Remuneration

As Chairman of the Board and Executive Director, CEO Mr Wong Ngit Liong does not receive Director's 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 ("RSP") adopted by the Company in 2011 are set out below.

CEO and Chairman	Remuneration			
	Total S\$	Fixed ⁽¹⁾ %	Variable ⁽²⁾ %	Total ⁽³⁾ %
Wong Ngit Liong	8,913,100	16	84	100

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.

There were nil options granted to the CEO pursuant to the 2015 Scheme in FY 2018.

There were nil awards made to the CEO pursuant to the RSP in FY 2018.

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Key Management Personnel's 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. The Group provides compensation that is commensurate with the contributions of each employee to the Group's strategic objectives which is aligned to the financial performance of the Group.

Performance Review and Evaluation Process

The Group has a rigorous 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.

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 vs 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

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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 discussed 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.

Share-based Components

Share-based components are also part of the remuneration framework which is intended to align employees' interests with those of shareholders so as to improve performance and achieve sustainable growth for the Group. 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 allocation of share-based components to employees is guided by a framework administered by the Remuneration Committee, made up of Independent Non-Executive Directors. Before each grant, the Group's key management personnel reviews the allocation of share-based components and then tables it for approval by the Remuneration Committee.

Venture has existing employee share schemes which are the 2015 Scheme that was approved and adopted by the Company at an Extraordinary General Meeting ("EGM") held on 25 April 2014, and 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 performance. The Venture Corporation Executives' Share Option Scheme 2004 ("2004 Scheme") had expired on 30 April 2014 and there are no more outstanding and unexercised options as of 3 April 2019.

a. 2015 Scheme

i. Objective

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 outstanding Options can only be exercised at a premium of 25% and 15% of the grant price in the second and third year respectively, after the date of grant. The Options will expire on the fifth anniversary of the date of grant.

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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 is 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.

No Options were granted pursuant to the 2015 Scheme in FY 2018.

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 per cent** 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; or (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 2004 Scheme and the 2015 Scheme and methodology of valuation, exercise price of options that were granted, outstanding options and vesting schedule are set out on pages 99 to 102 of the Directors' Statement and Note 24 to the financial statements.

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 per cent 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. Objective

The Venture Corporation Restricted Share Plan was approved by shareholders on 26 April 2011. 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.

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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 99, 103 and 104 of the Directors' Statement and Note 24 to the financial statements.

No awards were granted pursuant to the RSP in FY 2018.

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

The aggregate cash-based remuneration of the key management personnel in FY 2018 is S\$5,482,529. 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 2018, the key management personnel (who are not directors or CEO) are Mr Lee Ghai Keen, Mr Dharma Nadarajah, Mr Ng Chee Kwoon, Mr Lim Sita and Mr Wong Chee Kheong.

Remuneration Bands (Fixed and Variable) / Key Management Personnel	Remuneration		
	Fixed ⁽¹⁾ %	Variable ⁽²⁾ %	Total ⁽³⁾ %
Between S\$1,250,000 - S\$1,499,999			
2	39	61	100
Between S\$1,000,000 - S\$1,249,999			
1	42	58	100
Between S\$750,000 - S\$999,999			
1	34	66	100
Between S\$500,000 - S\$749,999			
1	67	33	100

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.

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There were nil options granted to the key management personnel pursuant to the 2015 Scheme in FY 2018.

There were nil awards made to the key management personnel pursuant to the RSP in FY 2018.

There were no termination, retirement or post-employment benefits granted to Directors, the CEO or the key management personnel in FY 2018.

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 or the CEO whose remuneration exceeds S\$50,000 in FY 2018.

The Company considered introducing contractual provisions to reclaim incentive components from executive directors and key management personnel and would pursue actions available at law.

ACCOUNTABILITY & AUDIT – PRINCIPLES 10 TO 13

PRINCIPLE 10 – 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 quarterly and full year financial results. The Audit Committee and the Board reviews and approves the quarterly and full year 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 quarterly 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 unusual nature which would render the quarterly results misleading in any material aspect, before the Negative Assurance Statement is given by the Board.

The quarterly and full year 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, where appropriate.

PRINCIPLE 11 – 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

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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.

Leveraging on the results of the ERM, 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 2018, the Board and the Audit Committee have 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 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 2018.

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.

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 as well.

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PRINCIPLE 12 – AUDIT COMMITTEE

The Audit Committee comprises six Independent Non-Executive Directors. They are Mr Goon Kok Loon, Mr Cecil Vivian Richard Wong, Mr Koh Lee Boon, Mr Wong Yew Meng, Mr Jonathan S. Huberman and Mr Han Thong Kwang. Mr Goon Kok Loon is the Chairman of the Audit Committee. The Audit Committee is guided by clear written Terms of Reference and met four times in 2018.

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 quarterly, half-year and annual financial statements 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 accounting standards, and compliance with stock exchange and statutory or regulatory requirements;
- c. to discuss problems and concerns, if any, arising from the quarterly, 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;
- 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 ensure co-ordination between the internal and external auditors and management. To ensure that the internal audit function is staffed with persons with the relevant qualification and experience, and the effectiveness of the Company's internal audit functions;
- h. to review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account, 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;

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- j. to review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual including transactions that fall within the scope of Rule 912, i.e. the review and approval of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a director, chief executive officer or controlling shareholder;
- 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 Manual, 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 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 errors in the accounting records, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws 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.

The Audit Committee which comprises a majority of non-executive and independent directors, has more than two members, including the Audit Committee Chairman, who have recent and relevant accounting or related financial management expertise or experience. The Audit Committee also 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.

Corporate Governance Report

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 ("KAMs") reported by the external auditors. During the audit of the financial statements for FY 2018, two KAMs were reported by the external auditors and are set out on pages 107 and 108 of this Annual Report. The Audit Committee's commentaries on the reported KAMs are set out below.

KAMs	Audit Committee's Comments
Impairment review of goodwill	The carrying value of goodwill is a significant item within the Group's balance sheet. 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 2018.
Provision for warranties	The Group assessed the provision for warranties based on historical claim experience and estimated potential rectification costs for the products sold. Significant management judgement is involved in estimating the provision for warranties especially for relatively new products. The Audit Committee considered the methodology and key assumptions used by management in estimating the basis of the provision. The Audit Committee also considered the findings of the external auditors, including their assessment of the reasonableness of the key assumptions used. With the above, the Audit Committee concurred with management's conclusion that the provision for warranties as at 31 December 2018 is reasonable and appropriate.

PRINCIPLE 13 – INTERNAL AUDIT

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 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.

Corporate Governance Report

Investment Committee

The Investment Committee comprises four Independent Non-Executive Directors, an Executive Director and two members of the management team. They are Mr Wong Ngit Liong, Mr Goon Kok Loon, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Ms Tan Seok Hoong @Mrs Audrey Liow, Mr Ng Chee Kwoon and Mr Wong Chee Kheong. Ms Tan Seok Hoong @Mrs Audrey Liow and Mr Wong Chee Kheong were appointed on 1 March 2019.

The role of the Investment Committee is to set broad overall investment guidelines for the Company and to assess and review investments, opportunities and performance, guided by the clear written Terms of Reference. The Investment Committee is chaired by Mr Wong Ngit Liong and met twice in 2018.

The functions of the Investment Committee are:

- a. to set broad overall investment policies and guidelines of the Company and the Group;
- b. to assess investment opportunities for the Company and the Group;
- c. to review investment performance of the Company and the Group; and
- d. to undertake such other reviews and projects as may be requested by the Board.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES – PRINCIPLES 14 TO 16

PRINCIPLE 14 – SHAREHOLDER RIGHTS

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 in line with the Code and the Listing Manual of the SGX-ST.

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.

Every quarter, the Company holds a briefing session after the release of its quarterly financial results. Key management of the Group presides over the briefing session and offers a comprehensive review of the Company's performance. The financial and investment community have access to the briefing sessions. 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 System at the time of the briefing and simultaneously made available on the Company's corporate website for ease of access and download.

Immediately following its results announcement each quarter, the Company establishes shareholder communication via a series of local non-deal road shows, global conference calls, one-on-one meetings and group meetings. The various channels of shareholder communication enable management and the Corporate Communications team to share the same information across a wider group of investors.

Corporate Governance Report

PRINCIPLE 15 – COMMUNICATION WITH SHAREHOLDERS

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 more than 130 investor communication engagements covering non-deal road shows, corporate access forums and conferences, one-on-one and group meetings and conference calls.

The 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 SGX-ST rules.

The Company continues to receive support from over 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 on its corporate website. Full copies of the Notices are also lodged with the SGX-ST.

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 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

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 2018. This is in addition to the interim dividend of 20 cents per share paid on 19 September 2018 on a one-tier tax-exempt basis. When considering dividend payments, the Board reviews a wide range of factors including the Company's profitability, cash flow, future earnings, working capital, capital expenditure requirements, investment plans, as well as other corporate considerations. Dividends have been declared on an annual basis.

Subject to the approval of shareholders at the AGM to be held on 24 April 2019, the proposed dividend will be paid on 22 May 2019. The Share Transfer Books and Register of Members of Venture Corporation Limited will be closed from 5.00 p.m. on 13 May 2019 to 14 May 2019 (both dates inclusive) for the preparation of dividend warrants.

PRINCIPLE 16 – CONDUCT OF SHAREHOLDER 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.

Corporate Governance Report

The Company's general meetings are attended by all the Directors, external auditors, the Company Secretary and management. Prior to the commencement of the AGM, the Company makes a presentation, highlighting key business developments and its full year financial performance. Shareholders are given the opportunity to share their views and put their questions to the meeting(s). 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.

Shareholders who are unable to attend the AGM may vote on the resolutions by submitting the proxy form attached to the Notice of AGM and Notice of EGM, if applicable. The Constitution does not provide for shareholders to vote at the Company's general meetings in absentia such as via mail, electronic mail or facsimile transmission. The Company will consider implementing the relevant amendments to its Constitution if the Board is of the view that there is demand for the same, and after the Company has evaluated and put in place the necessary security measures to facilitate absentia voting and safeguards to protect against errors, fraud and other irregularities.

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 System after the meeting(s). All resolutions tabled at the Company's general meetings are separate and distinct.

Minutes of the general meetings including relevant queries and comments from shareholders and responses from the Board are recorded and are available upon request by shareholder.

ENGAGEMENT OF EXTERNAL AUDITORS

The Company has 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, Deloitte & Touche LLP, would be in compliance with Rule 712 of the Listing Manual of the SGX-ST. 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 and associates (as set out on pages 166 to 172 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 Deloitte Touche Tohmatsu Limited ("DTTL"). The subsidiaries and associates 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 Manual of the SGX-ST.

The aggregate amount of fees paid to the external auditors for audit and non-audit services are set out in Note 29 to the financial statements.

INTERNAL CODE ON DEALINGS WITH SECURITIES

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company, its Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its results for the first three quarters of the year. The Company, its Directors and officers are not allowed to deal in the Company's shares one month before the announcement of its full year results.

Corporate Governance Report

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

The Company, its Directors and officers are required to observe insider trading provisions under the Securities and Futures Act (Cap 289) 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.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee for review that the transactions are 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 2018.

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.

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Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) The Company has adopted corporate governance principles and practices that are in line with the recommendations of the Code of Corporate Governance 2012 issued on 2 May 2012 ("Code"). The Code of Corporate Governance was revised in August 2018 ("2018 Code") and ahead of the timeline for adherence, this Report will also describe where the Company's practices are aligned with the 2018 Code. (b) Not applicable.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Board guides the Group in setting an appropriate tone-from-the-top, desired organisation culture, values and standards of ethical behavior. There are Group internal guidelines setting out authorisation and approval limits for capital and operating expenditure, bank facilities, investments and divestments as well as requisitions and expenses. The matters requiring the Board's review and approval include, <i>inter alia</i>: a. release of any financial results and disclosures of material information, including recommendation on dividend payout for shareholders' approval; b. recommendation of any amendment to the Company's Constitution ("Constitution") for shareholders' approval; c. appointment of Corporate Representatives to subsidiaries for the purpose of representing the Company in various matters; d. 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;

Disclosure Guide

Guideline	Questions	How has the Company complied?
		e. acquisition or disposition of any material interest in any land, real property or assets, other than in the ordinary course of business; f. establishment, acquisition or incorporation of any subsidiary, or winding up, dissolution or placement of any subsidiary under receivership or judicial management; and g. creation of any mortgage, pledge, bond, charge, lien or any other encumbrance on the Company's assets, in whole or in part.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) The Company is committed to attracting talented individuals to serve as Directors, regardless of their gender, race, ethnicity, religion, age, disability status or any other aspects of diversity. To this end, the Company endeavours to ensure that the Board and its Board Committees comprise individuals with diverse experience and expertise who, as a group, will provide an appropriate balance and range of skills, experience, perspectives, and knowledge for effective stewardship of the Company's business. The Board possess core competencies in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge and members who are able to make positive contributions to the Company. (b) The Board has a diversity of skills, experience, gender and knowledge of the Company. The profile of the Board of Directors can be found on Pages 19 to 23 of the Company's Annual Report for FY 2018. Of the 9 directors, 2 are women.

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Guideline	Questions	How has the Company complied?
		(c) 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 and talents and who have the capacity to contribute effectively. 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, accounting and governance aspects, and knowledge of the Group's industry, business and markets. Suitable candidates are then recommended to the Board for consideration.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	(i) 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 profile, taking into consideration factors such as experience, technological skills and expertise, diversity and how they will complement and augment the competencies of the current Board. (ii) 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.

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Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) 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. Site visits provide an intimate understanding of the Group's key business operations, and give them an opportunity to interact with the executives of the Group. Relevant training and briefing programmes for Directors are organised and funded by the Company, including first-time Directors, in areas such as accounting, legal and industry-specific knowledge, as appropriate, to ensure that they are kept abreast of developments within the Group and the industry, as well as of new laws and regulations. Training in relevant areas conducted by the Singapore Institute of Directors is arranged for first-time Directors within one year of their appointment to the Board. (b) (i) On appointment, 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 and annual report, Terms of Reference of Board Committees, and other pertinent documents. Lines of communication, including direct access to the Chairman, CEO, CFO, management and Company Secretary, are established and provides a new Director with the opportunity to establish exchanges and obtain information to perform his/her statutory duties. (ii) To keep abreast of changes in the Financial Reporting Standards, external consultants may be invited to brief the Board on such changes. The Board is regularly briefed by management on the Group's activities and provided with financial updates monthly and investor engagement activity updates.

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Guideline	Questions	How has the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	The Board determines the maximum number of listed company board representations which a Director may hold. 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, <i>inter alia</i>, 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.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) 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 structured survey with 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 to present the results to the Board for discussion and decision on follow-up actions, if any.

Disclosure Guide

Guideline	Questions	How has the Company complied?
		The evaluation criteria encompasses, <i>inter alia</i>, 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. (b) The Board performance evaluation conducted for FY 2018 concluded, <i>inter alia</i>, that: - the quality of information disseminated to members of the Board and Board Committees was adequate to make informed decisions; - the Board and management had a cordial relationship that encouraged open communication, constructive discussion and independent decision making; - the Board demonstrated responsiveness and pro-activeness; - there was a high standard of conduct amongst members of the Board and the Board members pro-actively disclosed any potential conflicts of interests; - 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

Disclosure Guide

Guideline	Questions	How has the Company complied?
		f. the Board comprised competent Directors with varied and relevant experience and expertise.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Eight out of nine of the Board members are independent directors. The Board also comprises members who have varying lengths of tenure with a balanced spread of less and more experience regarding the business and operations of the Company, which decreases the probability of a lack of objectivity in the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	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 their independent judgement, particularly with regards 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;

Disclosure Guide

Guideline	Questions	How has the Company complied?
		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 ability to discharge his 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 role and continues to actively contribute with his knowledge and experience of the Group's business built up over the years. Based on these considerations, the Board concurred with the Nominating Committee's views that the four Directors who have served on the Board beyond nine years, namely, Mr Cecil Vivian Richard Wong, Mr Koh Lee Boon, Mr Goon Kok Loon and Mr Wong Yew Meng continue to be independent.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Remuneration Committee recommends and the Board seeks shareholders' approval for the payment of S\$850,000 as Directors' fees for FY 2018. The Directors' fee structure of the Board and Board Committees and a breakdown of the proposed Directors' fees of each Non-Executive Director can be found on Page 68 and 69 of the Company's Annual Report for FY 2018. As Chairman of the Board and Executive Director, CEO Mr Wong Ngit Liong does not receive Director's 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 ("RSP") adopted by the Company in 2011 are set out on Page 69 of the Company's Annual Report for FY 2018.

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Guideline	Questions	How has the Company complied?
		There were nil options granted to the CEO pursuant to the 2015 Scheme in FY 2018. There were nil awards made to the CEO pursuant to the RSP in FY 2018.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	In FY 2018, the key management personnel (who are not directors or CEO) are Mr Lee Ghai Keen, Mr Dharma Nadarajah, Mr Ng Chee Kwoon, Mr Lim Sita and Mr Wong Chee Kheong. The aggregate cash-based remuneration of the key management personnel in FY 2018 is S\$5,482,529. The percentage breakdown of the fixed and variable components for each individual is set out on Page 73 of the Company's Annual Report for FY 2018. There were nil options granted to the key management personnel pursuant to the 2015 Scheme in FY 2018. There were nil awards made to the key management personnel pursuant to the RSP in FY 2018.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	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 or the CEO whose remuneration exceeds S\$50,000 in FY 2018.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) The Group has a rigorous 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.

Disclosure Guide

Guideline	Questions	How has the Company complied?
		(b) The performance conditions used to determine their entitlement under the short-term and long-term incentive schemes are set out on Pages 70 to 73 of the Company's Annual Report for FY 2018. (c) The performance conditions were met.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	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 the meetings. Board Committee meeting minutes are circulated to all Directors so that each Director is apprised of the topics considered and discussed during each Board Committee meeting. In addition, to ensure that the Board is able to fulfil its responsibilities and to make informed decisions in a timely manner, management regularly provides to the Board annual financial plans, monthly management accounts and reports, and other relevant information or documents. Furthermore, management provides, upon any Director's request, any additional information required to make informed decisions. The 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 the Directors may raise. 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. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow to the Board and Board Committees, and between management and Non-Executive Directors. The Company Secretary's responsibilities include facilitating the orientation and training of new Directors, supporting continuous training of existing Directors and providing updates to the Directors on new developments in corporate governance, legal and regulatory matters.

Disclosure Guide

Guideline	Questions	How has the Company complied?
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The Company has an Internal Audit department, which is an independent function that reports directly to the Chairman of the Audit Committee on audit matters and to the CEO on administrative matters.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) 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.

Disclosure Guide

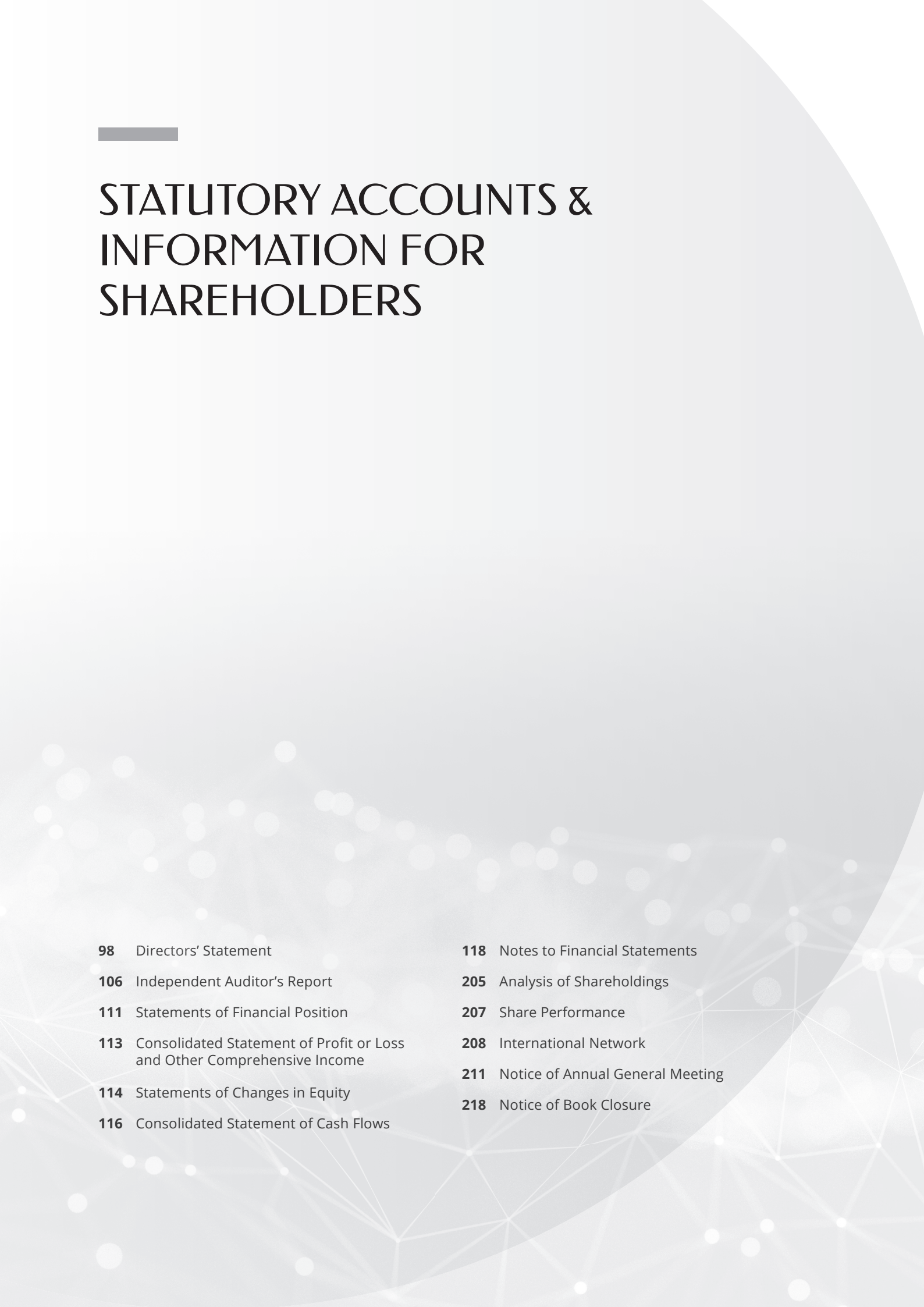
Guideline	Questions	How has the Company complied?
		Leveraging on the results of the ERM, the CSA, the external auditors' report, internal audits and quality certifications of the Group's management systems, the CEO and the key management personnel would in turn provide an annual attestation to the Audit Committee and to the Board, relating to the adequacy and effectiveness of the Group's risk management and internal control systems. (b) The Board has, together with the Audit Committee, reviewed the Group's risk assessment programmes and internal control processes. For FY 2018, the Board and the Audit Committee have 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 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.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(a) Please refer to Note 29 to the financial statements on Page 190 of the Company's Annual Report for FY 2018. (b) 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.

Disclosure Guide

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Every quarter, the Company holds a briefing session after the release of its quarterly financial results. Key management of the Group presides over the briefing session and offers a comprehensive review of the Company's performance. The financial and investment community have access to the briefing sessions. 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 System at the time of the briefing and simultaneously made available on the Company's corporate website for ease of access and download. Immediately following its results announcement each quarter, the Company establishes shareholder communication via a series of local non-deal road shows, global conference calls, one-on-one meetings and group meetings. The various channels of shareholder communication enable management and the Corporate Communications team to share the same information across a wider group of investors. (b) The Corporate Communications team handles queries by analysts, investors and shareholders in the form of letters, electronic mail, web portal mails and telephone calls. (c) 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 more than 130 investor communication engagements covering non-deal road shows, corporate access forums and conferences, one-on-one and group meetings and conference calls.

Disclosure Guide

Guideline	Questions	How has the Company complied?
		The Company continues to receive support from over 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.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable, as 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 2018, subject to the approval of shareholders at the AGM to be held on 24 April 2019. This is in addition to the interim dividend of 20 cents per share paid on 19 September 2018 on a one-tier tax-exempt basis.



STATUTORY ACCOUNTS & INFORMATION FOR SHAREHOLDERS

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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 2018.

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 111 to 204 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 2018, 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

Cecil Vivian Richard Wong

Koh Lee Boon

Goon Kok Loon

Wong Yew Meng

Jonathan S. Huberman

Han Thong Kwang

Kay Kuok Oon Kwong (Appointed on 1 January 2018)

Tan Seok Hoong @Mrs Audrey Liow (Appointed on 1 November 2018)

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 2018 or date of appointment, if later	At 31 December 2018	At 1 January 2018 or date of appointment, if later	At 31 December 2018
<u>Ordinary shares of the Company</u>				
Wong Ngit Liong	20,098,219	20,238,219	-	-
Koh Lee Boon	3,000	3,000	-	-
Goon Kok Loon	-	-	5,000	5,000
Tan Seok Hoong @Mrs Audrey Liow	3,000	3,000	-	-
<u>Share options to subscribe for shares of the Company</u>				
Wong Ngit Liong	217,000	77,000	-	-
<u>Restricted shares of the Company granted</u>				
Wong Ngit Liong	180,000	180,000	-	-

The Directors' interests as at 21 January 2019 are the same as those as at 31 December 2018.

4 SHARE OPTIONS

(a) The Venture Corporation Executives' Share Option Scheme ("the 2004 Scheme")

- (i) The 2004 Scheme in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company in an Extraordinary General Meeting on 30 April 2004 and had expired on 30 April 2014. 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.
- (ii) Under the 2004 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 options have been granted at a discount.

Directors' Statement

4 SHARE OPTIONS (cont'd)

- (iii) Details of the unissued shares under options granted pursuant to the 2004 Scheme, options granted, exercised and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2018 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 2018	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2018		
16 September 2013	2004 Grant 9	657,000	-	(593,000)	(64,000)	-	\$9.500 (a) \$8.360 (b) \$7.980 (c) \$7.600 (d)	16 September 2014 to 15 September 2018
3 April 2014	2004 Grant 10	421,000	-	(318,000)	(60,000)	43,000	\$9.315 (e) \$8.570 (f) \$7.452 (g)	3 April 2015 to 2 April 2019
		1,078,000	-	(911,000)	(124,000)	43,000		

- (a) If exercised between 16 September 2014 and 15 September 2015
 (b) If exercised between 16 September 2015 and 15 September 2016
 (c) If exercised between 16 September 2016 and 15 September 2017
 (d) If exercised between 16 September 2017 and 15 September 2018
 (e) If exercised between 3 April 2015 and 2 April 2016
 (f) If exercised between 3 April 2016 and 2 April 2017
 (g) If exercised between 3 April 2017 and 2 April 2019

- (iv) The following are details of options granted to the Directors and employees of the Group under the 2004 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	-	576,000	(260,000)	(316,000)	-
ii) Other Employees	-	29,104,000	(10,250,000)	(18,811,000)	43,000
	-	29,680,000	(10,510,000)	(19,127,000)	43,000

Directors' Statement

4 SHARE OPTIONS (cont'd)

(b) The Venture Corporation Executives' Share Option Scheme ("the 2015 Scheme")

- (i) The 2015 Scheme in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company in an Extraordinary General Meeting on 25 April 2014 and commenced on 1 January 2015.
- (ii) 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 options had been granted at a discount.
- (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 2018 were as follows:

Number of options to subscribe for ordinary shares of the Company								
Date of grant	Grant No.	Outstanding at 1 January 2018	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2018	Subscription price per share	Exercisable period
16 June 2015	2015 Grant 1	1,662,000	-	(1,379,000)	(58,000)	225,000	\$9.663 (a) \$8.890 (b) \$7.730 (c)	16 June 2016 to 15 June 2020
16 June 2016	2015 Grant 2	1,948,000	-	(1,369,000)	(50,000)	529,000	\$10.510 (d) \$9.670 (e) \$8.410 (f)	16 June 2017 to 15 June 2021
16 June 2017	2015 Grant 3	2,589,000	-	(494,000)	(43,000)	2,052,000	\$15.500 (g) \$14.260 (h) \$12.400 (i)	16 June 2018 to 15 June 2022
-	2015 Grant 4 *	-	-	-	-	-	-	-
		6,199,000	-	(3,242,000)	(151,000)	2,806,000		

(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

* There were no options granted during the financial year.

Directors' Statement

4 SHARE OPTIONS (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	-	217,000	(140,000)	-	77,000
ii) Other Employees	-	7,449,000	(4,205,000)	(515,000)	2,729,000
	-	7,666,000	(4,345,000)	(515,000)	2,806,000

The 2004 Scheme and 2015 Scheme are administered by the Remuneration Committee whose members are:

Koh Lee Boon (Chairman)
 Cecil Vivian Richard Wong
 Goon Kok Loon
 Wong Yew Meng
 Tan Seok Hoong @Mrs Audrey Liow (appointed on 1 March 2019)

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 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;
- (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 2004 Scheme, shall not exceed 15% 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 on or prior to 30 April 2014; and
- (iii) 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)

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

	2018	2017
At 1 January	960,000	850,000
Granted	–	290,000
Lapsed	–	(90,000)
Vested	(60,000)	(90,000)
At 31 December	900,000	960,000

There were no awards granted during the financial year.

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)
 Cecil Vivian Richard Wong
 Koh Lee Boon
 Wong Yew Meng
 Jonathan S. Huberman
 Han Thong Kwang

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) quarterly, interim and annual financial statements;
- (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 management and the co-operation of 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.

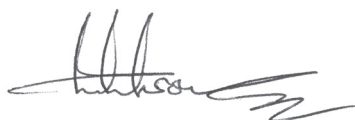
The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

Directors' Statement

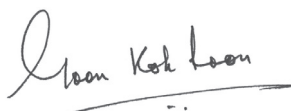
7 AUDITORS

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

21 March 2019

Independent Auditor's Report

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying 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 2018, 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 111 to 204.

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 2018 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 Matters

How the matter was addressed in the audit

Impairment review of goodwill

The aggregated goodwill of \$639.7 million constituted 20% of the Group's total assets as at 31 December 2018. 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 and Univac Group.

The key assumptions to 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 2018.

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.

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 to 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

Key Audit Matters

How the matter was addressed in the audit

Provision for warranties

The Group 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. The aggregated provision for warranties of \$40.1 million as disclosed in Note 20 to the financial statements constituted 1.1% of the Group's total revenue as at 31 December 2018.

Such provision is assessed as a percentage of sales and determined by management based on the experience on the likelihood of claims and risk arising from the contracts covered by the warranty, and taking into consideration other factors such as industry benchmarks and technological failure rates. Significant judgement is involved in estimating the provision for warranties, especially for relatively new products.

Management has assessed that the provision for warranties as at 31 December 2018 is reasonable and adequate.

Our audit procedures focused on evaluating and challenging the key assumptions used by management in determining the provision for warranties. These procedures included:

- Obtaining an understanding of management's methodology in estimating the basis of the provision;
- Reviewing master agreements with customers to verify and corroborate warranty terms; and
- Assessing the reasonableness of the provision by comparing the historical claims and/or defect rates of each product or to similar products or industry data, where available.

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.

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.

Independent Auditor's Report

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

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.

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.

Independent Auditor's Report

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

- (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.

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 John Tan Hon Chye.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

21 March 2019

Statements of Financial Position

31 December 2018

	Note	The Group			The Company		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
Current assets							
Cash and bank balances	6	712,826	752,447	499,736	271,723	186,372	212,760
Trade receivables	7	735,943	762,641	706,987	10,387	10,865	224,144
Other receivables and prepayments	8	29,997	32,345	26,966	1,520	762	1,398
Contract assets	9	19,202	29,088	17,311	-	346	14,379
Inventories	10	808,166	699,630	622,988	61,154	49,866	47,726
Trade receivables due from subsidiaries	11	-	-	-	44,114	74,742	15,962
Other receivables due from subsidiaries	11	-	-	-	17,940	17,611	17,959
Income tax recoverable	22	5	5	5	-	-	-
Total current assets		2,306,156	2,276,156	1,873,993	406,838	340,564	534,328
Non-current assets							
Other receivables	8	455	730	4,231	-	-	-
Investments in subsidiaries	11	-	-	-	1,227,849	1,227,849	1,227,849
Investments in associates	12	725	787	20,253	-	-	-
Other financial assets	13	22,939	25,087	8,088	6,977	8,929	5,241
Property, plant and equipment	14	230,686	197,860	203,152	40,283	39,444	39,170
Intangible assets	15	181	209	1,283	-	-	913
Goodwill	16	639,708	639,708	639,708	-	-	-
Deferred tax assets	17	3,747	3,668	7,814	-	-	-
Total non-current assets		898,441	868,049	884,529	1,275,109	1,276,222	1,273,173
Total assets		3,204,597	3,144,205	2,758,522	1,681,947	1,616,786	1,807,501

See accompanying notes to financial statements.

Statements of Financial Position

31 December 2018

Note	The Group			The Company			
	31 December	31 December	1 January	31 December	31 December	1 January	
	2018	2017	2017	2018	2017	2017	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
		(Restated)	(Restated)		(Restated)	(Restated)	
LIABILITIES AND EQUITY							
Current liabilities							
Bank loans	18	1,798	30,828	92,641	-	28,035	77,139
Trade payables	19	529,015	581,413	480,085	42,510	46,849	53,060
Other payables and accrued expenses	20	205,224	260,266	177,692	34,246	40,100	55,359
Contract liabilities	21	74,029	67,873	25,535	-	317	7,686
Trade payables due to subsidiaries		-	-	-	5,213	2,911	126,109
Other payables due to subsidiaries		-	-	-	20,751	21,209	21,223
Income tax payable		40,374	34,043	18,234	3,679	2,130	3,520
Total current liabilities		850,440	974,423	794,187	106,399	141,551	344,096
Non-current liability							
Deferred tax liabilities	17	2,058	1,718	1,801	-	-	-
Capital and reserves							
Share capital	22	803,220	761,706	713,686	803,220	761,706	713,686
Treasury shares	22	(19,081)	(1,879)	(2,569)	(19,081)	(1,879)	(2,569)
Share-based awards reserve	22	3,774	3,524	5,063	3,774	3,524	4,379
Investments revaluation and hedging reserve	22	665	1,836	21	1,194	1,876	21
Translation reserve	23	(55,044)	(76,191)	-	-	-	-
Other reserves	22	3,079	3,292	3,066	(815)	(247)	-
Accumulated profits		1,613,253	1,473,462	1,240,848	787,256	710,255	747,888
Equity attributable to owners of the Company		2,349,866	2,165,750	1,960,115	1,575,548	1,475,235	1,463,405
Non-controlling interests		2,233	2,314	2,419	-	-	-
Total equity		2,352,099	2,168,064	1,962,534	1,575,548	1,475,235	1,463,405
Total liabilities and equity		3,204,597	3,144,205	2,758,522	1,681,947	1,616,786	1,807,501

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2018

		The Group	
	Note	2018 \$'000	2017 \$'000
Revenue	25	3,484,603	4,004,539
Changes in finished goods, work in progress and raw materials used		(2,530,837)	(3,039,127)
Employee benefits expense	29	(317,436)	(346,066)
Depreciation and amortisation expense		(30,726)	(31,056)
Research and development expense		(82,988)	(49,909)
Foreign currency exchange gain (loss)		1,735	(4)
Other operating expenses		(101,093)	(112,708)
Other income	26	1,541	13,618
Investment revenue	27	9,209	3,801
Finance costs (interest expense on bank loans)		(982)	(1,012)
Share of (loss) profit of associates	12	(58)	1,671
Profit before tax		432,968	443,747
Income tax expense	28	(62,885)	(71,048)
Profit for the year	29	370,083	372,699
Other comprehensive income (loss)			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Fair value loss on other financial assets, through other comprehensive income (FVTOCI)		(1,127)	-
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Fair value gain on available-for-sale investments		-	1,827
Fair value loss on cash flow hedge	8	-	(12)
Exchange differences on translation of foreign operations	23	21,045	(76,176)
Other comprehensive income (loss) for the year, net of tax		19,918	(74,361)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		390,001	298,338
Profit attributable to:			
Owners of the Company		370,062	372,819
Non-controlling interests		21	(120)
		370,083	372,699
Total comprehensive income attributable to:			
Owners of the Company		390,082	298,443
Non-controlling interests		(81)	(105)
		390,001	298,338
		Cents	Cents
Basic earnings per share	30	128.8	132.2
Fully diluted earnings per share	30	127.3	130.0

See accompanying notes to financial statements.

Statements of Changes in Equity

Year Ended 31 December 2018

The Group	Note	Share capital \$'000	Treasury shares \$'000	Share-based awards reserve \$'000	Investments revaluation and hedging 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 2017		713,686	(2,569)	5,063	21	(144,382)	3,066	1,385,230	1,960,115	2,419	1,962,534
Adoption of SFRS(I) 1 (Note 36)		-	-	-	-	144,382	-	(144,382)	-	-	-
Balance at 1 January 2017 (restated)		713,686	(2,569)	5,063	21	-	3,066	1,240,848	1,960,115	2,419	1,962,534
Total comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	372,819	372,819	(120)	372,699
Other comprehensive income (loss)		-	-	-	1,815	(76,191)	-	-	(74,376)	15	(74,361)
Total		-	-	-	1,815	(76,191)	-	372,819	298,443	(105)	298,338
Transactions with owners, recognised directly in equity											
Issue of shares	22	48,020	-	(1,809)	-	-	-	-	46,211	-	46,211
Treasury shares reissued pursuant to equity compensation plans	22	-	690	(443)	-	-	(247)	-	-	-	-
Share options lapsed		-	-	(983)	-	-	-	983	-	-	-
Recognition of share-based payments	24	-	-	1,696	-	-	-	-	1,696	-	1,696
First and final tax-exempt dividend paid in respect of the previous financial year	35	-	-	-	-	-	-	(140,728)	(140,728)	-	(140,728)
Refund of unclaimed dividends		-	-	-	-	-	-	13	13	-	13
Appropriation to reserve fund		-	-	-	-	-	473	(473)	-	-	-
Total		48,020	690	(1,539)	-	-	226	(140,205)	(92,808)	-	(92,808)
Balance at 31 December 2017 (restated)		761,706	(1,879)	3,524	1,836	(76,191)	3,292	1,473,462	2,165,750	2,314	2,168,064
Total comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	370,062	370,062	21	370,083
Other comprehensive (loss) income		-	-	-	(1,127)	21,147	-	-	20,020	(102)	19,918
Total		-	-	-	(1,127)	21,147	-	370,062	390,082	(81)	390,001
Transactions with owners, recognised directly in equity											
Issue of shares	22	41,514	-	(959)	-	-	-	-	40,555	-	40,555
Purchase of treasury shares		-	(18,060)	-	-	-	-	-	(18,060)	-	(18,060)
Treasury shares reissued pursuant to equity compensation plans	22	-	858	(290)	-	-	(568)	-	-	-	-
Share options lapsed		-	-	(61)	-	-	-	61	-	-	-
Recognition of share-based payments	24	-	-	1,560	-	-	-	-	1,560	-	1,560
Disposal of other financial assets, FVTOCI	13	-	-	-	(44)	-	-	44	-	-	-
Final tax-exempt dividend paid in respect of the previous financial year	35	-	-	-	-	-	-	(172,413)	(172,413)	-	(172,413)
Interim tax-exempt dividend paid in respect of the current financial year	35	-	-	-	-	-	-	(57,608)	(57,608)	-	(57,608)
Appropriation to reserve fund		-	-	-	-	-	355	(355)	-	-	-
Total		41,514	(17,202)	250	(44)	-	(213)	(230,271)	(205,966)	-	(205,966)
Balance at 31 December 2018		803,220	(19,081)	3,774	665	(55,044)	3,079	1,613,253	2,349,866	2,233	2,352,099

See accompanying notes to financial statements.

Statements of Changes in Equity

Year Ended 31 December 2018

The Company	Note	Share capital \$'000	Treasury shares \$'000	Share-based awards reserve \$'000	Investments revaluation and hedging reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000
Balance at 1 January 2017		713,686	(2,569)	4,379	21	-	747,888	1,463,405
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	102,783	102,783
Other comprehensive income for the year		-	-	-	1,855	-	-	1,855
Total		-	-	-	1,855	-	102,783	104,638
Transactions with owners, recognised directly in equity								
Issue of shares	22	48,020	-	(1,809)	-	-	-	46,211
Share options lapsed		-	-	(299)	-	-	299	-
Treasury shares reissued pursuant to equity compensation plans	22	-	690	(443)	-	(247)	-	-
Recognition of share-based payments	24	-	-	1,696	-	-	-	1,696
Refund of unclaimed dividends		-	-	-	-	-	13	13
First and final tax-exempt dividend paid in respect of the previous financial year	35	-	-	-	-	-	(140,728)	(140,728)
Total		48,020	690	(855)	-	(247)	(140,416)	(92,808)
Balance at 31 December 2017		761,706	(1,879)	3,524	1,876	(247)	710,255	1,475,235
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	306,917	306,917
Other comprehensive loss for the year		-	-	-	(638)	-	-	(638)
Total		-	-	-	(638)	-	306,917	306,279
Transactions with owners, recognised directly in equity								
Issue of shares	22	41,514	-	(959)	-	-	-	40,555
Share options lapsed		-	-	(61)	-	-	61	-
Purchase of treasury shares		-	(18,060)	-	-	-	-	(18,060)
Treasury shares reissued pursuant to equity compensation plans	22	-	858	(290)	-	(568)	-	-
Recognition of share-based payments	24	-	-	1,560	-	-	-	1,560
Disposal of other financial assets, FVTOCI	13	-	-	-	(44)	-	44	-
Final tax-exempt dividend paid in respect of the previous financial year	35	-	-	-	-	-	(172,413)	(172,413)
Interim tax-exempt dividend paid in respect of the current financial year	35	-	-	-	-	-	(57,608)	(57,608)
Total		41,514	(17,202)	250	(44)	(568)	(229,916)	(205,966)
Balance at 31 December 2018		803,220	(19,081)	3,774	1,194	(815)	787,256	1,575,548

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2018

	The Group	
	2018	2017
	\$'000	\$'000
	(Restated)	
Operating activities		
Profit before tax	432,968	443,747
Adjustments for:		
Share of loss (profit) of associates	58	(1,671)
Allowance for inventories	1,258	19,572
Depreciation expense	30,640	29,987
Allowance for doubtful debts	1,578	6,059
Amortisation of intangible assets	86	1,069
Interest income	(9,209)	(3,801)
Dividend income	(935)	(384)
Interest expense	982	1,012
Share-based payments expense	1,560	1,696
(Gain) Loss on disposal of plant and equipment, net	(98)	120
Gain on disposal of investment in associate	-	(11,348)
Operating profit before working capital changes	458,888	486,058
Trade receivables	41,821	(100,286)
Other receivables, prepayments and contract assets	15,185	(17,383)
Inventories	(93,914)	(139,637)
Trade payables	(60,424)	132,949
Other payables, accrued expenses and contract liabilities	(50,019)	138,155
Cash generated from operations	311,537	499,856
Interest paid	(982)	(1,012)
Income tax paid	(56,331)	(50,316)
Net cash from operating activities	254,224	448,528

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2018

	The Group	
	2018	2017
	\$'000	\$'000
	(Restated)	
Investing activities		
Interest received	7,805	4,967
Dividends received from associates	30	1,078
Dividends received from other equity investments	935	384
Purchase of property, plant and equipment	(58,480)	(36,966)
Proceeds on disposal of plant and equipment	206	243
Addition of intangible assets	(366)	-
Proceeds on disposal of investment in associate	-	31,609
Proceeds on disposal of other financial assets	2,942	-
Purchase of other financial assets	(1,628)	(15,293)
Net cash used in investing activities	(48,556)	(13,978)
Financing activities		
Dividends paid	(230,021)	(140,728)
Refund of unclaimed dividends (net of charges)	-	13
Proceeds from new bank loans (Note A)	5,387	41,695
Repayment of bank loans (Note A)	(34,601)	(98,000)
Proceeds from issuance of shares	40,555	46,211
Purchase of treasury shares	(18,060)	-
Bank balances pledged as securities for bank facilities	-	24,492
Net cash used in financing activities	(236,740)	(126,317)
Net (decrease) increase in cash and cash equivalents	(31,072)	308,233
Cash and cash equivalents at beginning of year	752,447	474,728
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(8,549)	(30,514)
Cash and cash equivalents at end of year (Note 6)	712,826	752,447

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 2018	Foreign exchange movement	Financing cash flows⁽ⁱ⁾
	\$'000	\$'000	\$'000
Bank loans (Note 18)	30,828	184	(29,214)
			31 December 2018
			\$'000

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

See accompanying notes to financial statements.

Notes to Financial Statements

31 December 2018

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 and associates are disclosed in Notes 11 and 12 respectively.

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 2018 were authorised for issue by the Board of Directors on 21 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 36.

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 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) 1-17 *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;

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) BASIS OF ACCOUNTING (cont'd)

- 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.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) BASIS OF CONSOLIDATION (cont'd)

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.

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 Financial Statements

31 December 2018

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 Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

The accounting for financial instruments before 1 January 2018 are as follows:

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Unquoted equity shares are measured at cost less accumulated impairment losses as the fair value cannot be measured reliably.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as disclosed in Note 7, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded 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

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Derivative financial instrument and hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges to manage its exposure to interest rate risk.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

The accounting for financial instruments from 1 January 2018 are as follows:

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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.

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 classified 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 Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Equity instruments classified 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 13).

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.

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 debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument 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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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, contract assets and lease receivables. 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.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

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.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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;
- 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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

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.

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 investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

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.

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.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Hedge accounting (cont'd)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of "Investments revaluation and hedging reserve", limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- e) **LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

- 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	-	2 to 10 years
Leasehold improvements and renovations	-	2 to 10 years
Office equipment, furniture and fittings	-	2 to 10 years
Computer hardware	-	3 years
Motor vehicles	-	2 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 Financial Statements

31 December 2018

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 Financial Statements

31 December 2018

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 Financial Statements

31 December 2018

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) 9 *Financial Instruments: Recognition and Measurement* 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 Financial Statements

31 December 2018

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 Financial Statements

31 December 2018

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 24.

- 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 Financial Statements

31 December 2018

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 are entitled to by customers. These are estimated based on the Group's 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 Financial Statements

31 December 2018

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 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 to recognise revenue in 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.

Rental income

The Group's policy for recognition of revenue from operating leases is described in note 2(e) above.

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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- 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.
- 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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s) INCOME TAX (cont'd)

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.

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. 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.

Notes to Financial Statements

31 December 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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 and other currency instruments designated as hedges of such investments, 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.

Notes to Financial Statements

31 December 2018

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.

(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 are adequate as at the end of the reporting period.

(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

From 1 January 2018

When measuring ECL, the Group uses 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.

Loss given default is an estimate of the loss arising on default. It 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 \$170,000.

Notes to Financial Statements

31 December 2018

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

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

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

Before 1 January 2018

The policy for allowance for doubtful debts of the Group is based on management's evaluation of collectability and aging analysis of accounts. A considerable amount of estimate is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

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

(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 realise 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.

Notes to Financial Statements

31 December 2018

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

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

(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 experience on 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 to recognise revenue in the amount to which the entity has a right to invoice.
- Revenue from tooling contracts and certain manufacturing services are recognised based on the cost-to-cost method (i.e. 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 25, 9 and 21 respectively.

Notes to Financial Statements

31 December 2018

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		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
		(Restated)	(Restated)			(Restated)
<u>Financial assets</u>						
Amortised cost:						
Cash and bank balances	712,826	752,447	499,736	271,723	186,372	212,760
Trade receivables	735,943	762,641	706,987	10,387	10,865	224,144
Trade receivables due from subsidiaries	-	-	-	44,114	74,742	15,962
Other receivables	20,834	19,083	17,615	1,138	352	708
Other receivables due from subsidiaries	-	-	-	17,940	17,611	17,959
	1,469,603	1,534,171	1,224,338	345,302	289,942	471,533
Derivative financial instrument	-	-	12	-	-	12
Other financial assets	22,939	25,087	8,088	6,977	8,929	5,241
Total	1,492,542	1,559,258	1,232,438	352,279	298,871	476,786
<u>Financial liabilities</u>						
Amortised cost:						
Bank loans	1,798	30,828	92,641	-	28,035	77,139
Trade payables	529,015	581,413	480,085	42,510	46,849	53,060
Trade payables due to subsidiaries	-	-	-	5,213	2,911	126,109
Other payables and accrued expenses	165,158	217,666	168,812	32,229	37,664	54,540
Other payables due to subsidiaries	-	-	-	20,751	21,209	21,223
Total	695,971	829,907	741,538	100,703	136,668	332,071

(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 Financial Statements

31 December 2018

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

(c) Financial risk management policies and objectives

The Group has financial risk management programmes which set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial 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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
					(Restated)	(Restated)
Singapore dollar	37,050	31,276	28,617	37,913	53,501	35,807
United States dollar	148,378	142,410	345,482	109,665	92,896	291,014
Euro	8,656	10,833	8,667	9,461	11,373	12,166
Japanese yen	107	869	38	1,446	2,271	1,938
Swiss francs	309	594	542	372	6,306	5,485
Chinese renminbi	15,415	28,803	14,554	23,151	22,243	16,575
Malaysian ringgit	34,589	33,281	31,122	32,459	47,203	41,984

* Figures include intercompany monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies.

	The Company					
	Assets			Liabilities		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollar	113,822	105,109	300,663	91,788	73,700	267,236
Euro	1,662	1,689	1,537	3,021	2,790	2,396
Japanese yen	-	-	-	1,111	205	121
Chinese renminbi	-	-	-	1	1	1
Malaysian ringgit	-	-	-	-	-	1

Notes to Financial Statements

31 December 2018

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Singapore dollar impact	(43)	(1,111)	-	-
United States dollar impact	1,936	2,476	1,102	1,570
Euro impact	(41)	(27)	(68)	(55)
Japanese yen impact	(67)	(70)	(56)	(10)
Swiss francs impact	(3)	(286)	-	-
Chinese renminbi impact	(387)	328	-	-
Malaysian ringgit impact	106	(696)	-	-

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. As part of the mechanism to manage interest rate risk, the Group may enter into interest rate swaps as cash flow hedge against future increase in interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Notes to Financial Statements

31 December 2018

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

(c) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity analysis has not been presented as management does not expect any reasonable changes in interest rates to have a material impact on the Group's and Company's profit or loss.

(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. As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from:

- 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 Financial Statements

31 December 2018

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 accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Of the trade receivables balance at the end of the year, 46% is due from the Group's top ten customers by revenue (31 December 2017: 66%). 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 15% of total assets at any time during the year. Concentration of credit risk to any other counterparty exceeded 5% but not 10% 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 and derivative financial instruments 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 2018</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	737,636	(1,693)	735,943
Trade receivables	7	In default	Lifetime ECL	6,177	(6,177)	-
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	20,834	-	20,834
Contract assets	9	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	19,202	-	19,202
					<u>(7,870)</u>	

Notes to Financial Statements

31 December 2018

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>The Company</u>						
<u>31 December 2018</u>						
Trade receivables	7	Performing	Lifetime ECL (simplified approach) ⁽ⁱ⁾	10,399	(12)	10,387
Other receivables	8	Performing	12-month ECL ⁽ⁱⁱ⁾	1,138	–	1,138
Trade receivables due from subsidiaries	11	Performing	Lifetime ECL ⁽ⁱⁱ⁾	49,114	(5,000)	44,114
Other receivables due from subsidiaries	11	Performing	12-month ECL ⁽ⁱⁱ⁾	17,940	–	17,940
					<u>(5,012)</u>	

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 based on 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.

Notes to Financial Statements

31 December 2018

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

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 the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset 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 2018</u>						
Non-interest bearing	-	1,253,712	20,553	2,847	-	1,277,112
Fixed interest rate instruments	2.16	217,454	-	-	(2,024)	215,430
		<u>1,471,166</u>	<u>20,553</u>	<u>2,847</u>	<u>(2,024)</u>	<u>1,492,542</u>
<u>31 December 2017 (Restated)</u>						
Non-interest bearing	-	1,229,060	22,698	2,847	-	1,254,605
Fixed interest rate instruments	2.53	306,903	272	-	(2,522)	304,653
		<u>1,535,963</u>	<u>22,970</u>	<u>2,847</u>	<u>(2,522)</u>	<u>1,559,258</u>
<u>1 January 2017 (Restated)</u>						
Non-interest bearing	-	1,032,489	5,718	2,847	-	1,041,054
Fixed interest rate instruments	2.36	189,386	3,998	-	(2,012)	191,372
		<u>1,221,875</u>	<u>9,716</u>	<u>2,847</u>	<u>(2,012)</u>	<u>1,232,426</u>

Notes to Financial Statements

31 December 2018

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 Company</u>						
<u>31 December 2018</u>						
Non-interest bearing	-	175,871	6,977	-	-	182,848
Fixed interest rate instruments	1.86	170,221	-	-	(790)	169,431
		346,092	6,977	-	(790)	352,279
<u>31 December 2017 (Restated)</u>						
Non-interest bearing	-	127,385	8,929	-	-	136,314
Fixed interest rate instruments	1.19	163,041	-	-	(484)	162,557
		290,426	8,929	-	(484)	298,871
<u>1 January 2017 (Restated)</u>						
Non-interest bearing	-	314,819	5,241	-	-	320,060
Fixed interest rate instruments	1.35	157,241	-	-	(527)	156,714
		472,060	5,241	-	(527)	476,774

Notes to Financial Statements

31 December 2018

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 instrument included in the maturity analysis which is not included in the carrying amount of the financial liability 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 2018</u>						
Non-interest bearing	-	694,173	-	-	-	694,173
Variable interest rate instruments	0.41	1,799	-	-	(1)	1,798
		695,972	-	-	(1)	695,971
<u>31 December 2017 (Restated)</u>						
Non-interest-bearing	-	799,079	-	-	-	799,079
Variable interest rate instruments	1.63	30,869	-	-	(41)	30,828
		829,948	-	-	(41)	829,907
<u>1 January 2017 (Restated)</u>						
Non-interest-bearing	-	648,897	-	-	-	648,897
Variable interest rate instruments	0.96	92,716	-	-	(75)	92,641
		741,613	-	-	(75)	741,538

Notes to Financial Statements

31 December 2018

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 (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 Company</u>						
<u>31 December 2018</u>						
Non-interest bearing	-	100,703	-	-	-	100,703
<u>31 December 2017</u>						
Non-interest bearing	-	108,633	-	-	-	108,633
Variable interest rate instruments	1.76	28,076	-	-	(41)	28,035
		136,709	-	-	(41)	136,668
<u>1 January 2017 (Restated)</u>						
Non-interest bearing	-	254,932	-	-	-	254,932
Variable interest rate instruments	0.99	77,203	-	-	(64)	77,139
		332,135	-	-	(64)	332,071

Notes to Financial Statements

31 December 2018

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 long-term receivables and other financial assets which are disclosed in Notes 8 and 13 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)
	2018		2017			
	Assets	Liabilities	Assets	Liabilities		
	\$'000	\$'000	\$'000	\$'000		
Other Financial Assets (see Note 13)						

The Group

Quoted equity shares	20,092	-	22,240	-	Level 1	Quoted bid prices in an active market
Unquoted equity shares	2,847	-	2,847	-	Level 2	Net tangible asset of the underlying investment which approximates fair value

The Company

Quoted equity shares	6,977	-	8,929	-	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.

(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 22.

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.

Notes to Financial Statements

31 December 2018

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	
	2018	2017
	\$'000	\$'000
Purchase of goods from associate	145	134
Sale of goods to associate	3	63
Dividends received from associates	30	1,078

Compensation of Directors and key management personnel

The remuneration of 8 (2017 : 7) directors and 6 (2017 : 5) other key management personnel during the year were as follows:

	The Group	
	2018	2017
	\$'000	\$'000
Short-term benefits	14,314	16,936
CPF contributions	82	69
Share-based payments	841	697
	15,237	17,702
Directors' fees	850	780
Total	16,087	18,482

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.

Notes to Financial Statements

31 December 2018

6 CASH AND BANK BALANCES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Cash	497,395	449,653	312,118	102,292	23,815	56,046
Fixed deposits	215,431	302,794	187,618	169,431	162,557	156,714
	712,826	752,447	499,736	271,723	186,372	212,760
Less: Restricted cash balances	-	-	(25,008)	-	-	-
Cash and cash equivalents in the statement of cash flows	712,826	752,447	474,728	271,723	186,372	212,760

As at 1 January 2017, the Group has fixed deposits amounting to \$187,618,000 of which \$25,008,000 was pledged for a credit facility (Note 18).

The fixed deposits' interest rates for the Group and the Company range from 1.61% to 4.20% (31 December 2017 : 0.85% to 4.20%, 1 January 2017 : 0.81% to 3.30%) per annum with an original maturity of one year or less.

7 TRADE RECEIVABLES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
	(Restated)	(Restated)	(Restated)			
Outside parties	735,943	762,641	706,987	10,387	10,865	224,144

The average trade credit period on sales of goods is 79 days (31 December 2017 : 67 days, 1 January 2017 : 81 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 default experience of the debtor and an analysis of the debtor's 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 direction of conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period, except for incorporating forward looking information in the Group's ECL model.

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.

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7 TRADE RECEIVABLES (cont'd)

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.

31 December 2018	The Group					Total \$'000
	Trade receivables – days past due					
	Not past due	< 30 days	31 – 60 days	61 – 90 days	> 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Expected credit loss rate	0.1%	0.3%	3.0%	5.8%	6.7%	
Lifetime ECL						
- not credit-impaired	678	256	460	234	65	1,693
- credit impaired	–	–	–	–	6,177	6,177
	678	256	460	234	6,242	7,870

The Company's provision matrix is not disclosed as the lifetime ECL is insignificant but the expected credit loss rate applied approximate that of the Group as its 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 3% (31 December 2017 : 2%, 1 January 2017 : 1%) 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 60 days (31 December 2017 : 67 days, 1 January 2017 : 68 days).

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 2018	-	6,160	6,160	-
Transfer from credit-impaired	120	(120)	-	-
Net re-measurement of loss allowance	1,578	-	1,578	12
Foreign exchange (gains) losses	(5)	137	132	-
Balance at 31 December 2018	1,693	6,177	7,870	12

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7 TRADE RECEIVABLES (cont'd)

Previous accounting policy for allowance for doubtful debts:

Movement in the allowance for doubtful debts:

	The Group	The Company
	2017	2017
	\$'000	\$'000
Balance at beginning of year	6,709	1,450
Allowance for the year	6,059	-
Written off	(6,315)	(1,450)
Exchange differences	(293)	-
Balance at end of year	6,160	-

The above allowance for doubtful debts has been determined based on a review of the current status of existing receivables and historical collections experience. Receivables for which no allowance have been made are assessed to be recoverable.

8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group			The Company		
	31 December	31 December	1 January	31 December	31 December	1 January
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Other receivables	15,777	12,586	14,605	1,105	352	708
Deposits	5,057	6,497	3,010	33	-	-
Derivative financial instrument	-	-	12	-	-	12
Prepayments	9,618	13,992	13,570	382	410	678
	30,452	33,075	31,197	1,520	762	1,398
Less: Amounts receivable within 12 months	(29,997)	(32,345)	(26,966)	(1,520)	(762)	(1,398)
Amounts receivable after 12 months	455	730	4,231	-	-	-

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.

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9 CONTRACT ASSETS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Contract Assets	19,202	29,088	17,311	-	346	14,379

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 as at 31 December 2017 was attributable mainly to design services contracts related to new customer products that have since moved into the mass production stage by 2018.

The decrease in the Company's contract assets between 1 January 2017 and 31 December 2018 is due to the transfer of design services contracts to another subsidiary of the Group.

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		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Raw materials	548,936	437,009	354,216	34,454	24,395	24,219
Work in progress	88,922	99,740	96,172	15,153	13,744	12,856
Finished goods	170,308	162,881	172,600	11,547	11,727	10,651
	808,166	699,630	622,988	61,154	49,866	47,726

In 2018, the Group recognised an expense of \$1,258,000 (2017 : \$19,572,000) in respect of provisions and write-offs of aged inventory determined based on assessments of net realisable value and estimates on forecasted usage.

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11 INVESTMENTS IN SUBSIDIARIES

	The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Unquoted equity shares, at cost	1,148,474	1,148,474	1,148,474
Less: Impairment loss	(3,203)	(3,203)	(3,203)
Net carrying amount	1,145,271	1,145,271	1,145,271
Advances to subsidiaries ⁽¹⁾	112,840	112,840	112,840
Less: Impairment in advances to subsidiaries	(30,262)	(30,262)	(30,262)
	1,227,849	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 \$44,114,000 (31 December 2017 : \$74,742,000, 1 January 2017 : \$15,962,000) are stated at net of allowance for doubtful debts of \$5,000,000 (31 December 2017 : \$5,000,000, 1 January 2017 : \$5,000,000).

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.

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

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
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Advanced Products Corporation Pte Ltd	Singapore	100	100	100	Trading and manufacturing of electronics products and provision of electronics services
Cebelian Holdings Pte Ltd	Singapore	100	100	100	Investment holding
Venture Electronics (Europe) B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁶⁾	Netherlands	100	100	100	Investment holding
Venture Hungary Electronics Manufacturing Limited Liability Company (95% owned by Venture Electronics (Europe) B.V. and 5% owned by Cebelian Holdings Pte Ltd) ⁽³⁾	Hungary	100	100	100	Design, manufacture, assemble and distribute electronic products
Venture Electronics Spain S.L. (wholly-owned subsidiary of Venture Electronics (Europe) B.V.) ⁽¹⁾	Spain	100	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	100	Trading and manufacturing of electronic and computer-related products
Venture Electronics (Shenzhen) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁵⁾	People's Republic of China	100	100	100	Manufacture and sale of terminal units
VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁶⁾	United States of America	100	100	100	Trading and manufacturing of electronic and computer-related products
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁶⁾	United States of America	100	100	100	Manufacture, design, engineering, customisation engineering, and logistic 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
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Venture Design Services Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁶⁾	United States of America	100	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.) ^{(6) (8)}	United States of America	100	–	–	Manufacturing of high technology products, and provision of design solutions and services
VIPColor Technologies Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd) ⁽⁷⁾	Singapore	95.5	93.8	93.8	Develop and market colour imaging products for label printing
V*Comms Pte. Ltd. (renamed as Advanced Instrument Pte. Ltd. in January 2019) (a subsidiary of Cebelian Holdings Pte Ltd)	Singapore	100	100	100	Design, integrate and trading of electronic security system and electronic products
Venture International Pte. Ltd.	Singapore	100	100	100	Import and export of electronic parts, components, equipment, devices and instruments
VIPColor Technologies USA, Inc. (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) ^{(6) (7)}	United States of America	95.5	93.8	93.8	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	100	100	100	Information system development and support
Multitech Systems Pte. Ltd.	Singapore	100	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	100	Design, trading and manufacturing of electronic and mechanical products

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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
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Technocom Systems Sdn Bhd ⁽¹⁾	Malaysia	100	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	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	100	Design and development of electronic products and services
Venture Electronics Services (Malaysia) Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
Venture Electronics Solutions Pte Ltd	Singapore	100	100	100	Manufacture, design, engineering and logistics services to electronics equipment manufacturers
Ventech Investments Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁶⁾	British Virgin Islands	100	100	100	Investment holding
Univac Precision Engineering Pte Ltd	Singapore	100	100	100	Manufacture, design, fabrication, stamping and injection, metal punching and spraying of industrial metal parts, tools and dies
Munivac Sdn. Bhd. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽¹⁾	Malaysia	100	100	100	Manufacture of electronic and mechanic components
Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽⁶⁾	United States of America	100	100	100	Design, customisation and marketing of tool-making and precision engineering solutions

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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
		31 December 2018	31 December 2017	1 January 2017	
		%	%	%	
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) ^{(2) (7)}	Singapore	81.6	81.6	81.6	Investment holding
Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) ^{(4) (7)}	People's Republic of China	81.6	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) ^{(4) (7)}	People's Republic of China	81.6	81.6	81.6	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
GES International Limited	Singapore	100	100	100	Investment holding and provision of management services
GES (Singapore) Pte Ltd (wholly-owned subsidiary of GES International Limited)	Singapore	100	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	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	100	Provision of manufacturing services for original design and manufacture and electronic manufacturing services
GES Manufacturing Services (M) Sdn. Bhd. (wholly-owned subsidiary of GES Investment Pte. Ltd.) ⁽¹⁾	Malaysia	100	100	100	Provision of manufacturing services to electronics equipment manufacturers

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11 INVESTMENTS IN SUBSIDIARIES (cont'd)

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, Moore Stephens Hezicomp Kft.
- ⁽⁴⁾ Audited by another firm of auditors, Shanghai Huashen Certified Public Accountants Co., Ltd.
- ⁽⁵⁾ Audited by another firm of auditors, BDO China Li Xin Da Hua Certified Public Accountants Co., Ltd.
- ⁽⁶⁾ Not required by law to be audited in its country of incorporation and not material to the results of the Group.
- ⁽⁷⁾ 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.
- ⁽⁸⁾ Incorporated during the financial year.

The net assets of the subsidiaries referred to in Notes (2), (3), (4), (5) and (6) 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 \$36,805,000 (31 December 2017 : \$34,249,000, 1 January 2017 : \$35,005,000) 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 its contractual obligations when they fall due.

12 INVESTMENTS IN ASSOCIATES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Quoted equity shares, at cost	-	-	11,492	-	-	-
Unquoted equity shares, at cost	60	60	60	-	-	-
	60	60	11,552	-	-	-
Share of post-acquisition profits, net of dividend received	639	727	8,465	-	-	-
Loss on dilution of an investment in an associate	-	-	(835)	-	-	-
Share of associate's reserve	-	-	34	-	-	-
Currency realignment on translation of foreign associates	-	-	1,584	-	-	-
Other adjustments	26	-	(547)	-	-	-
Net	725	787	20,253	-	-	-

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12 INVESTMENTS IN ASSOCIATES (cont'd)

Details of the Group's significant associates as at the end of the reporting period are as follows:

Name of associates	Country of incorporation and operation	Proportion of ownership interest and voting power held			Principal activities
		31 December 2018	31 December 2017	1 January 2017	
		\$'000	\$'000	\$'000	
Fischer Tech Ltd ⁽¹⁾	Singapore	–	– ⁽¹⁾	18.8	Manufacturing of plastic precision and engineering products

⁽¹⁾ In 2017, the Group's wholly-owned subsidiary, Univac Precision Engineering Pte Ltd disposed of its 18.8% interest in Fischer Tech Ltd for a consideration of S\$31,609,000. A gain of S\$11,348,000 has been recognised in other income (Note 26).

Summarised financial information in respect of the Group's associates is set out below:

	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Total assets	3,816	4,003	150,433
Total liabilities	(1,186)	(976)	(43,379)
		2018 \$'000	2017 \$'000
Revenue		2,082	96,921
(Loss) Profit for the year		(377)	9,327
Other comprehensive loss for the year		–	(394)
Total comprehensive (loss) income for the year		(377)	8,933
Dividends received from associates during the year		30	1,078
		31 December 2018 \$'000	31 December 2017 \$'000
Net assets of the associates	2,630	3,027	107,054
Group's recognised share of associates' net assets	725	787	20,253

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13 OTHER FINANCIAL ASSETS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Quoted equity shares ^(a)	20,092	22,240	5,241	6,977	8,929	5,241
Unquoted equity shares ^(b)	2,847	2,847	2,847	-	-	-
	22,939	25,087	8,088	6,977	8,929	5,241

Other financial assets refer to equity instruments measured at fair value through other comprehensive income (FVTOCI). These were classified as available-for-sale investments in prior year. The change in classification arises from the adoption of SFRS(I) 9 *Financial Instruments*.

^(a) 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.

^(b) The investments in unquoted equity shares include investments in venture capital funds and other investee companies.

These investments in equity instruments 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 2018, the Group disposed of quoted equity securities as the underlying investment was no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$2,942,000 at the date of disposal, and the cumulative gain on disposal amounted to \$44,000, net of tax. The cumulative gain on disposal was reclassified from investments revaluation and hedging reserve to accumulated profits.

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14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Factory buildings \$'000	Leasehold land and buildings \$'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 2017	9,278	71,067	119,622	311,393	42,242	45,084	4,077	2,526	605,289
Exchange differences	(652)	(4,994)	(5,630)	(18,102)	(2,839)	(2,338)	-	(166)	(34,721)
Additions	-	-	-	24,371	6,415	5,912	187	81	36,966
Disposals	-	-	-	(18,358)	(541)	(3,591)	-	(67)	(22,557)
At 31 December 2017	8,626	66,073	113,992	299,304	45,277	45,067	4,264	2,374	584,977
Exchange differences	874	2,583	1,646	4,935	653	1,253	-	28	11,972
Additions	15,756	22,800	-	12,548	2,045	3,104	1,666	561	58,480
Disposals	-	-	-	(8,201)	(219)	(1,984)	(1,403)	(505)	(12,312)
At 31 December 2018	25,256	91,456	115,638	308,586	47,756	47,440	4,527	2,458	643,117
Accumulated depreciation:									
At 1 January 2017	-	32,058	32,649	262,836	30,126	38,679	3,679	1,823	401,850
Exchange differences	-	(2,321)	(2,122)	(14,515)	(1,797)	(1,914)	-	(143)	(22,812)
Depreciation	-	2,053	3,112	17,478	3,869	3,185	124	166	29,987
Disposals	-	-	-	(18,106)	(496)	(3,526)	-	(67)	(22,195)
At 31 December 2017	-	31,790	33,639	247,693	31,702	36,424	3,803	1,779	386,830
Exchange differences	-	735	687	4,303	519	612	-	22	6,878
Depreciation	-	1,996	3,268	16,761	3,466	4,198	701	250	30,640
Disposals	-	-	-	(8,174)	(174)	(1,948)	(1,403)	(505)	(12,204)
At 31 December 2018	-	34,521	37,594	260,583	35,513	39,286	3,101	1,546	412,144
Impairment:									
At 1 January 2017, 31 December 2017 and 31 December 2018	-	-	-	18	36	190	-	43	287
Carrying amount:									
At 31 December 2018	25,256	56,935	78,044	47,985	12,207	7,964	1,426	869	230,686
At 31 December 2017	8,626	34,283	80,353	51,593	13,539	8,453	461	552	197,860
At 1 January 2017	9,278	39,009	86,973	48,539	12,080	6,215	398	660	203,152

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14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and building \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
<u>The Company</u>						
Cost:						
At 1 January 2017	39,166	45,752	3,207	8,231	1,032	97,388
Transfers to a subsidiary	-	(55)	(374)	(639)	-	(1,068)
Additions	-	2,312	428	219	-	2,959
Disposals	-	(5,069)	(75)	(108)	-	(5,252)
At 31 December 2017	39,166	42,940	3,186	7,703	1,032	94,027
Additions	-	2,413	264	199	509	3,385
Disposals	-	(2,830)	(87)	(187)	(451)	(3,555)
At 31 December 2018	39,166	42,523	3,363	7,715	1,090	93,857
Accumulated depreciation:						
At 1 January 2017	2,835	44,654	2,401	7,555	773	58,218
Transfers to a subsidiary	-	(8)	(104)	(323)	-	(435)
Depreciation	1,031	523	218	217	58	2,047
Disposals	-	(5,069)	(75)	(103)	-	(5,247)
At 31 December 2017	3,866	40,100	2,440	7,346	831	54,583
Depreciation	1,031	875	243	223	131	2,503
Disposals	-	(2,830)	(44)	(187)	(451)	(3,512)
At 31 December 2018	4,897	38,145	2,639	7,382	511	53,574
Carrying amount:						
At 31 December 2018	34,269	4,378	724	333	579	40,283
At 31 December 2017	35,300	2,840	746	357	201	39,444
At 1 January 2017	36,331	1,098	806	676	259	39,170

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15 INTANGIBLE ASSETS

	Customer relationships \$'000	Development expenditure \$'000	Computer software \$'000	Intellectual property \$'000	Total \$'000
<u>The Group</u>					
Cost:					
At 1 January 2017	168,483	62,949	25,589	1,849	258,870
Exchange differences	-	(1,682)	(65)	(32)	(1,779)
Disposals	-	(3,475)	(1,467)	-	(4,942)
At 31 December 2017	168,483	57,792	24,057	1,817	252,149
Exchange differences	-	261	(2)	39	298
Additions	-	366	-	-	366
Disposals	-	(139)	-	-	(139)
Retirement	-	-	-	(1,856)	(1,856)
At 31 December 2018	168,483	58,280	24,055	-	250,818
Accumulated amortisation:					
At 1 January 2017	168,483	61,666	25,589	1,849	257,587
Amortisation	-	1,069	-	-	1,069
Exchange differences	-	(1,677)	(65)	(32)	(1,774)
Disposals	-	(3,475)	(1,467)	-	(4,942)
At 31 December 2017	168,483	57,583	24,057	1,817	251,940
Amortisation	-	86	-	-	86
Exchange differences	-	569	(2)	39	606
Disposals	-	(139)	-	-	(139)
Retirement	-	-	-	(1,856)	(1,856)
At 31 December 2018	168,483	58,099	24,055	-	250,637
Carrying amount:					
At 31 December 2018	-	181	-	-	181
At 31 December 2017	-	209	-	-	209
At 1 January 2017	-	1,283	-	-	1,283

Notes to Financial Statements

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15 INTANGIBLE ASSETS (cont'd)

	Development expenditure \$'000	Computer software \$'000	Total \$'000
<u>The Company</u>			
Cost:			
At 1 January 2017	32,533	1,467	34,000
Disposals	–	(1,467)	(1,467)
At 31 December 2017 and 31 December 2018	32,533	–	32,533
Accumulated amortisation:			
At 1 January 2017	31,620	1,467	33,087
Amortisation	913	–	913
Disposals	–	(1,467)	(1,467)
At 31 December 2017 and 31 December 2018	32,533	–	32,533
Carrying amount:			
At 31 December 2018	–	–	–
At 31 December 2017	–	–	–
At 1 January 2017	913	–	913

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 2017 and 2018.

16 GOODWILL

	The Group \$'000
Cost:	
At 1 January 2017, 31 December 2017 and 31 December 2018	640,593
Impairment:	
At 1 January 2017, 31 December 2017 and 31 December 2018	(885)
Carrying amount:	
At 1 January 2017, 31 December 2017 and 31 December 2018	639,708

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16 GOODWILL (cont'd)

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:

	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<u>Technology Products and Design Solutions</u>			
(a) GES International Limited and its subsidiaries ("GES International Group") (single CGU)	573,568	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	10,980
(c) Univac Precision Engineering Pte Ltd and its subsidiaries ("Univac Group") (single CGU)	55,160	55,160	55,160
Total	639,708	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.

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% (2017 : 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% (2017 : 11.0%).
- (b) The rate used to discount the cash flows from Univac Precision Engineering Pte Ltd and its subsidiaries is 11.5% (2017 : 11.5%).
- (c) The rate used to discount the cash flows from Technocom Systems Sdn Bhd is 13.0% (2017 : 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 carrying amount of the CGUs.

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17 DEFERRED TAX ASSETS/LIABILITIES

	The Group		
	31 December 2018	31 December 2017	1 January 2017
	\$'000	\$'000	\$'000
<u>Deferred tax assets:</u>			
Balance at beginning of year	3,668	7,814	7,697
Charge to profit or loss for the year (Note 28)	–	(3,632)	–
Exchange differences	79	(514)	117
Balance at end of year	3,747	3,668	7,814

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		
	31 December 2018	31 December 2017	1 January 2017
	\$'000	\$'000	\$'000
<u>Deferred tax liabilities:</u>			
Balance at beginning of year	1,718	1,801	3,140
Charge (credit) to profit or loss for the year (Note 28)	322	–	(1,369)
Exchange differences	18	(83)	30
Balance at end of year	2,058	1,718	1,801

	Accelerated tax depreciation \$'000	Fair value of assets acquired on acquisition of subsidiaries \$'000	Total \$'000
<u>Components of deferred tax liabilities:</u>			
Balance at 1 January 2017	1,977	(176)	1,801
Exchange differences	(259)	176	(83)
Balance at 31 December 2017	1,718	–	1,718
Charge to profit or loss for the year (Note 28)	322	–	322
Exchange differences	18	–	18
Balance at 31 December 2018	2,058	–	2,058

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18 BANK LOANS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Bank loans (unsecured)	1,798	30,828	65,758	-	28,035	50,256
Bank loans (secured)	-	-	26,883	-	-	26,883
Total bank loans	1,798	30,828	92,641	-	28,035	77,139

The bank loans comprise:

- 1) Bank borrowings of \$1,798,000 (31 December 2017 : \$2,793,000, 1 January 2017 : \$4,015,000) which is a revolving credit facility drawn down by a subsidiary. The loan bears effective interest rate of 0.41% (31 December 2017 : 0.31%, 1 January 2017 : 0.31%) per annum.
- 2) As at 31 December 2017, bank borrowings of \$28,035,000 (1 January 2017 : \$50,256,000) which was a revolving credit facility drawn down by the Company. The loan bore effective interest rate of 1.76% (1 January 2017 : 0.97%) per annum and was fully repaid during the year.
- 3) As at 1 January 2017, bank borrowings of \$11,487,000 which was a revolving credit facility drawn down by a subsidiary. The loan bore effective interest rate of 1.07% per annum and was fully repaid in 2017.
- 4) As at 1 January 2017, bank borrowings of \$26,883,000 was secured by a fixed deposit placed with HSBC Bank (China) Company Limited amounting to \$25,008,000 (Note 6). The loan bore effective interest rate of 1.49% per annum and was fully repaid in 2017.

19 TRADE PAYABLES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
		(Restated)	(Restated)			
Outside parties	529,015	581,413	480,085	42,510	46,849	53,060

The average credit period on purchases of goods is 80 days (31 December 2017 : 64 days, 1 January 2017 : 70 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.

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20 OTHER PAYABLES AND ACCRUED EXPENSES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Other payables	8,038	13,004	13,713	-	-	-
Salary related accruals	62,647	88,086	50,554	23,628	28,156	18,797
Accrued expenses	134,539	159,176	113,425	10,618	11,944	36,562
	205,224	260,266	177,692	34,246	40,100	55,359

Salary related accruals for both the Group and the Company include \$7,603,000 (31 December 2017 : \$10,769,000, 1 January 2017 : \$4,232,000) 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 \$40,066,000 (31 December 2017 : \$42,600,000, 1 January 2017 : \$8,880,000). The Company's accrued expenses include provisions for warranty of \$2,017,000 (31 December 2017: \$2,436,000, 1 January 2017 : \$819,000).

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 and determined by management based on the experience on 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.

21 CONTRACT LIABILITIES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Contract Liabilities	74,029	67,873	25,535	-	317	7,686

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 invested specifically for purpose of the customers' projects.

The increase in the Group's contract liabilities in 2017 mainly arose from customer advance payments for design services. These contracts were completed in 2018. Contract liabilities as at 31 December 2018 comprised mainly advances from customers for the Group's investment in working capital for purpose of the customers' projects.

The decrease in the Company's contract liabilities between 1 January 2017 and 31 December 2018 is due to the transfer of design services contracts to another subsidiary of the Group.

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31 December 2018

21 CONTRACT LIABILITIES (cont'd)

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

All contract liabilities as at 1 January 2017 and 31 December 2017 were recognised in revenue in the subsequent financial year.

22 SHARE CAPITAL, TREASURY SHARES AND RESERVES

SHARE CAPITAL

	The Group and the Company					
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
Number of ordinary shares						
	'000	'000	'000	\$'000	\$'000	\$'000
Issued and paid up:						
At beginning of year	284,873	279,120	276,773	761,706	713,686	693,333
Issuance of shares	4,153	5,753	2,347	41,514	48,020	20,353
At end of year	289,026	284,873	279,120	803,220	761,706	713,686

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					
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
Number of ordinary shares						
	'000	'000	'000	\$'000	\$'000	\$'000
At beginning of year	245	335	275	1,879	2,569	2,081
Repurchased (Utilised) during the year	954	(90)	60	17,202	(690)	488
At end of year	1,199	245	335	19,081	1,879	2,569

SHARE-BASED AWARDS RESERVE

This arises on the grant of share options to employees under the employee share option schemes and restricted share plan. Further information about share-based payments to employees is set out in Note 24.

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22 SHARE CAPITAL, TREASURY SHARES AND RESERVES (cont'd)

INVESTMENTS REVALUATION RESERVE

This arises on revaluation of equity instruments designated as at FVTOCI (Note 13), net of cumulative gain/loss transferred to accumulated profits upon disposal.

In prior year, where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset is effectively realised and recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

This reserve is not available for distribution to the Company's shareholders.

HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges in other comprehensive income.

OTHER RESERVES

This includes reserve fund of \$3,894,000 (31 December 2017 : \$3,539,000, 1 January 2017 : \$3,066,000) offset by other reserve of \$815,000 (31 December 2017 : \$247,000, 1 January 2017 : \$Nil).

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.

23 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.

24 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.

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24 SHARE-BASED PAYMENTS (cont'd)

Equity-settled share option schemes (cont'd)

Details of the share options outstanding during the year under the 2004 Scheme are as follows:

	The Group and the Company			
	2018		2017	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at beginning of year	1,078,000	7.54	5,749,000	8.21
Cancelled during the year	(124,000)	7.53	(16,000)	7.83
Exercised during the year	(911,000)	7.55	(4,654,000)	7.67
Lapsed during the year	–	–	(1,000)	7.92
Outstanding at end of year	43,000	7.45	1,078,000	7.54
Exercisable at end of year	43,000	7.45	1,078,000	7.54

The weighted average share price at the date of exercise for share options exercised during the year was \$24.58 (2017 : \$13.80). The options outstanding at the end of the year have a weighted average remaining contractual life of 0.3 year (2017 : 1 year).

Details of the share options outstanding during the year under the 2015 Scheme are as follows:

	The Group and the Company			
	2018		2017	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at beginning of year	6,199,000	12.16	4,782,000	10.09
Granted during the year	–	–	2,607,000	15.50
Exercised during the year	(3,242,000)	10.39	(1,099,000)	9.55
Cancelled during the year	(151,000)	11.31	(91,000)	11.32
Outstanding at end of year	2,806,000	13.78	6,199,000	12.16
Exercisable at end of year	2,806,000	13.78	3,610,000	9.76

The weighted average share price at the date of exercise for share options exercised during the year was \$23.26 (2017 : \$16.61). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.2 years (2017 : 3.6 years).

The Group recognised total expenses of \$303,000 (2017 : \$596,000) relating to the share options transactions during the year.

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24 SHARE-BASED PAYMENTS (cont'd)

Options granted

The fair values under the respective grants were calculated using the trinomial model with the following inputs:

	Options granted on 16 June 2017 under the 2015 Scheme
Grant Ref No.	2015 Grant 3
Estimated fair value of options granted on above dates	\$0.26 per option
Share price at valuation date	\$12.26
Exercise price	\$15.500 ⁽¹⁾
	\$14.260 ⁽²⁾
	\$12.400 ⁽³⁾
Expected volatility	16% ⁽⁴⁾
Exercise multiple (times)	1.03
Risk free rate	1.63%
Expected dividend yield	4.78%

⁽¹⁾ If exercised between 16 June 2018 and 15 June 2019

⁽²⁾ If exercised between 16 June 2019 and 15 June 2020

⁽³⁾ If exercised between 16 June 2020 and 15 June 2022

⁽⁴⁾ Expected volatility was determined by considering the historical volatility of the Company's share price over the previous 5 years. 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.

No options were granted under the 2015 Scheme during the financial year.

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").

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.

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24 SHARE-BASED PAYMENTS (cont'd)

Restricted Share Plan (RSP) (cont'd)

Movement in the awards by the Company during the year was as follows:

	The Group and the Company	
	2018	2017
At 1 January	960,000	850,000
Granted	–	290,000
Lapsed	–	(90,000)
Vested	(60,000)	(90,000)
At 31 December	<u>900,000</u>	<u>960,000</u>

The Group recognised total expenses of \$1,257,000 (2017 : \$1,100,000) relating to RSP transactions during the year.

RSP granted

	2018	2017
Vest on	–	16 June 2022
Risk-free interest rate	–	1.65%
Share price at valuation date	–	\$12.26
Expected dividend yield	–	4.78%
Fair value of the contingent award of shares at grant date using the above inputs (per share)	–	\$9.40

The awards have a 5-year vesting period and are subject to the rules of the RSP.

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)

There were no awards granted during the financial year.

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25 REVENUE

	The Group	
	2018	2017
	\$'000	\$'000
Manufacturing, engineering, design and fulfilment services revenue	3,483,668	4,004,155
Dividend income	935	384
Total	3,484,603	4,004,539

The majority of the revenue are recognised 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. As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

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
	2018
	\$'000
Design services	8,309
Non-recurring engineering services and tooling	3,809
Total	12,118

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue during the next reporting period.

26 OTHER INCOME

	The Group	
	2018	2017
	\$'000	\$'000
Government grants	222	180
Gain from disposal of an associate (Note 12)	–	11,348
Other income	1,319	2,090
Total	1,541	13,618

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27 INVESTMENT REVENUE

	The Group	
	2018 \$'000	2017 \$'000
Interest income on bank deposits	9,209	3,801

28 INCOME TAX

	The Group	
	2018 \$'000	2017 \$'000
Income tax on profit for the year:		
Current year	62,917	66,750
(Over) Underprovision in prior years	(354)	666
Deferred income tax (Note 17):		
Current year	322	3,632
Total	62,885	71,048

Domestic income tax of the Company is calculated at 17% (2017 : 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	
	2018 \$'000	2017 \$'000
Profit before tax	432,968	443,747
Income tax expense at statutory tax rate	73,605	75,437
Non-allowable items	6,041	14,383
(Over) Underprovision of income tax in prior years, net	(354)	666
Deferred tax benefits not recognised	287	516
Effect of different tax rates of overseas operations	11,130	14,220
Tax-exempt income/Income under concessionary tax rate	(27,496)	(32,943)
Utilisation of deferred tax benefits previously not recognised	(297)	(1,176)
Other items	(31)	(55)
Total income tax	62,885	71,048

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 are adequate as at the end of the reporting period.

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28 INCOME TAX (cont'd)

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 2017	19,196	4,817	24,013
Amount in current year	2,267	762	3,029
Amount utilised in current year	(4,388)	(2,529)	(6,917)
Balance at 31 December 2017	17,075	3,050	20,125
Amount in current year	21	1,666	1,687
Amount utilised in current year	(961)	(788)	(1,749)
Balance at 31 December 2018	16,135	3,928	20,063
Deferred tax benefit on above not recorded:			
At 31 December 2018	2,743	668	3,411
At 31 December 2017	2,903	519	3,422

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 \$16,424,000 (2017 : \$17,966,000). 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.

29 PROFIT FOR THE YEAR

Other than as disclosed elsewhere in the financial statements, profit for the year has been arrived at after charging:

	The Group	
	2018 \$'000	2017 \$'000
Cost of inventories recognised as expense	2,530,837	3,039,127
(Gain) Loss on disposal of plant and equipment	(98)	120
Allowance for inventories (Note 10)	1,258	19,572

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29 PROFIT FOR THE YEAR (cont'd)

	The Group	
	2018	2017
	\$'000	\$'000
<u>Directors' remuneration:</u>		
- Directors of the Company	9,163	12,234
- Directors of the subsidiaries	9,588	10,038
- Directors' fees payable to Directors of the Company	850	780
Total Directors' remuneration	19,601	23,052
<u>Employee benefits expense (including Directors' remuneration):</u>		
- Equity settled share-based payments	1,560	1,696
- Defined contribution plans	27,925	29,532
- Salaries	287,951	314,838
Total employee benefits expense	317,436	346,066
<u>Impairment loss on financial assets:</u>		
- Allowance for doubtful debts (Note 7)	1,578	6,059
<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 other auditors	12	27
Aggregate amount of fees paid to auditors	612	627

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30 EARNINGS PER SHARE

	The Group			
	2018		2017	
	Basic \$'000	Diluted \$'000	Basic \$'000	Diluted \$'000
Profit for the year attributable to owners of the Company	370,062	370,062	372,819	372,819
	Number of shares '000		Number of shares '000	
Weighted average number of ordinary shares used to compute earnings per share	287,382	290,601	282,032	286,791
Earnings per share (cents)	128.8	127.3	132.2	130.0

31 OPERATING LEASE ARRANGEMENTS

	The Group	
	2018 \$'000	2017 \$'000
Minimum lease payments under operating leases and recognised as an expense during the year	17,865	17,076

At the end of the reporting period, the Group and the Company have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Within one year	11,746	16,425	15,164	4,661	8,360	8,192
In the second to fifth year inclusive	12,428	12,944	28,340	–	4,777	12,985
After the fifth year	–	–	245	–	–	–
Total	24,174	29,369	43,749	4,661	13,137	21,177

Operating lease payments represent rentals payable by the Group for factory spaces and office premises. Leases are negotiated for an average term of three to seven years and rentals are fixed for an average of three to five years.

Notes to Financial Statements

31 December 2018

32 CAPITAL EXPENDITURE COMMITMENTS

	The Group		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	922	40,317	749

33 COMMITMENTS AND CONTINGENT LIABILITIES (UNSECURED)

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Letters of guarantee issued by bankers	12,329	16,310	15,977	5,077	5,915	5,705

34 SEGMENT INFORMATION

The Group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. With effect from 1 January 2018, the Group's reportable segments were streamlined to the two segments below to reflect information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance:

- (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. The prior year comparatives have also been reclassified to reflect this change.

Electronics Services Provider and Components Technology were reclassified into AMDS and Retail Store Solution and Industrial was reclassified into TPS.

Notes to Financial Statements

31 December 2018

34 SEGMENT INFORMATION (cont'd)

Segment revenue and results

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Eliminations \$'000	Group \$'000
<u>2018</u>				
Revenue:				
External sales	2,599,754	884,849	-	3,484,603
Inter-segment sales	25,541	16,395	(41,936)	-
Total revenue	2,625,295	901,244	(41,936)	3,484,603
Results:				
Segment profit	347,902	76,897	-	424,799
Investment revenue				9,209
Interest expense				(982)
Share of loss of associates				(58)
Profit before tax				432,968
Income tax expense				(62,885)
Profit for the year				370,083
<u>2017</u>				
Revenue:				
External sales	3,204,814	799,725	-	4,004,539
Inter-segment sales	22,724	26,422	(49,146)	-
Total revenue	3,227,538	826,147	(49,146)	4,004,539
Results:				
Segment profit	369,989	57,950	-	427,939
Investment revenue				3,801
Interest expense				(1,012)
Share of profit of associates				1,671
Gain on disposal of an associate				11,348
Profit before tax				443,747
Income tax expense				(71,048)
Profit for the year				372,699

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 Financial Statements

31 December 2018

34 SEGMENT INFORMATION (cont'd)

Segment assets

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Group \$'000
<u>31 December 2018</u>			
Segment assets	2,016,389	1,160,775	3,177,164
Investments in associates			725
Other financial assets			22,939
Income tax recoverable/deferred tax assets			3,769
Consolidated total assets			<u>3,204,597</u>
<u>31 December 2017</u>			
Segment assets	1,995,994	1,118,664	3,114,658
Investments in associates			787
Available-for-sale investments			25,087
Income tax recoverable/deferred tax assets			3,673
Consolidated total assets			<u>3,144,205</u>
<u>1 January 2017</u>			
Segment assets	1,604,826	1,117,536	2,722,362
Investments in associates			20,253
Available-for-sale investments			8,088
Income tax recoverable/deferred tax assets			7,819
Consolidated total assets			<u>2,758,522</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 (Note 12), other financial assets (Note 13) and income tax assets. Goodwill has been allocated to reportable segments as described in Note 16.

Notes to Financial Statements

31 December 2018

34 SEGMENT INFORMATION (cont'd)

Other segment information

	Advanced Manufacturing & Design Solutions \$'000	Technology Products & Design Solutions \$'000	Group \$'000
<u>2018</u>			
Additions to non-current assets ⁽¹⁾	55,782	3,064	58,846
Depreciation and amortisation	24,640	6,086	30,726
Allowance for inventories	1,147	111	1,258
Allowance for doubtful debts	967	611	1,578
(Gain) Loss on disposal of plant and equipment, net	(99)	1	(98)
Foreign currency exchange adjustment (gain) loss	(4,902)	3,167	(1,735)
<u>2017</u>			
Additions to non-current assets ⁽¹⁾	32,073	4,893	36,966
Depreciation and amortisation	24,937	6,119	31,056
Allowance for inventories	9,342	10,230	19,572
Allowance for doubtful debts	6,056	3	6,059
Loss on disposal of plant and equipment, net	120	–	120
Foreign currency exchange adjustment loss (gain)	1,079	(1,075)	4

⁽¹⁾ Non-current assets other than financial instruments and deferred tax assets.

Group's revenue by Technology Domains Segments

	2018 \$'000	2017 \$'000
Portfolio 1 ⁽²⁾	1,499,492	2,033,106
Portfolio 2 ⁽³⁾	1,985,111	1,971,433
Consolidated revenue	3,484,603	4,004,539

⁽²⁾ Portfolio 1 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 2 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 Financial Statements

31 December 2018

34 SEGMENT INFORMATION (cont'd)

Other 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⁾		
	2018 \$'000	2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Singapore	729,902	779,868	685,717	684,279	687,727
Asia-Pacific (excluding Singapore)	2,553,399	2,982,652	142,502	151,543	154,256
Others	201,302	242,019	42,356	1,955	2,160
Total	3,484,603	4,004,539	870,575	837,777	844,143

⁽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 (2017 : one customer) which individually makes up more than 10% of the Group's total revenue.

35 DIVIDENDS

In the financial year ended 31 December 2017, the Company declared and paid a final one-tier tax-exempt dividend of \$0.50 per ordinary share on the ordinary shares of the Company totalling \$140,728,000 in respect of the financial year ended 31 December 2016.

In the financial year ended 31 December 2018, the Company declared and paid a final one-tier tax-exempt dividend of \$0.60 per ordinary share on the ordinary shares of the Company totalling \$172,413,000 in respect of the financial year ended 31 December 2017.

In the financial year ended 31 December 2018, the Company declared and paid an interim one-tier tax-exempt dividend of \$0.20 per ordinary share on the ordinary shares of the Company totalling \$57,608,000 in respect of the financial year ended 31 December 2018.

In respect of the financial year ended 31 December 2018, 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. Subject to the approval by the shareholders at the Annual General Meeting to be held on 24 April 2019, this proposed dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$143,913,000.

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time.

Management has elected the following transition exemption:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 January 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.
- SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the Group has tested goodwill for impairment at the date of transition to SFRS(I). No goodwill impairment was deemed necessary at 1 January 2017.
- The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed using the transition provisions of SFRS(I) 15.

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Management has elected the following transition exemption (cont'd):

- The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before 1 January 2017 and shall include later translation differences.
- The Group has not applied SFRS(I) 1-21 retrospectively to fair value adjustments and goodwill from certain business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree.

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 are presented and explained below.

(A) Impact on the Statement of Financial Position as at 1 January 2017 (date of transition to SFRS(I))

The Group

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
Current assets						
Trade receivables	712,994	–		(6,007)	(i)	706,987
Other receivables and prepayments	38,270	–		(11,304)	(i)	26,966
Contract assets	–	–		17,311	(i)	17,311
Current liabilities						
Trade payables	490,936	–		(10,851)	(ii)	480,085
Other payables and accrued expenses	192,376	–		(14,684)	(ii)	177,692
Contract liabilities	–	–		25,535	(ii)	25,535
Capital, reserves and non- controlling interests						
Translation reserve	(144,382)	144,382	(iii)	–		–
Accumulated profits	1,385,230	(144,382)	(iii)	–		1,240,848

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

- (A) Impact on the Statement of Financial Position as at 1 January 2017 (date of transition to SFRS(I)) (cont'd)

The Company

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
Current assets						
Trade receivables	227,389	–		(3,245)	(i)	224,144
Other receivables and prepayments	12,532	–		(11,134)	(i)	1,398
Contract assets	–	–		14,379	(i)	14,379
Current liabilities						
Other payables and accrued expenses	63,045	–		(7,686)	(ii)	55,359
Contract liabilities	–	–		7,686	(ii)	7,686

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(B) Impact on the Statement of Financial Position as at 31 December 2017 (end of last period reported under FRS)

The Group

	As at 31 December 2017 previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As at 31 December 2017 adjusted under SFRS(I) \$'000	Initial application of SFRS(I) 9 \$'000	(Note)	As at 1 January 2018 adjusted under SFRS(I) \$'000
Current assets									
Trade receivables	765,748	-		(3,107)	(i)	762,641	-	(iv)	762,641
Other receivables and prepayments	58,326	-		(25,981)	(i)	32,345	-	(iv)	32,345
Contract assets	-	-		29,088	(i)	29,088	-	(iv)	29,088
Non-current assets									
Other receivables	730	-		-		730	-	(iv)	730
Current liabilities									
Trade payables	591,254	-		(9,841)	(ii)	581,413	-		581,413
Other payables and accrued expenses	318,298	-		(58,032)	(ii)	260,266	-		260,266
Contract liabilities	-	-		67,873	(ii)	67,873	-		67,873

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(B) Impact on the Statement of Financial Position as at 31 December 2017 (end of last period reported under FRS) (cont'd)

The Company

	As at 31 December 2017 previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	As at 31 December 2017 adjusted under SFRS(I) \$'000	Initial application of SFRS(I) 9 \$'000	(Note)	As at 1 January 2018 adjusted under SFRS(I) \$'000
Current assets								
Other receivables and prepayments	1,108	-		(346)	762	-	(iv)	762
Contract assets	-	-		346	346	-	(iv)	346
Current liabilities								
Other payables and accrued expenses	40,417	-		(317)	40,100	-		40,100
Contract liabilities	-	-		317	317	-		317
(C) <u>Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017 (last financial year reported under FRS)</u>								

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 did not have a material impact on the statement of profit or loss and other comprehensive income.

Notes to Financial Statements

31 December 2018

36 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

- (D) Impact on the Statement of Cash Flows for the year ended 31 December 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 did not have a material impact on the statement of cash flows, except for certain reclassifications that have been made to the prior year's statement of cash flows as a result of reclassifications on the Statement of Financial Position due to the initial application of SFRS(I) 15. The items were reclassified as follows and there is no net impact on cash flows from operating activities:

The Group

	2017 previously reported under FRS \$'000	Initial application of SFRS(I) 15 \$'000	(Note)	2017 adjusted under SFRS(I) \$'000
Operating activities				
<u>Working capital changes</u>				
Trade receivables	(97,387)	(2,899)	(i)	(100,286)
Other receivables, prepayments and contract assets	(20,282)	2,899	(i)	(17,383)
Trade payables	131,939	1,010	(ii)	132,949
Other payables, accrued expenses and contract liabilities	139,165	(1,010)	(ii)	138,155

Initial application of SFRS(I) 15

- (i) Unbilled revenue and recoverables previously classified under Trade receivables and Other receivables and prepayments were reclassified to a separate line on the Statement of Financial Position as Contract Assets.
- (ii) Advance payments and deferred revenue from customers previously classified under Trade payables and Other payables and accrued expenses were reclassified to a separate line on the Statement of Financial Position as Contract Liabilities.

Initial application of SFRS(I) 1

- (iii) As part of the initial adoption of SFRS(I) 1, the Group elected to reset the cumulative translation differences recorded in the foreign translation reserve to \$NIL and transfer the balance to accumulated profits at the date of transition.

Initial application of SFRS(I) 9

- (iv) Based on the Group's historical collection experience as well as available forward-looking information, the expected credit loss impact as at the date of initial application of SFRS(I) 9 (1 January 2018) was insignificant.

Notes to Financial Statements

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37 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 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

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 except for the following:

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

The Group will adopt the standard when it becomes effective in 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating commitments of \$24,174,000 (Note 31). Of these commitments, approximately \$5,315,000 relate to short-term leases and \$447,000 relate to low-value leases which will both be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately \$17,500,000 on 1 January 2019, lease liabilities of \$17,500,000 (after adjustments for prepayments and accrued lease payments recognised). Overall net assets will not be affected, and net current assets will be approximately \$6,000,000 lower due to the presentation of a portion of the liability as current liability.

The Group expects that net profit after tax will decrease by approximately \$105,000 for 2019 as a result of adopting the new rules.

The application of SFRS(I) 16 has an impact on the consolidated statement cash flows of the Group.

Notes to Financial Statements

31 December 2018

37 STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

SFRS(I) 16 Leases (cont'd)

Under SFRS(I) 16, lessees must present cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by FRS 7. The Group has opted to include the interest paid as part of operating activities and cash payments for the principal portion for leases liability as part of financing activities.

Under FRS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the Group expected the net cash generated by operating activities will increase by approximately \$6,000,000 and net cash used in financing activities will increase by the same amount for the year ended 31 December 2019 in respect of leases as at 1 January 2019.

The adoption of SFRS(I) 16 will not have an impact on net cash flows.

38 SUBSEQUENT EVENTS

On 22 February 2019, Technocom Systems Sdn Bhd ("Technocom"), a wholly owned subsidiary of the Company, signed a Sales and Purchase agreement ("SPA") to acquire leasehold land and building in Johor Bahru, Johor, Malaysia for RM 6,000,000 (\$1,972,387 equivalent) ("the Property") with a third party vendor. The Property is subject to an existing lease with Johor Corporation ("the lessor") which will expire on 31 March 2024. Technocom has received an offer from the lessor to extend the duration of the lease for a further period of 30 years (i.e. to 31 March 2054) at a cost of RM 6,217,755 (\$2,043,969 equivalent). Technocom has signed the acceptance to this letter of offer, and will enter into a formal lease agreement with the lessor to effect the extension upon completion of the acquisition of the Property.

Analysis of Shareholdings

As at 5 March 2019

Number of issued and paid-up shares	:	289,101,577
Number of treasury shares	:	1,305,000
Number of issued and paid-up shares (excluding treasury shares)	:	287,796,577
Class of shares	:	Ordinary
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	33	0.37	547	0.00
100 - 1,000	4,657	51.97	3,418,079	1.19
1,001 - 10,000	3,780	42.18	12,756,638	4.43
10,001 - 1,000,000	480	5.36	22,946,131	7.97
1,000,001 and above	11	0.12	248,675,182	86.41
	8,961	100.00	287,796,577	100.00

Note:

As at 5 March 2019, the Company had no subsidiary holdings.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares held	% ⁽¹⁾
1	CITIBANK NOMINEES SINGAPORE PTE LTD	83,025,110	28.85
2	DBS NOMINEES PTE LTD	61,590,840	21.40
3	DBSN SERVICES PTE LTD	38,380,371	13.33
4	HSBC (SINGAPORE) NOMINEES PTE LTD	34,444,383	11.97
5	BPSS NOMINEES SINGAPORE (PTE.) LTD.	14,579,831	5.07
6	RAFFLES NOMINEES (PTE) LIMITED	7,838,183	2.72
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,929,437	1.02
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,832,082	0.64
9	TAN CHOON HUAT	1,403,500	0.49
10	WONG KONG CHOO	1,332,300	0.46
11	DB NOMINEES (SINGAPORE) PTE LTD	1,319,145	0.46
12	PHILLIP SECURITIES PTE LTD	991,038	0.34
13	WONG NGIT LIONG	974,619	0.34
14	MERRILL LYNCH (SINGAPORE) PTE LTD	707,610	0.25
15	YONG YING-I	700,000	0.24
16	YONG WEI-WOO NEE CHEANG WEI-WOO	650,000	0.22
17	UOB KAY HIAN PTE LTD	596,615	0.21
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	567,523	0.20
19	SOO ENG HIONG	534,518	0.18
20	OCBC SECURITIES PRIVATE LTD	510,901	0.18
		254,908,006	88.57

Note:

⁽¹⁾ Based on 287,796,577 Shares in issue as at 5 March 2019 (being 289,101,577 Shares in issue and disregarding 1,305,000 Shares held in treasury).

Analysis of Shareholdings

As at 5 March 2019

SUBSTANTIAL SHAREHOLDERS

Based on information received by the Company as at 5 March 2019

Name	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽²⁾	% ⁽¹⁾
The PNC Financial Services Group, Inc. ⁽³⁾	–	–	17,232,066	5.99
BlackRock, Inc. ⁽⁴⁾	–	–	17,232,066	5.99
Schroders PLC	–	–	17,290,800	6.00
Wong Ngit Liong	20,238,219	7.03	–	–

Notes:

⁽¹⁾ Based on 287,796,577 Shares in issue as at 5 March 2019 (being 289,101,577 Shares in issue and disregarding 1,305,000 Shares held in treasury).

⁽²⁾ Deemed interest refer to interests determined pursuant to Section 7 of the Companies Act.

⁽³⁾ The PNC Financial Services Group, Inc. is deemed to have an interest in 17,232,066 Shares of the Company through its ownership of more than 20% of BlackRock, Inc. BlackRock, Inc. is in turn a deemed shareholder through its various subsidiaries.

⁽⁴⁾ BlackRock, Inc. is deemed to have an interest in 17,232,066 Shares of the Company held by its various subsidiaries.

SHARES HELD IN THE HANDS OF THE PUBLIC

Based on the information received by the Company as at 5 March 2019, approximately 80.97% ⁽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 287,796,577 shares, excluding treasury shares.

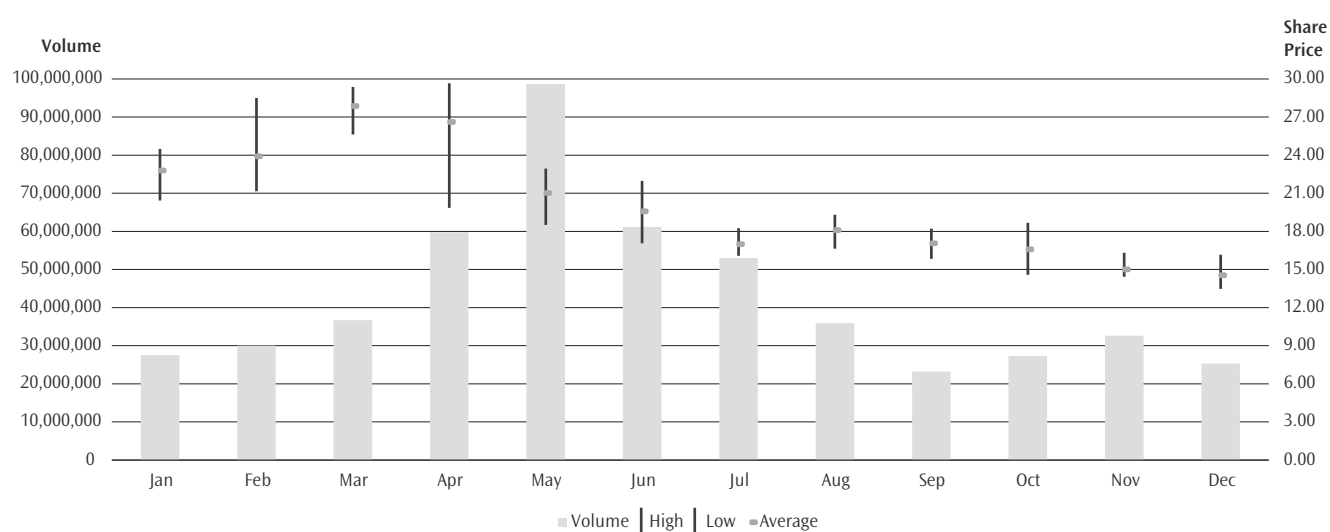
Share Performance

Year Ended 31 December 2018

Share Prices 2018 (\$\$)

Last Transacted	13.95
High	29.65
Low	13.48
Average	19.97

Total Volume for 2018 511,311,308



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

Univac Design & Engineering Pte Ltd

211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6516 0835

Univac Precision Engineering Pte Ltd

211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6516 0835

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 Johor Bahru
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
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
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
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
Penang, Malaysia
T : +60 (04) 642 8000
F : +60 (04) 642 9000

USA

Univac Precision, Inc.

6701 Mowry Avenue
Newark CA 94560
United States of America
T : +1 (510) 74 4 3720
F : +1 (510) 74 4 3730

Venture Design Services Inc.

6701 Mowry Avenue
Newark CA 94560
United States of America
T : +1 (510) 74 4 3720
F : +1 (510) 74 4 3730

Venture Electronics International, Inc.

6701 Mowry Avenue
Newark CA 94560
United States of America
T : +1 (510) 74 4 3720
F : +1 (510) 74 4 3730

Venture Enterprise Innovation, Inc.

6701 Mowry Avenue
Newark CA 94560
United States of America
T : +1 (510) 74 4 3720
F : +1 (510) 74 4 3730

VIPColor Technologies USA, Inc.

41300 Boyce Road
Fremont CA 94538
United States of America
T : +1 (510) 74 4 3770
F : +1 (510) 74 4 3738

VM Services, Inc.

6701 Mowry Avenue
Newark CA 94560
United States of America
T : +1 (510) 74 4 3720
F : +1 (510) 74 4 3730

International Network

CHINA

Shanghai GES Information Technology Co., Ltd

668 Li Shi Zhen Road
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

Venture Electronics (Shanghai) Co., Ltd

1201 Gui Qiao Road
T52/11 Jin Qiao Export Processing 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.

Hoogoorddreef 15
1101 BA Amsterdam
The Netherlands
T : +31 (20) 522 2555
F : +31 (20) 522 2500

Venture Electronics Spain S.L.

C. Pagesia, 22-24
01891 Rubi, Barcelona
Spain
T : +34 (93) 588 3018
F : +34 (93) 697 1131

Venture Hungary Electronics Manufacturing Limited Liability Company

1134 Budapest, Váci út 33
Hungary
T : +36 (1) 451 7100
F : +36 (1) 451 7196

Notice of Annual General Meeting

Informal Briefing on Venture Corporation Limited FY 2018 Results

Chief Financial Officer Ng Chee Kwoon will take questions on Venture Corporation Limited FY 2018 Results and contents of the 2018 Annual Report from 9.30 a.m. to 10.00 a.m.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VENTURE CORPORATION LIMITED ("the Company") will be held at 5006 Ang Mo Kio Avenue 5, #05-01 TECHplace II, Singapore 569873, on 24 April 2019 at **10.30 a.m.** for the following purposes:

AS ORDINARY BUSINESS

- RESOLUTION 1.** To receive and adopt the Directors' Statement and the Audited Accounts of the Company for the financial year ended 31 December 2018 ("FY 2018") together with the Auditors' Report thereon.
- RESOLUTION 2.** To declare a final one-tier tax-exempt dividend of 50 cents per ordinary share for FY 2018 (FY 2017: final one-tier tax-exempt dividend of 60 cents per ordinary share).
- RESOLUTION 3.** To re-elect the following Director retiring pursuant to Regulation 110 of the Constitution of the Company and who, being eligible, offers herself for re-election:
- Ms Tan Seok Hoong @Mrs Audrey Liow
- RESOLUTION 4.** To re-elect the following Director, who will retire by rotation pursuant to Regulation 106 of the Constitution of the Company and who, being eligible, offers himself for re-election:
- Mr Wong Ngit Liong
- RESOLUTION 5.** To re-elect the following Director, who will retire by rotation pursuant to Regulation 106 of the Constitution of the Company and who, being eligible, offers himself for re-election:
- Mr Koh Lee Boon
- RESOLUTION 6.** To approve the payment of Directors' fees of S\$850,000 for FY 2018 (FY 2017: S\$780,000).
- RESOLUTION 7.** To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditor and to authorise the Directors to fix their remuneration.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

RESOLUTION 8. Authority to allot and issue shares

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

- (A) (i) issue shares of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, awards, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 30% of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below);
- (b) subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (II) any subsequent bonus issue, consolidation or subdivision of Shares;

Notice of Annual General Meeting

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company;
- (d) in this Resolution, “subsidiary holdings” shall refer to Shares of the Company held by any subsidiary of the Company in accordance with the provisions of the Companies Act; and
- (e) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

RESOLUTION 9. That authority be and is hereby given to the Directors of the Company to:

- (a) offer and grant options pursuant to the provisions of the Venture Corporation Executives’ Share Option Scheme 2015 (the “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 per cent** 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,

and in this Resolution, “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; or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held.

RESOLUTION 10. Renewal of the Share Purchase Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the SGX-ST; and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

Notice of Annual General Meeting

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares for the five (5) consecutive Market Days (as defined in the Letter to Shareholders) on which the Shares were transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the Listing Manual of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that **number of issued Shares representing 5% of the total number of issued Shares** as at the date of the passing of this Resolution (excluding subsidiary holdings and any Shares which are held as treasury shares as at that date); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

Notice of Annual General Meeting

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Angeline Khoo Cheng Nee
Devika Rani Davar
 Joint Company Secretaries

Singapore
 2 April 2019

Explanatory Notes:

- Resolution 2 Ordinary Resolution 2 is to approve the declaration of a final dividend of 50 cents per ordinary share. If approved, the total one-tier dividend per ordinary share for FY 2018 is 70 cents which comprises the proposed final dividend of 50 cents and the interim dividend of 20 cents paid on 19 September 2018.
- Resolution 3 For Ordinary Resolution 3, Ms Tan Seok Hoong @Mrs Audrey Liow will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and Investment Committee. Mrs A Liow is considered by the Board of Directors to be an Independent Non-Executive Director.
- The profile and experience of Mrs A Liow can be found on page 23 of the Company's Annual Report 2018.
- Resolution 4 For Ordinary Resolution 4, Mr Wong Ngit Liong will, upon re-election as a Director of the Company, remain as the Chief Executive Officer, Chairman of the Board, Chairman of the Investment Committee and a member of the Nominating Committee.
- Mr Wong NL was last re-elected as Director of the Company on 27 April 2016. The profile and experience of Mr Wong NL can be found on page 19 of the Company's Annual Report 2018.
- Resolution 5 For Ordinary Resolution 5, Mr Koh Lee Boon will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee. Mr Koh LB is considered by the Board of Directors to be an Independent Non-Executive Director.
- Mr Koh Lee Boon was last re-elected as Director of the Company on 27 April 2016. The profile and experience of Mr Koh LB can be found on page 20 of the Company's Annual Report 2018.
- Resolution 6 Ordinary Resolution 6 is to approve the payment of Directors' fees of S\$850,000 (FY 2017: S\$780,000) for FY 2018, for services rendered by the Non-Executive Directors on the Board as well as the Board Committees, i.e. the Audit Committee, Nominating Committee, Remuneration Committee and Investment Committee. The Remuneration Committee has recommended the payment of S\$850,000 as Directors' fees for FY 2018. There is no scheme or arrangement for payment of Directors' fees in the form of equity. The last revision in the Directors' fee structure was in FY 2017 and remains the same for FY 2018. The slight increase in Directors' fees for FY 2018 is due to the addition of two new members to the Board.
- Resolution 8 Ordinary Resolution 8, if passed, will authorise the Directors from the date of the above Annual General Meeting until the date of the next Annual General Meeting or the date by which such Annual General Meeting of the Company is required by law to be held, whichever is the earlier (unless varied or revoked by the Company in general meeting), to allot and issue Shares and/or make or grant offers, awards, agreements or options in the Company that might or would require Shares to be issued up to an aggregate of not more than 30% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ("30% Limit"), of which up to 10% may be issued other than on a *pro rata* basis to shareholders.

Notice of Annual General Meeting

Although the Listing Manual of the SGX-ST enables the Company to seek a general mandate to permit its Directors to issue Shares up to an aggregate of not more than 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) if made on a *pro rata* basis to shareholders, the Company is only seeking the mandate to issue up to the 30% Limit. The Company is also only seeking the general mandate for a sub-limit of 10% for the issue of Shares other than on a *pro rata* basis to shareholders instead of the 20% permitted under the Listing Manual of the SGX-ST. The Company believes that the lower limit sought for the issue of Shares made other than on a *pro rata* basis to shareholders is adequate for the time being and will review this limit annually.

Resolution 9 Ordinary Resolution 9, if passed, will authorise the Directors from the date of the above Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held ("Relevant Period"), whichever is the earlier, to grant options under the 2015 Scheme pursuant to 2015 Grant No 5, and allot and issue Shares pursuant to the exercise of such options granted under 2015 Grant No 5. The resolution limits the aggregate number of Shares to be issued pursuant to options granted under 2015 Grant No 5 during the Relevant Period shall not exceed 0.4 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time". For more details on the 2015 Scheme, please refer to pages 71 to 72 of the Company's Annual Report 2018.

Resolution 10 Ordinary Resolution 10, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire ordinary shares of the Company on the terms and subject to the conditions of the Resolution.

The Company may use internal sources of funds, external borrowings or a combination of internal resources and external borrowings to finance the purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held in treasury.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate are based on the audited financial statements of the Group (as defined in the Letter to Shareholders) for FY 2018 and the assumptions set out in paragraph 2.7 of the Letter to Shareholders. Please refer to the Letter to Shareholders dated 2 April 2019 for more details.

The Company is seeking a lower "Maximum Limit" of 5 per cent of the total number of issued Shares, which is lower than the 10 per cent limit allowed under the Listing Manual of the SGX-ST.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the registered office of the Company at 5006 Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873 not less than seventy-two (72) hours before the time appointed for the Annual General Meeting.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either in accordance with its Constitution or under the hand of an attorney or duly authorised officer.
4. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument, failing which the instrument may be treated as invalid.
5. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies.
6. In the case of a member whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject an instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by the CDP to the Company.

Notice of Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Book Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Venture Corporation Limited ("the Company") will be closed from 5.00 p.m. on 13 to 14 May 2019 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 13 May 2019 will be registered to determine shareholders' entitlements to the said dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company on or before 5.00 p.m. on 13 May 2019 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the shareholders at the Annual General Meeting to be held on 24 April 2019, will be made on 22 May 2019.

By Order of the Board

Angeline Khoo Cheng Nee
Devika Rani Davar
Joint Company Secretaries

Singapore
2 April 2019

VENTURE CORPORATION LIMITED

(Incorporated In Singapore)
(Co. Reg. No: 198402886H)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Venture Corporation Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2019.
4. **Coffee, tea and water will be served at the AGM.**

*I/We, _____ (Name) _____ (NRIC/Passport/Co Reg Number)

of _____ (Address)

being *a member/members of Venture Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/them, the Chairman of the Meeting or such person as may be designated by the Chairman, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 24 April 2019 at **10.30 a.m.** at 5006 Ang Mo Kio Avenue 5, #05-01 TECHplace II, Singapore 569873, and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolutions relating to:	No. of Votes For [#]	No. of Votes Against [#]
1	Directors' Statement and Audited Accounts for the year ended 31 December 2018 and the Auditors' Report thereon		
2	Payment of proposed final one-tier tax-exempt dividend		
3	Re-election of Ms Tan Seok Hoong @Mrs Audrey Liow as a Director		
4	Re-election of Mr Wong Ngit Liong as a Director		
5	Re-election of Mr Koh Lee Boon as a Director		
6	Approval of Directors' fees amounting to S\$850,000		
7	Re-appointment of Deloitte & Touche LLP as Auditor		
8	Authority to allot and issue new shares		
9	Authority to offer and grant options and to allot and issue shares pursuant to the exercise of options granted not exceeding 0.4 per cent of the total number of issued shares		
10	Renewal of the Share Purchase Mandate		

* Delete where inapplicable

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature/Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. A member of the Company should insert the total number of shares held. If such member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited ("CDP")), he should insert that number of shares. If such member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If such member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the Shares held by such member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 5006 Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873 not less than seventy-two (72) hours before the time appointed for the Annual General Meeting.

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VENTURE CORPORATION LIMITED

5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873

Second fold

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either in accordance with its Constitution or under the hand of an attorney or duly authorised officer.
5. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument, failing which the instrument may be treated as invalid.
6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies.
8. In the case of a member whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject an instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by the CDP to the Company.

Third fold

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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

JOINT COMPANY SECRETARIES

Angeline Khoo Cheng Nee
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

John Tan Hon Chye

(Appointed with effect from the
financial year ended 31 December 2015)

BANKERS

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



VENTURE CORPORATION LIMITED

Company Registration No.: 198402886H

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www.venture.com.sg