FUTURE READY

VENTURE CORPORATION LIMITED

ANNUAL REPORT

2019

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CORPORATE PROFILE

Venture Group was established in 1989 through the merger of three companies, as a start-up company to provide contract manufacturing services. Today, Venture has been transformed into a leading global provider of technology services, products and solutions with established capabilities spanning marketing research, design, research and development to develop a wide range of leading-edge products.

Venture has built know-how and intellectual property with domain expertise in printing and imaging, networking and communications devices, handheld interactive scanning and computing products, advanced storage systems and devices, financial-related equipment and technology, industrial, power and energy-related products, test and measurement equipment and instrumentation, medical and healthcare devices and life science equipment.

In its pursuit to create unparalleled enterprise excellence across design and engineering, manufacturing and distribution, Venture has forged numerous impactful partnerships and alliances. As it assumes a key role in the enterprise ecosystems, Venture will continue to tap the knowledge and best-in-class capabilities of global enterprises through multilateral partnerships for breakthrough innovations.

Headquartered in Singapore, the Group comprises more than 30 companies with global clusters in Southeast Asia, Northeast Asia, America and Europe and employs over 12,000 people worldwide.

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

02

ENABLING MULTILATERAL PARTNERSHIPS THROUGH DIFFERENTIATING CAPABILITIES

03

Developing ecosystems with strategic partners such as leading enterprises in various fields of interests, key strategic suppliers and research scientists, engineers and business leaders in leading organisations

Collaborative workflow partnerships for next-generation technology services, products and solutions

INVESTING IN AND GROWING NEW DIFFERENTIATING CAPABILITIES

Entering new domains and ecosystems through strengthened Clusters of Excellence and new business models

Differentiated strategy reflects **diversity across capabilities, geography and domain expertise**

One of top nine Singapore companies in **Forbes Asia's Best Over A Billion Top 200 companies**

CREATING AND CAPTURING IMPACTFUL VALUE FOR ALL STAKEHOLDERS

Part of the **Straits Times Index, MSCI Singapore Index and FTSE Value-Stocks ASEAN Index**

Won accolades such as **“Platinum Level Supplier” and “Best Performance Supplier”** from partners in the Forbes 500 league

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

In 2019, the global economy faced a confluence of risks, which disrupted economic activity in many sectors – from an escalation of trade disputes to tightening of global financial conditions and intensifying climate risks. Across both developed and developing countries, growth projections were downgraded. These headwinds caused disruptions to business activities everywhere.

Against this backdrop, Venture proved its resilience by reporting another set of creditable results. Venture's inventiveness and differentiated strategy to upscale its technical know-how and skillsets across diverse technology domains are bearing fruit. It is collaborating with leading global technology companies, many of whom are in the Forbes 500 league or leaders in their fields of interests. The Group continued to invest in expanding its differentiating capabilities, to enhance its competitiveness and open new pathways to create and capture value for all stakeholders.

Our performance in 2019 reflects the strength of the deep partnerships we have painstakingly nurtured over the years. In turn, these collaborative relationships have won us other new customers. Several of them are developing breakthrough technologies in various ecosystems, where Venture could potentially become a powerful enabler of successful multilateral collaborations. Venture is excited about all these opportunities that could become impactful for the Group over time.

FINANCIAL HIGHLIGHTS

Venture reported a 4.3% year-on-year increase in revenue to S$3,633.4 million for the financial year ended 31 December 2019 ("FY2019"). The modestly higher revenue was driven by the Group's ability to render strong support to its valued partners amidst the uncertain operating environment. Group profit before tax of S$420.0 million and net profit (profit attributable to owners of the Company) of S$363.1 million were both marginally lower in FY2019, reflecting some pricing pressure. Nonetheless, the Group maintained a healthy net margin of 10.0% in FY2019. Our sustained profitability translated to diluted earnings per share of 125.3 Singapore cents for FY2019.

Venture has built up a robust balance sheet over the years. As at 31 December 2019, the Group had cash and bank balances of S$714.5 million (31 December 2018: S$712.8 million) and a net cash position of S$713.4 million (31 December 2018: S$711.0 million). Cash generation from operations remained strong at S$291.7 million in FY2019 (FY2018: S$311.5 million).

As at 31 December 2019, equity attributable to owners of the Company grew 6.2% to S$2,496.2 million (31 December 2018: S$2,349.9 million) and Net Asset Value per share grew 6.0% to S$8.65 (31 December 2018: S$8.16).

PROPOSED FINAL DIVIDEND

The Board of Directors has recommended a final dividend of S$0.50 per share on a one-tier tax-exempt basis for FY2019. Including the interim dividend of S$0.20 per share paid in September 2019, we will be paying a total dividend of S$0.70 per share for FY2019. Subject to the approval of shareholders at the Annual General Meeting to be held on 29 April 2020, the proposed final dividend will be paid on 22 May 2020.

Venture has consistently paid dividends since it was listed in 1992. The dividend paid per share has multiplied by almost 100 times since, from S$0.0075 to S$0.70 in 2019. Cumulatively, the Group has paid out over S$2.3 billion in dividends from 1992 till date.

As a constituent of benchmark indices such as the Straits Times Index ("STI") and MSCI Singapore Index, Venture has generated total shareholder returns[1] that has outperformed the market. In 2019, Venture posted a total return of 21.3% versus STI's 9.4% over the same period. Over a 10-year period from end-2009 to end-2019, Venture achieved an annualised total shareholder return of 12.4% compared to STI's 4.4%.

OUR FUTURE ROADMAP

The business environment remains dynamic and ever-changing. As we entered 2020, the world welcomed the partial resolution of a prolonged trade war but that was unfortunately marred by the COVID-19 outbreak.

Undeterred, Venture remains focused on its multi-tier transformation to chart the roadmap for the Group's future growth. This focus is underpinned by three key priorities - careful selection of technology domains, talent development and recruitment, and investing tactically to optimise business efficiencies.

There are several exciting trends and opportunities in various ecosystems of interest to Venture, some of which we are already participating in. In the Life Science and Genomics ecosystem, Venture is collaborating with its partners on the development of analytical tools for biomedical research, in the specialised fields of oncology and immunology. During the COVID-19 outbreak, Venture provided critical support to one of its partners for their diagnostic instruments deployed at the frontline. The Group continues to see deep value creation opportunities in this ecosystem, with the heightened interest in areas such as precision medicine, non-invasive prenatal testing, healthy longevity, as well as healthcare and wellness.

With the rise of Industry 4.0 technologies, Venture is closely monitoring developments in the areas of 5G, robotic process automation and artificial intelligence. Synergising its existing core competencies in research and development ("R&D") and engineering with its knowledge

1 Source: Bloomberg as at 31 December 2019.

MESSAGE TO SHAREHOLDERS

in deep technology, Venture qualifies as the complementary partner for innovative breakthroughs in the Industry 4.0 future.

Not one to rest on its laurels, the Group is constantly transforming its engineering, manufacturing and R&D capabilities, while developing new competitive differentiators. Some of these capabilities and differentiators will be built organically or through collaborations with selected strategic partners, such as established research institutes and strategic suppliers. Internal initiatives will include workforce transformation and the creation of new business solutions and models.

Venture continues to enhance its talent pool across a wide range of technical and professional qualities. This will deepen the Group's bench strength beyond its proven capabilities in multiple technology domains. Tactical investments will also be made into digitalisation and selective automation, allowing Venture to swiftly upscale its efficiencies and sustain its high-quality standards. New and better ways of creating and capturing deep value will give traction to the Group's growth and expansion in selected technology domains and ecosystems.

Going forward, Venture must stay nimble, adaptable and always remain relevant and impactful in its service offerings. Our multi-tier transformation journey is on track, and we will continue to invest judiciously for the future.

A SUSTAINABLE FUTURE

Venture remains committed to operating sustainably. We recognise that running a socially responsible business will support a sustainable future for Venture.

Our Sustainability Report 2019, which is embedded in this Annual Report, continues to be prepared in accordance to the Global Reporting Initiative Standards: Core option. We have proactively expanded certain disclosures on our Environment, Social and Governance ("ESG") performance for our material factors. These include our energy and water consumption, greenhouse gas emissions, as well as information on our employees including new hires and training hours. We have set corresponding targets based on some of these disclosures, to drive our continuous improvement on our sustainability practices.

For more information on Venture's ESG performance in 2019, please refer to our Sustainability Report on pages 24 to 54.

ACCOLADES AND OUR APPRECIATION

In closing, I would like to share with you some awards and accolades that Venture received in 2019. These are the impetus that drives us to reach new levels of excellence.

On 27 August 2019, Forbes Asia announced the launch of its inaugural Best Over A Billion list, which spotlights 200 top-performing listed companies across the Asia-Pacific region with revenues of US$1 billion or more. Curated from a universe of 3,200 listed companies in the Asia-Pacific region, Venture was one of only nine Singapore companies that made it to the Top 200 list. This commendable achievement places Venture amongst the region's best-run companies.

At The Edge Singapore Billion Dollar Club 2019 awards that was held on 6 September 2019, Venture won the Fastest Growing Company and Best in Sector awards under the

Manufacturing Sector, as well as the Billion Dollar Club Overall Winner award. This is the first year that the award organiser is giving out the Billion Dollar Club Overall Winner accolade, which recognises the company that has achieved the best scoring across several sectors.

To our valuable customers and partners, Venture also strives to deliver the highest level of Total Customer Satisfaction. Similarly, the Group has achieved recognition such as Best Supplier / Platinum Supplier from several partners, showcasing that our employees are the best ambassadors of Venture's Core Values.

These achievements were only possible with the combined efforts of all our stakeholders.

On this note, I would like to express my warm appreciation for the contributions of my colleagues on the Board, who despite their busy schedules, have devoted time and effort to participate actively in Board and Board Committee deliberations and decision-making. They demonstrated deep commitment during the visits to our manufacturing and R&D facilities in Singapore and Malaysia in August 2019, which gave them valuable insights into Venture's business and operations. A few Directors also attended the annual Management Conference held in December 2019, where they participated in robust discussions on the Group's strategic directions with senior management and key executives from across the Group's global operations.

I would also like to thank Venture's management and employees for your diligence and unstinting dedication. Your contributions, as individuals and as part of a team, are critical to Venture's continued performance and growth.

To our customers and partners, thank you for your trust and confidence in Venture. We look forward to your ongoing support as we deepen our collaborations for greater successes ahead. I am also grateful to our suppliers, vendors and other business associates for their unceasing support. To our loyal shareholders, I would like to thank you for your long-term support and trust in Venture.

The future is ours to create. The Venture Group is committed to rendering its best in all aspects, to define a great future together with our stakeholders.

WONG NGIT LIONG
Chairman & CEO

5-YEAR FINANCIAL HIGHLIGHTS

(S$MILLION)	2015	2016	2017	2018	2019
Comprehensive Income[1]					
Revenue	2,656.5	2,874.2	4,004.5	3,484.6	**3,633.4**
Profit Before Tax	181.7	215.9	432.4	433.0	**420.0**
Profit Attributable to Owners of the Company	154.0	180.7	361.5	370.1	**363.1**
Balance Sheet					
Total Assets	2,528.3	2,758.5	3,144.2	3,204.6	**3,274.2**
Total Liabilities	632.5	796.0	976.1	852.5	**775.7**
Shareholders' Equity	1,893.2	1,960.1	2,165.8	2,349.9	**2,496.2**
Cash & Bank Balances	459.3	499.7	752.4	712.8	**714.5**
Net Cash Position	324.2	407.1	721.6	711.0	**713.4**
Key Ratios and Per Share Metrics[1]					
Earnings Per Share (Singapore cents)[2]	55.6	64.8	126.0	127.3	**125.3**
Net Asset Value Per Share (Singapore cents)	684.7	703.1	760.9	816.4	**865.4**
Dividend Per Share (Singapore cents)	50.0	50.0	60.0	70.0	**70.0**
ROCE (%)[3]	9.2	10.7	19.7	18.0	**16.3**
ROE (%)[4]	8.3	9.4	17.5	16.4	**15.0**

1 For better comparative purposes, Profit Before Tax, Profit Attributable to Owners of the Company and Earnings before Interests and Tax ("EBIT") used in the calculations exclude a one-off gain on disposal of an investment in associate in 2017.
2 On a fully diluted basis.
3 Return on Capital Employed ("ROCE") is calculated using EBIT/ending Capital Employed. Capital Employed is measured using Total Assets less Current Liabilities.
4 Return on Equity ("ROE") is calculated using Profit Attributable to Owners of the Company/average Shareholders' Equity.

CORPORATE DIRECTORY

REGISTERED OFFICE

VENTURE CORPORATION LIMITED
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Singapore 569873
T : +65 6482 1755
F : +65 6482 0122
Email : contact-us@venture.com.sg

JOINT COMPANY SECRETARIES

DEVIKA RANI DAVAR

CHAN KONG MENG, LAWRENCE

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)

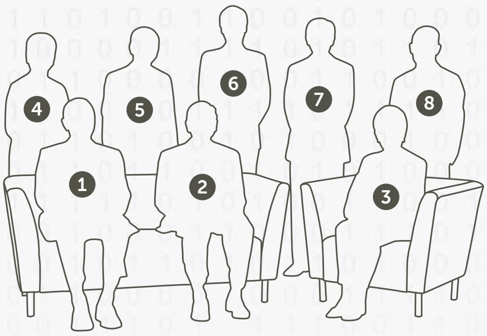
BANKERS

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

INVESTOR RELATIONS

Email : investor.relations@venture.com.sg

BOARD OF DIRECTORS



1 - KOH LEE BOON / Independent Non-Executive Director, Lead Independent Director
2 - WONG NGIT LIONG / Chairman & CEO
3 - KAY KUOK OON KWONG / Independent Non-Executive Director
4 - TAN SEOK HOONG @MRS AUDREY LIOW / Independent Non-Executive Director
5 - GOON KOK LOON / Independent Non-Executive Director
6 - HAN THONG KWANG / Independent Non-Executive Director
7 - WONG YEW MENG / Independent Non-Executive Director
8 - JONATHAN S. HUBERMAN / Independent Non-Executive Director

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:
24 April 2019

Committee Memberships:
- Chairman, Investment Committee
- Member, Nominating Committee

Number of Directorships in listed companies (including Venture):
1

BOARD OF DIRECTORS

KOH LEE BOON

Independent Non-Executive Director
Lead Independent Director

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

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

Date of first appointment as a Director:
1 August 1996

Date of last re-election as a Director:
24 April 2019

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

Number of Directorships in listed companies (including Venture):
1

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

Number of Directorships in listed companies (including Venture):
3

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, the Manager of Ascendas REIT.

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 (now known as the Competition and Consumer Commission of Singapore), amongst other appointments.

Date of first appointment as a Director:
1 September 2009

Date of last re-election as a Director:
24 April 2018

Committee Memberships:
- Member, Audit Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Number of Directorships in listed companies (including Venture):
2

Major Appointments (other than directorships):
- Board member, Land Transport Authority of Singapore
- Member, Nanyang Technological University Board of Trustees
- Board member, Singapore Deposit Insurance Corporation Ltd
- Board member, Kidney Dialysis Foundation Ltd

Past principal directorships in the last three years:
- People's Association

JONATHAN S. HUBERMAN

Independent Non-Executive Director

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

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

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

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

Date of first appointment as a Director:
2 January 2015

Date of last re-election as a Director:
27 April 2017

Committee Memberships:
- Member, Audit Committee
- Member, Investment Committee

Number of Directorships in listed companies (including Venture):
2

BOARD OF DIRECTORS

HAN THONG KWANG

Independent Non-Executive Director

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

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

Date of first appointment as a Director:
1 January 2016

Date of last re-election as a Director:
27 April 2017

Committee Memberships:
- Member, Audit Committee
- Member, Investment Committee

Number of Directorships in listed companies (including Venture):
1

KAY KUOK OON KWONG

Independent Non-Executive Director

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

Ms Kuok is currently the Chairman of the National Healthcare Group Pte Ltd and the Yale-NUS College Governing Board. She has made notable contributions to education, tourism, healthcare, the arts and the environment, serving on several other educational and community service organisations, industry groups and government bodies, including MOH Holdings Pte Ltd, the Singapore Hotels Association, The Courage Fund Limited, the VIVA Foundation for Children with Cancer, 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 Membership:
- Chairman, Nominating Committee (appointed 7 August 2019)

Number of Directorships in listed companies (including Venture):
3

Major Appointments (other than directorships):
- Chairman, National Healthcare Group Pte Ltd
- Chairman, Yale-NUS College Governing Board
- Board member, MOH Holdings Pte Ltd
- Board member, Singapore Hotels Association
- Chairman, The Courage Fund Limited
- Vice-Chair, VIVA Foundation for Children with Cancer
- Board member, Wildlife Reserves Singapore Conservation Fund
- Board member, Northlight School
- Chairperson, Nominating Committee; Member, Executive Committee, NUS
- Member, NUS Board of Trustees
- Chairman, TTSH Community Fund

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

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

Mrs Liow holds a Bachelor of Science degree from the National University of Singapore (NUS). In 2014, she was awarded the Outstanding Science Alumni Award by NUS in recognition of her accomplishments and contributions. She has also attended the Leadership Programme at London Business School and the Berkeley-Nanyang Advanced Management Programme.

Date of first appointment as a Director:
1 November 2018

Date of last re-election as a Director:
24 April 2019

Committee Memberships:
- Member, Remuneration Committee
- Member, Investment Committee

Number of Directorships in listed companies (including Venture):
2

Major Appointments (other than directorships):
- Vice-Chairman, Tanjong Katong Girls' School Advisory Committee
- Member, IPI Singapore (subsidiary of ESG), Innovation Advisory Committee

Past principal directorships in the last three years:
- Nestlé ROH (Thailand) Ltd.

KEY MANAGEMENT EXECUTIVES

WONG NGIT LIONG*
Chairman and CEO

NG CHEE KWOON
Chief Financial Officer

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

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

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

* Please refer to page 15

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 deployed on various offshore oil platforms around the world.

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

WONG CHEE KHEONG

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

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

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

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

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

LIM SITA

Chief Human Resource Officer

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

LIST OF PROPERTIES

ANG MO KIO
SINGAPORE

MARSILING
SINGAPORE

JOHOR BAHRU
MALAYSIA

JOHOR BAHRU
MALAYSIA

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

SENAI
MALAYSIA

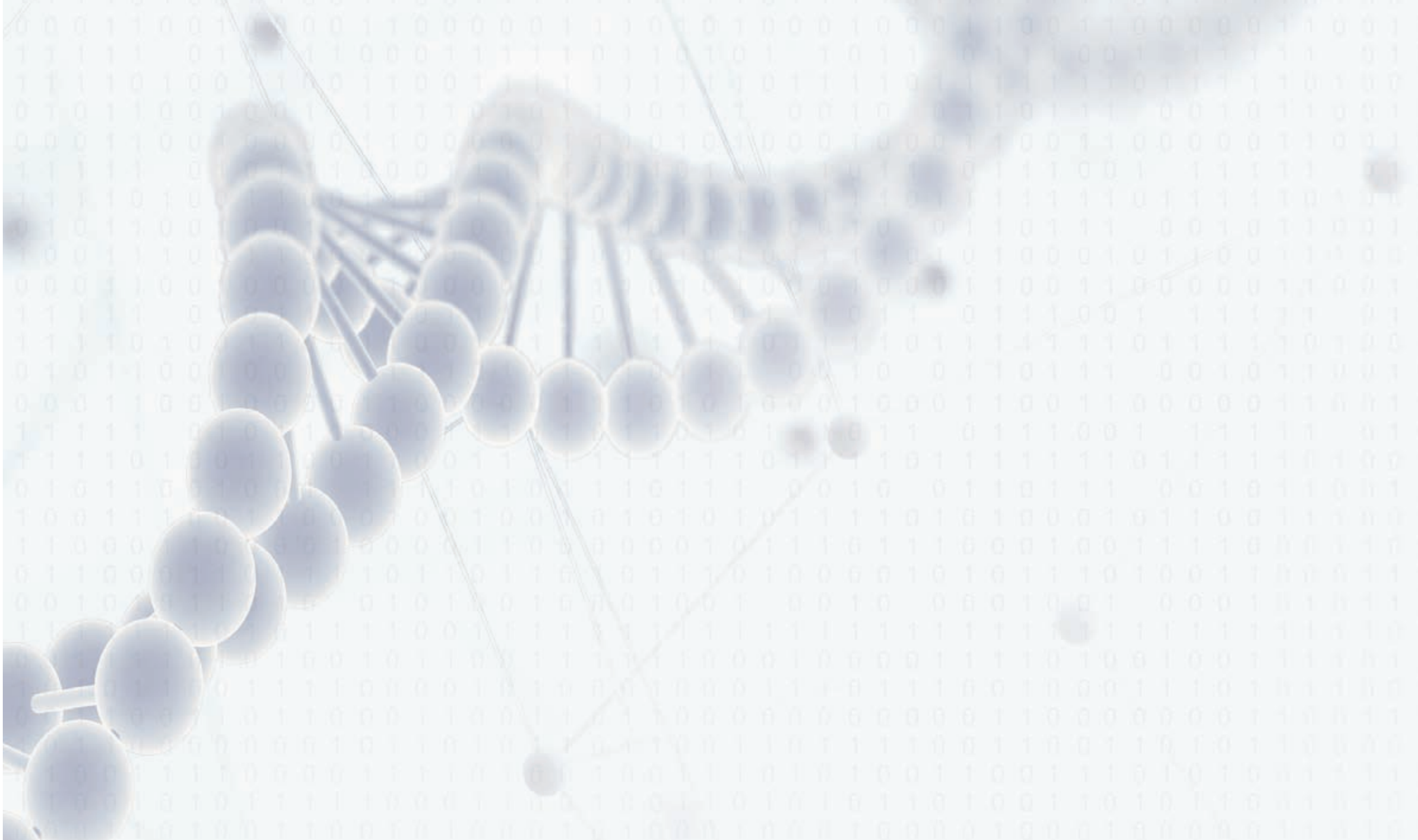
PENANG
MALAYSIA

SHANGHAI
CHINA

MILPITAS
USA

Location	Address	Site area (Sq.m.)	Tenure	Usage
HS(D) 6220 LOT 4020 Mukim Tebrau Johor Bahru, Johor, Malaysia	49, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,476	Freehold	Industrial
HS(D) 6221 LOT 4021 Mukim Tebrau Johor Bahru, Johor, Malaysia	51, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,195	Freehold	Industrial
HS(D) 6222 LOT 4022 Mukim Tebrau Johor Bahru, Johor, Malaysia	53, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,111	Freehold	Industrial
HS(D) 6223 LOT 4023 Mukim Tebrau Johor Bahru, Johor, Malaysia	55, Jalan Riang 21 Taman Gembira 81200 Johor Bahru Johor, Malaysia	3,093	Freehold	Industrial
HS(D) 46117 PT 5272, Seberang Perai Selatan Penang, Malaysia	Plot 318, Batu Kawan Industrial Park Seberang Perai Penang, Malaysia	123,706	Leasehold (Expiring 2074)	Industrial
HS(D) 8712 PT 3217, Bayan Lepas Penang, Malaysia	Plot 44, Bayan Lepas Industrial Park IV 11900 Bayan Lepas Penang, Malaysia	39,522	Leasehold (Expiring 2055)	Industrial
Lot 12368 Mukim 12, Barat Daya Penang, Malaysia	Plot 26, Hilir Sungai Kluang 3 Bayan Lepas Free Industrial Zone Phase 4 11900 Bayan Lepas Penang, Malaysia	8,981	Leasehold (Expiring 2051)	Office and Industrial
China				
Shanghai, People's Republic of China	69 Huang Yang Road Tower 2, 6/F, Unit D, Xin He Gardens Jin Qiao, Pudong Shanghai 201206 People's Republic of China	156	Leasehold (Expiring 2063)	Residential
Shanghai, People's Republic of China	668 Li Shi Zhen Road Zhangjiang Hi-Tech Park Pudong Shanghai 201203 People's Republic of China	20,000	Leasehold (Expiring 2050)	Office and Industrial
USA				
A.P.N.: 086-03-081 Milpitas, California United States of America	1621 Barber Lane (also known as 481 Cottonwood Drive) Milpitas, CA 95035 United States of America	39,012	Freehold	Office and Industrial

SUSTAINABILITY REPORT



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LETTER FROM THE BOARD

"AS A FUTURE-READY AND SOCIALLY RESPONSIBLE ORGANISATION, IT IS IMPERATIVE THAT VENTURE CONTINUES TO IMPROVE ON ITS SUSTAINABILITY PRACTICES."

Dear Stakeholders,

As one of the constituents of the Straits Times Index, a benchmark index for the Singapore stock market, Venture aims to create and capture long-term sustainable value for our stakeholders. We have constantly reviewed current performance and set new goals for our Environment, Social and Governance material factors.

Central to Venture's economic progress is a strong corporate governance backbone that guides, drives and oversees the organisation towards greater heights. We are pleased to report that there were no significant incidents of non-compliance with any relevant socio-economic and environmental regulatory frameworks in our locations of operations covered in this report, which represents more than three quarters of our 2019 revenue.

As a global provider of technology services, products, and solutions, safeguarding the confidentiality of our customers' and stakeholders' information is important. Various policies, processes and systems improvements have been implemented in 2019 to enhance the protection of confidential information. This includes data compartmentalisation to segregate confidential information and implementing controls for USB storage devices to prevent data losses.

Our Workplace Safety and Health committee is dedicated to overseeing the management and enforcement of our Occupational Health and Safety policies. We are pleased to announce that there were zero fatalities and zero incidents of non-compliance with any relevant health and safety laws and regulations in all reported locations of operations.

Developing our people, who are the essence of our organisation, is important for our long-term success. We will continue to refine and enhance our employment practices through initiatives that improve employee well-being, as well as embrace diversity and inclusion to attract and retain the best talent.

We recognise the importance of environmentally sustainable practices and have maintained the ISO 14001 certifications at all our operational sites. We have implemented several energy efficiency and water reduction initiatives to improve our energy and water usage. Please refer to the respective sections of our report for more information.

As a future-ready and socially responsible organisation, it is imperative that Venture continues to improve on its sustainability practices.

Board of Directors
Venture Corporation Limited

2019 AT A GLANCE

186 AVERAGE TRAINING HOURS PER EMPLOYEE

REDUCED ELECTRICITY CONSUMPTION INTENSITY AND CARBON EMISSIONS INTENSITY

ZERO BREACHES OF CUSTOMER PRIVACY

2019 AT A GLANCE

ALL SITES CERTIFIED TO ISO 14001

ZERO FATALITIES AT REPORTED SITES

ABOUT THIS REPORT

This section in our Annual Report 2019 contains our third annual Sustainability Report ("report") for the period 1 January to 31 December 2019 ("FY2019"). This report communicates our approach, efforts, performance data and related information for our material economic, environmental, social and governance ("EESG") factors that are key to our business and stakeholders. We recommend reading this report together with the other sections of our Annual Report 2019, which provides key information on our financial performance, as well as details on our corporate governance and risk management.

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

The scope of this report covers our major sites in Singapore and Malaysia that collectively contribute more than three quarters of Venture's FY2019 revenue. There is no significant change to the size, structure or ownership of our operations compared to the previous report. We have expanded the scope of this year's report to include two additional sites in Malaysia – Penang and Senai - in addition to Ang Mo Kio, Marsiling and Johor Bahru.

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

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

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

VENTURE'S SUSTAINABILITY APPROACH

GOVERNANCE

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

- **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**

As sustainability or EESG factors are important aspects in our business decisions and commitment to long-term value creation, we will further integrate our EESG performance through the implementation of sustainability-focused practices across our operations. This is guided by the highest level of Venture's leadership.

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

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors	Provides oversight on significant EESG factors that are material to Venture's long-term business objective
Sustainability Steering Committee ("SSC")	Develops Venture's sustainability strategy and policies; monitors performance
Sustainability Task Force ("STF")	Manages Venture's sustainability policies, initiatives, and programmes
All Employees	Implement Venture's sustainability initiatives and programmes

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

Sustainability risks beyond the six material factors identified and reported in this report are actively deliberated within Venture's Enterprise Risk Management ("ERM") Framework. Appropriate controls and mitigating steps are applied for all potential sustainability risks. In this report, we focus on our key material issues.

ETHICS AND COMPLIANCE

At Venture, we have an unwavering commitment in pursuing excellence, balancing our economic performance and technological leadership with our role as a responsible organisation and employer in an increasingly interconnected economic, social, and environmental landscape. The key guiding principle at the core of our business is our commitment to a high standard of corporate governance.

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

To proactively ensure compliance with all laws and regulations, we have instituted various policies across the Group to guide our business conduct. These policies apply to all our operations and employees.

Based on stakeholders' interest, we have highlighted details of some key topics, including our policies and management approach to ensure good governance and ethical conduct across our operations.

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

LABOUR RELATIONS

Venture is committed to ensuring that our employees and workers are respected, and our operations are free from any forms of worker exploitation and slavery. As our workforce is made up of a significant number of migrant workers, we actively engage with our recruitment service providers, including conducting audits, to ensure that the recruitment process complies with all local regulations and our Social Code of Conduct (the "Code of Conduct").

Venture's Code of Conduct encompasses eleven major areas, including labour rights, humane treatment of workers, non-discrimination, freedom of association and occupational health and safety. It references international labour norms and standards such as the Universal Declaration of Human Rights and the International Labour Organisation's International Labour Standards. It is reviewed regularly based on extensive consultation with governments, non-government organisations and other stakeholders.

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

In addition to that, we are committed to ban all forms of labour exploitation in our operations and put in safeguards and measures in the hiring process to prevent exploitation by parties involved.

VENTURE'S SUSTAINABILITY APPROACH

ANTI-BRIBERY AND CORRUPTION ("ABC") AND WHISTLE-BLOWER PROTECTION

We uphold a corporate culture of integrity and have a zero-tolerance approach towards fraud and corruption. Policies and practices on ABC are included in our Code of Conduct. We are committed to complying with all anti-corruption and anti-bribery laws in all our locations of operations.

On top of instituting our Code of Conduct, we also have several mechanisms in place to mitigate and identify risk and potential corruption violations. For example, we have a Whistle-Blowing Policy to provide employees and third parties with a secure channel to report or raise concerns about possible improprieties, without fear of reprisal in any form. Information on our whistle-blowing channels are communicated widely. The whistle-blowing reporting channels are overseen by the Head of Internal Audit and is administered by the Internal Audit, Human Resources and Legal departments.

Employees are required to complete an Annual Self-Declaration on Conflicts of Interest, to prevent and detect potential corruption violations. In addition, Venture's third-party suppliers are required to strictly adhere to our Code of Business Conduct for Suppliers.

We are pleased to report that no public legal cases regarding corruption were brought against Venture and its subsidiaries in 2019. No contracts with business partners or suppliers had to be terminated due to violation related to corruption.

RESTRICTION OF THE USE OF CONFLICT MINERALS

We are committed to sourcing components and materials from companies that share our values around labour rights, ethics, human rights and environmental responsibility. Venture adheres to governmental regulations and international standards such as the Responsible Business Alliance ("RBA") standards and the Global e-Sustainability Initiative ("GeSI") on conflict minerals. Our Conflict Minerals Policy is modelled on the RBA reporting requirements.

We frequently communicate and engage with our suppliers to ensure compliance to the RBA standards on conflict minerals. We also require all our suppliers to adopt policies and fulfil their due diligence to assure that the Tantalum (Ta), Tin (Sn), Tungsten (W), and Gold (Au) used in the products that they manufacture are not sourced from mines in conflict areas.

We are pleased to report that there were no incidents of non-compliance with our Conflict Minerals Policy in 2019. No contracts with business partners or suppliers had to be terminated due to the presence of conflict minerals in their supply chain.

We require all new employees to undergo an induction programme, which covers Venture's core values and our various policies, including the Code of Conduct and the Conflict Minerals Policy. Training is also provided to our employees to keep them abreast on recent developments or sustainability-related risks which may impact their business or operational functions. We are also in the process of developing new communication modules and refresher trainings on our Code of Conduct for all our employees. We are pleased to report that as of 31 December 2019, new employees from the reported sites have undergone these programmes.

We are also pleased to report that during the reporting period, there were no significant incidents of non-compliance with any relevant socio-economic and environmental regulatory frameworks in our locations of operations covered in this report. There were no significant fines or non-monetary sanctions imposed on Venture or its subsidiaries.

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

Target / Goal	Progress
Zero incidents of non-compliance with all relevant laws and regulations	✓ No non-compliance with all relevant laws and regulations in 2019; ongoing for 2020
Roll out new communication modules and refresher trainings on Code of Conduct for employees	↻ Ongoing

✓ On Track ↻ New Target

VENTURE'S SUSTAINABILITY APPROACH

STAKEHOLDER ENGAGEMENT

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

Additionally, Venture constantly engages a broader range of stakeholders, including national and local governments, suppliers, investor analysts, local communities, industry associations and interest groups through various avenues. We carefully consider the interests and concerns raised by these stakeholders in our business strategy, management decisions and operations.

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

Stakeholder Group	Topics of Concern	Engagement Platforms and Frequency
Business Partners	- Delivery of innovative solutions with excellent technological and engineering capabilities - Compliance to ethical and responsible Environment, Social and Governance standards along the supply chain - Protection of confidential information	- 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 - Bi-annual trade conferences - Regular after sales follow-up
Employees	- Corporate direction and strategy - Fair and competitive remuneration and benefits - Career development and training opportunities - Labour and human rights - Workplace health and safety	- Induction programme for new employees - Training and development programmes - Regular communications and meetings, including town halls - Recreational and wellness activities - Performance appraisals and career development reviews
Shareholders	- Financial performance - Business outlook - Shareholder value and returns	- Annual General Meetings - Annual and sustainability reports - Result briefings - Regular analyst and investor engagements - Non-deal roadshows - Company website

MATERIALITY

With the support of an independent consultant, we embarked on a materiality assessment process in 2017 to identify our material sustainability factors. The list of material factors was subsequently reviewed in 2018. The process of defining and reviewing our material factors is largely based on GRI's Principles for Defining Report Content, guided by their four-step approach which involves identification, prioritisation, validation and review. During the process, we took into consideration our existing risk analysis and disclosures, industry peers' disclosures, stakeholders' feedback, as well as international best practices.

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

Venture's Material Sustainability Factors	Factor Boundaries[1]		Corresponding GRI Standards Topics	Relevant chapter in this report
	Internal stakeholders	External stakeholders		
Economic performance	√	√	GRI 201: Economic performance	- Economic Performance
Environmental management	√	√	GRI 307: Environmental compliance	- Our Environment
Occupational health and safety	√	√	GRI 403: Occupational health and safety	- Occupational Health and Safety
Talent attraction, retention and development	√	√	GRI 404: Training and education	- Our People
Protection of confidential information	√	√	GRI 418: Customer privacy	- Protection of Confidential Information
Compliance with other laws and regulations	√	√	GRI 419: Socioeconomic compliance GRI 307: Environmental compliance	- Ethics and Compliance - Our Environment

To ensure our material factors remain up-to-date and relevant to our various stakeholders and business operations, we plan to conduct our next materiality review by 2021.

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

ECONOMIC PERFORMANCE

Venture is ranked amongst the largest companies listed on the Singapore Exchange ("SGX"). Our strong financial and market achievement would not have been possible without the combined efforts of all our stakeholders. The collaboration of our teams' expertise across various technology domains have allowed us to generate solutions that offer long-term value creation in the marketplace.

Economic performance is a key material factor for us as we believe in inclusive growth for our organisation, shareholders, business partners, employees, communities, and all other stakeholders. We are committed to delivering innovative and transformational engineering solutions for our stakeholders. By generating long-term sustainable value, we can positively contribute back to the communities in which we operate.

Recognising the financial interconnectivity we have with our different stakeholders, we are committed to ensuring that our business and operations are conducted in a responsible manner. Venture's Board of Directors and Senior Management team uphold good corporate governance in driving sound business decisions and performance. The Board is supported by four committees comprising the Audit, Nominating, Remuneration and Investment committees. The Board monitors Venture's compliance with laws and regulatory requirements, including continued compliance with the SGX listing obligations.

Our economic achievements are also dependent on our intangible assets. These intangible assets include our employees and our commitment to environmental and social responsibility, which will be further discussed in the subsequent chapters of this report.

For information on our financial performance and business plans, please refer to pages 8 to 11 and pages 92 to 196 of our Annual Report 2019.

AWARDS AND ACCOLADES

Venture has been honoured with numerous awards and accolades that reflect our commitment to business excellence and our stakeholders. We are pleased to report that in 2019, we were conferred with several prestigious awards including awards from our customers, recognising our contributions to economic performance.

Forbes Asia's Best Over A Billion 2019
One of top nine Singapore companies in this inaugural Asia Pacific list

The Edge Singapore's Billion Dollar Club:
Fastest Growing Company (Manufacturing Sector) for the 2nd time

The Edge Singapore's Billion Dollar Club:
Best in Sector (Manufacturing Sector) for two consecutive years

The Edge Singapore's Billion Dollar Club:
Overall Winner in the inaugural category

The winners, organisers and sponsor at the gala dinner held on 6 September 2019 at Shangri-La Hotel, Singapore

Venture's CFO, Mr Alvin Ng, receiving the Company of the Year Award

Awards from customers in 2019 (non-exhaustive list)

Best Performance Supplier Award • Platinum Supplier Award • Preferred Supplier Award

OUR ENVIRONMENT

At Venture, we believe that the efficient use of resources is essential for sustained economic growth. We have therefore instituted a systematic approach towards integrating practices for resource use efficiency into our operations.

Our resource use efficiency efforts are driven by the Lean Council. The Lean Council drives the Lean philosophy across our operations and is supported by a group of carefully selected Lean Leads and Site Champions. These Leads and Site Champions are appointed to continuously explore new ideas and opportunities to improve Venture's manufacturing processes and competencies. We believe that the utilisation of continuous improvement methodology such as Lean will benefit both the organisation and the environment as it addresses issues such as resource waste. This therefore reduces costs, time, and mitigates negative effects of our operations on the environment.

Whilst the Lean Council focuses on improving our resource use efficiency in our manufacturing processes, Venture's environmental initiatives are driven by the Environmental Management System ("EMS") Committee. The EMS Committee is made up of appointed environmental management representatives who manage and track the performance objectives and targets for their respective sites. They are also in charge of ensuring that our operations comply with all environmental regulations and requirements. The Committee is also involved in implementing and reviewing Venture's group-wide environmental initiatives.

In 2019, all our operational sites maintained their ISO 14001 certification for Environmental Management Systems. We are also pleased to report that there were no incidents of environmental non-compliance during the reporting period. We aim to maintain the ISO 14001 certifications for all our operational sites and to uphold our good track record of zero non-compliance with environmental laws and regulations. To achieve this goal, our EMS Committee will continue to actively review our group-wide environmental policy against the evolving global and local environmental standards.

Target / Goal	Progress
Zero cases of significant fines or non-monetary sanctions related to environmental laws and regulations	✓ No significant fines or non-monetary sanctions related to environmental laws and regulations in 2019; ongoing for 2020
All sites to maintain ISO 14001 certifications	✓ All operational sites certified to ISO 14001 in 2019; ongoing for 2020
Reduce GHG emissions intensity	⟳ Ongoing

✓ On Track ⟳ New Target

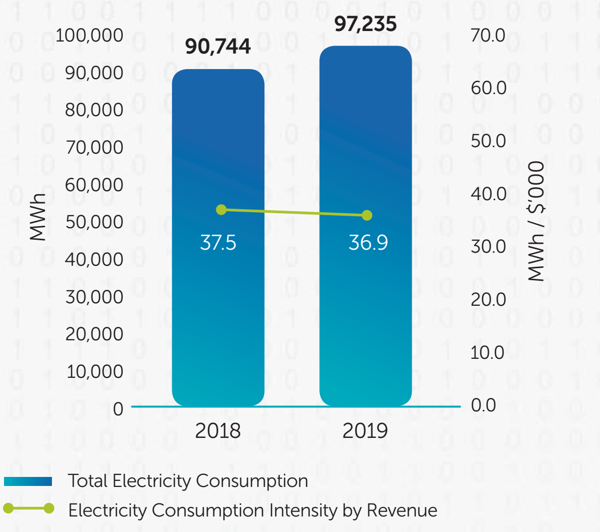
OUR ENVIRONMENT

ENERGY AND GHG EMISSIONS

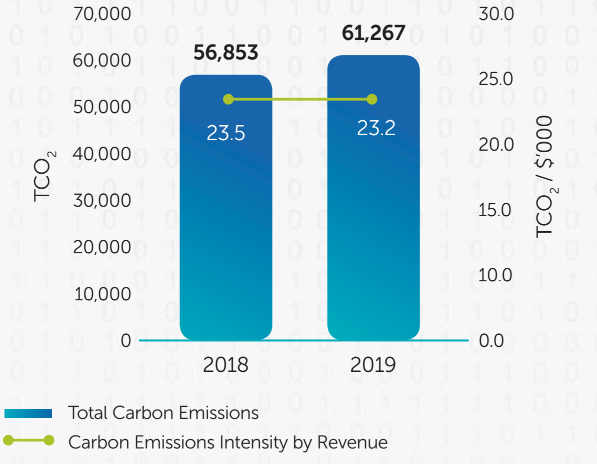
Given the nature and location of our operations, the main source of energy at our sites is electricity from the grid. We recorded an increase of 7.2% of total electricity consumed from 90,744 MWh in 2018 to 97,235 MWh in 2019 for the five sites under the scope. This was mainly due to an increase in production, which corresponds with the higher revenue recorded in 2019. As such, our electricity consumption intensity by revenue decreased from 37.5 MWh/$'000 in 2018 to 36.9 MWh/$'000 in 2019[1]. The scope of this data includes our five main sites, namely Ang Mo Kio, Marsiling, Johor Bahru, Senai and Penang.

We have since implemented energy efficiency initiatives such as the progressive upgrading of air conditioners to inverter types and fluorescent lights to LED lights, which were rolled out at our Ang Mo Kio and Johor Bahru sites. The latter has implemented the switch to LED lights along with reminders for employees to switch off office lights when not in use. The Johor Bahru site has also started an energy mapping plan which aims to further reduce energy use. Besides that, we completed a review of production schedules, which resulted in the streamlining of shifts, reducing our number of shifts per day from three to two. Additionally, toilets have been equipped with motion detectors, while reminders to switch off office lights and air conditioners when not in use were put up, thus further reducing unnecessary electricity consumption.

TOTAL ELECTRICITY CONSUMPTION AND INTENSITY BY REVENUE



TOTAL CARBON EMISSIONS AND INTENSITY BY REVENUE



In-line with our electricity consumption data, we recorded an increase of 7.8% of total carbon emissions from 56,853 TCO_2 in 2018 to 61,267 TCO_2 in 2019.

We are pleased to report a marginal decrease in our carbon emissions intensity by revenue, from 23.5 TCO_2 /$'000 in 2018 to 23.2 TCO_2/$'000 in 2019.

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

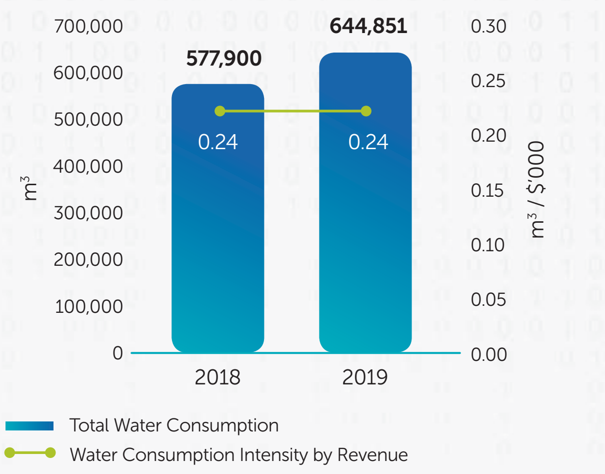
WATER

Our primary water consumption source is the municipal water supply. As part of our main operations are in water-scarce Singapore, we monitor our water use very carefully to avoid and mitigate harmful effects of excessive water consumption.

We recorded an increase of 11.6% in our water consumption, from 577,900 m^3 in 2018 to 644,851m^3 in 2019. However, our water consumption intensity by revenue remained flat at 0.24 m^3/$'000 in 2018 and in 2019.

To mitigate the increase in our water consumption, a number of water reduction initiatives have been implemented at our Singapore sites, such as changing all conventional screw type taps to faucet press types, reducing the water flow rate of our taps, and rectifying all possible leakages for water joints and pipes. Additionally, we have started a practice of using no-clean solder paste for all new printed circuit board assembly ("PCBA") and new product introduction projects. With agreement from customers, our partial PCBA models in current production have been converted to a no-clean process. These practices will help eliminate washing from our production process, thereby reducing water consumption.

TOTAL WATER CONSUMPTION AND INTENSITY BY REVENUE



POLLUTION CONTROL

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

All our operational sites have management systems in place to prevent pollution from hazardous effluents, air impurities, wastewater discharge and noise. We conduct regular inspections to ensure that our machineries are in proper working condition and for any signs of contamination. We also ensure that our operations comply with the necessary requirements of national and local authorities.

OUR PEOPLE

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

OVERVIEW OF EMPLOYEE PROFILE

As at 31 December 2019, Venture employed over 12,000 employees, of which more than three quarters are covered by the scope of this report. Of the reported scope, 41.4% of the workforce are male while the remaining 58.6% are female. 18.0% of our employees are based in our Singapore sites, while the other 82.0% are based in our Malaysia sites.

EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER

	MALE	FEMALE
PERMANENT EMPLOYEES	39.7%	51.1%
TEMPORARY EMPLOYEES	1.7%	7.5%
TOTAL	41.4%	58.6%

EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER

	MALE	FEMALE
FULL-TIME EMPLOYEES	41.4%	58.6%
PART-TIME EMPLOYEES	–	<0.1%
TOTAL	41.4%	58.6%

EMPLOYEES BY EMPLOYMENT CONTRACT, BY REGION

	PERMANENT EMPLOYEES	TEMPORARY EMPLOYEES	TOTAL
SINGAPORE	17.8%	0.2%	18.0%
MALAYSIA	73.0%	9.0%	82.0%

TALENT ATTRACTION AND RETENTION

We recognise that attracting and retaining the right talent is key in the continued success of an organisation. To this end, we continue to enhance our recruitment strategy and improve our practices to provide our employees with a conducive work environment.

As emphasised in our Code of Conduct, we are committed to providing equal recruitment and employment opportunities to all employees and candidates. Our policy on equal opportunities ban any form of discrimination based on race, colour, gender, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, marital or social status. We believe that our people should be treated fairly, equally and with respect.

The labour relations landscape remains challenging with a high risk of worker exploitation by third-party labour suppliers. We are committed to ban all forms of labour exploitation in our operations and put in safeguards and measures in the hiring process to prevent exploitation by parties involved.

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

To understand the different needs of our people, we actively engage our employees on various platforms, such as performance appraisals, town halls, focus groups and training sessions.

During the year, we hired 357 new employees (Executives and above) through a mixture of talent expansion and replacement roles. We believe that a diversified team with different skillsets and age groups will bring enriching perspectives to the workplace.

NEW HIRES (EXECUTIVE & ABOVE) PROFILE BREAKDOWN

BY GENDER (%)

FEMALE
47.9%

MALE
52.1%

BY REGION (%)

MALAYSIA
73.9%

SINGAPORE
26.1%

BY AGE GROUP (%)

40 YEARS OLD AND ABOVE
22.7%

BELOW 40 YEARS OLD
77.3%

OUR PEOPLE

ENGAGING OUR PEOPLE THROUGH COMMUNITY INITIATIVES: VISIT TO FITRAH QASEH ORPHANAGE CENTRE, JOHOR BAHRU

In the spirit of the *Ramadhan* month, we took the opportunity to support and provide some respite to the poor and neglected in our community. In May 2019, more than 40 Venture employees visited Fitrah Qaseh Orphanage Centre in Larkin, Johor Bahru. The orphanage accommodates 53 at-risk children and teenagers from ages 1 to 22. These young residents have been abandoned or abused by their parents or guardians and have lived in extreme poverty. The expenses for their daily needs are dependent on contributions from the public and voluntary bodies.

Prior to the visit, we conducted a drive to raise funds for the children's daily needs and to collect daily necessities such as groceries, toiletries and clothes. The funds and items were offered to the orphanage during our visit. Each child was given a raya packet, while the orphanage was presented with a cash contribution. The evening ended with a sumptuous iftar, or 'breaking-of-fast' dinner with the children.

Target / Goal	Progress
Continue to refine and enhance employment brand to attract and retain the best talents	Ongoing

On Track

PLANS FOR THE FUTURE

TALENT RECRUITMENT

Engage a few top-tier universities to roll out a new Graduate Engineers Programme at our sites.

TALENT DEVELOPMENT

Enhance our performance management system to ensure a fair and objective evaluation, leading to constructive development.

WORKFORCE INITIATIVE

Explore workplace initiatives to promote employee health, such as encouraging healthy eating habits and frequent physical exercise.

OUR PEOPLE

TALENT DEVELOPMENT

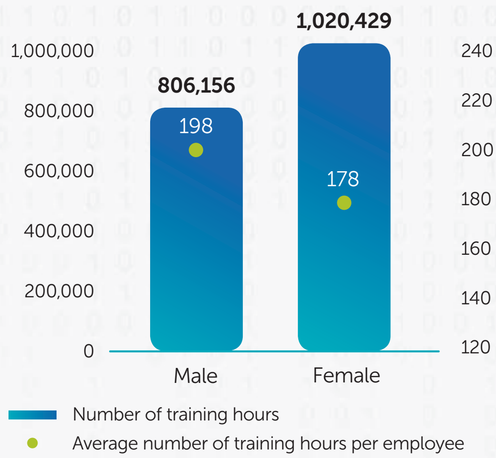
Our people are crucial to our organisational success. We are always on the lookout to explore ways to enhance their knowledge and skills and have allocated an annual training budget to support work-related training needs.

In 2019, we successfully rolled out and offered an extensive list of training topics ranging from technical skills to non-technical skills such as leadership and soft skills via an online Learning Management System ("LMS") at three sites. The LMS allows employees to 24/7 access to online learning materials. Due to its flexibility and ease of access, the LMS was well-received by employees across different functions and positions.

Venture also conducts other specially customised training programmes such as the Venture Certified Manufacturing Engineer Programme and Venture Certified Materials Executive Programme, which were designed and developed in-house to support the organisation's needs. Previously only available to employees nominated by their supervisors, the modules are now available in the LMS for any interested employees.

In 2019, each employee has benefitted from an average of 186 hours of formal training, with a breakdown of 198 hours per male employee and 178 hours per female employee. Aside from our formal training programmes, our employees also receive on the job training to develop a vast range of technical knowledge and skillsets to align with Venture's constant business growth, transformation and differentiation. This continuous learning is enforced through interactions with customers, team meetings and management conferences where senior management shares future-looking ideas for discussion, brainstorming and strategy formulation. These trainings aim to hone our employees' overall skillsets to be well-rounded, efficient and adaptable.

TRAINING HOURS, BY GENDER



Target / Goal	Progress
Continue to improve engagement focus groups to ensure effective and open channels are available for our employees	Ongoing (On Track)
Maintain at least 40 average training hours per employee in 2020	Ongoing (New Target)

On Track   New Target

PLANS FOR THE FUTURE

TALENT DEVELOPMENT

Roll out a Programme Manager Training modular workshop to enable our Programme Management team to continue rendering the highest level of total customer satisfaction to our partners.

EMPLOYEE COMMUNICATIONS

Develop communication modules and refresher trainings on Venture's Code of Conduct for all employees, as our success is anchored on a Corporate Governance framework that reinforces our commitment to be socially and ethically responsible.

WORKFORCE TRANSFORMATION

Train our employees to be future-ready with required skills and knowledge and maintain our human capital's competitive edge.

OCCUPATIONAL HEALTH AND SAFETY

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

Our Occupational Health and Safety ("OHS")-related policies at both Group and operational levels set out clear guidelines and procedures to instill this culture. At the Group level, policies such as the Health and Safety Policy, Code of Conduct and Employee Handbook cover OHS-related rules and guide best practices. Venture also has specifically tailored policies at different operational sites and work areas to keep our workplace safe and conducive. Some examples of these operation-specific policies include clean-up of chemical spillage, scheduled waste management, hygiene and sanitation, fire safety, first-aid and emergency preparedness. These policies are aligned to internationally recognised standards such as the OHSAS 18001.

Our Workplace Safety and Health ("WSH") Committee oversees the management of OHS at Venture. This Committee ensures that health and safety policies and management systems are properly implemented. They are also involved in developing annual plans, setting performance indicators and monitoring them. The WSH Committee is supported by the management and safety officers of each operational site. Regular audits and management reviews are conducted to improve our existing safety standards and practices and to ensure compliance to all local laws and regulations pertaining to health and safety. We are pleased to report that during the reporting period, there were no incidents of non-compliance with any relevant health and safety laws and regulations in all our locations of operation. We aim to maintain this performance in 2020.

To inculcate high standards of OHS, trainings are conducted at all our operational sites. Fire drills and safety training to enhance employees' preparedness during emergencies are also conducted throughout the year. Venture also ensures that on-site contractors or third-party suppliers receive relevant briefings on health and safety compliance. We are pleased to report that all employees who are required to attend the mandatory OHS training programmes have completed these programmes in 2019.

	No. of Fatalities	Injury Rate[1]	Lost Day Rate[2]	Occupational Disease Rate (ODR)[3]
Singapore Employees	0	1.6	100.3	0
Malaysia Employees	0	0.3	6.2	12.5

Besides that, we adhere to preventative measures such as upkeep of equipment, usage of personal protection equipment, and elimination of hazards at all our sites. Production equipment and machinery are regularly evaluated for safety hazards. If necessary, maintenance will be conducted to eliminate any risk of injuries. Employees who are exposed to potential health hazards are also provided access to regular health tests and screening.

We take OHS incidents very seriously. All incidents, regardless of severity must be reported to the manager or supervisor immediately. The manager or supervisor will assess the severity of the accident and offer guidance to manage the situation. All reportable incidents are filed to the relevant authorities governing the jurisdiction that Venture operates in.

There were ten work-related accidents in 2019. Five were sustained by employees in our Singapore sites, while five were sustained by employees in our Malaysia sites. As a result of these injuries, we recorded an Injury Rate of 1.6 and 0.3 for our Singapore and Malaysia sites respectively. Our Singapore sites recorded a higher Lost Day Rate, at 100.3, compared to our Malaysia sites, at 6.2, due to three accidents which occurred in the fourth quarter of 2018, with the number of lost days rolling over into the first quarter of 2019.

In 2019, we recorded an overall absentee rate of 2.9 days per employee, with an average of 6.3 days per employee in Singapore and an average of 2.2 days per employee in Malaysia.

1 Injury Rate, or number of workplace injuries per million manhours worked = (Number of fatal injuries + Number of non-fatal 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.
2 Lost Day Rate, or number of man days lost per million manhours worked = Number of man days lost / 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.
3 ODR = Number of occupational disease incidents / 100,000 employed persons

OCCUPATIONAL HEALTH AND SAFETY

Target / Goal	Progress
All safety officers to maintain their certifications	All our safety officer maintained their certifications in 2019; ongoing in 2020
Selected employees to attend mandatory OHS training	All selected employees attended mandatory OHS trainings in 2019; ongoing in 2020
Zero fatalities across total workforce	Ongoing

On Track New Target

PLANS FOR THE FUTURE

WORKPLACE WELL-BEING

Identify workplace or job areas which impacts employee health and well-being. Introduce initiatives to improve workplace well-being.

HEALTH & SAFETY STANDARDS

For our reported sites, align our policies to the ISO 45001 system, including obtaining the certification.

HEALTH & SAFETY CULTURE

Move beyond an emphasis on employee safety to the promotion of employee health and total well-being.

PROTECTION OF CONFIDENTIAL INFORMATION

As a global provider of technology services, products, and solutions, safeguarding confidential information is paramount in building and maintaining trust with our customers and stakeholders. We conduct our business in compliance with data protection laws and standards such as the Personal Data Protection Act ("PDPA") and the RBA's Code of Conduct – Ethics and Management System (Intellectual Property).

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

In addition to that, Venture's Information Technology ("IT") department regularly monitors and make improvements to our IT infrastructure, systems and SOPs to safeguard confidential information. At the corporate office level, improvements made in 2019 include a data compartmentalisation project to segregate confidential data for better protection and a penetration test and vulnerability assessment to assess security controls and find potential vulnerabilities. At the Group-wide level, the IT Acceptable Use Policy was updated to improve governance of IT resource usage and improve security, and a USB storage device control was implemented for data loss prevention. Periodic audits are also conducted by Venture's Internal Audit team to ensure that all sites are in compliance with the policies and SOPs.

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

In 2019, there were no substantiated complaints concerning breaches of customer privacy or leak, or loss of customer data from Venture's IT network.

GROUPWIDE CYBER SECURITY AWARENESS PROGRAMME

A group-wide Cyber Security Awareness Programme was launched in October 2019 to increase employees' cyber security awareness. The four-month long programme was adapted from the Singapore Cyber Security Agency's Employee Cybersecurity Kit. As human factor is one of the weakest links in cybersecurity processes, this programme aims to address human behavioural change.

Key initiatives in the programme include increasing the cyber awareness of Venture's employees, reinforcing the importance of good cybersecurity practices and measures, as well as sharing knowledge and tips on identifying cyber threats.

This programme also helped us understand our employees' knowledge gaps, therefore allowing us to tailor training programmes to effectively tackle these gaps. As the cyber landscape changes rapidly, we plan to constantly keep our employees abreast on latest updates. There are also plans in the pipeline to identify employee knowledge gaps by simulating real-world cyber-attacks.

PROTECTION OF CONFIDENTIAL INFORMATION

Target / Goal	Progress
Maintain compliance with all existing policies and procedures	✔ Zero incidents of non-compliance with all existing policies and procedures in 2019; ongoing in 2020
Continue to improve existing processes to safeguard confidential information	✔ Group-wide initiatives were successfully rolled out by the IT department to improve our cybersecurity infrastructure in 2019; ongoing in 2020

✔ On Track

PLANS FOR THE FUTURE

ROBUST RISK MANAGEMENT FRAMEWORK

Obtain ISO 27001 ISMS (Information Security Management System) certification for the Corporate IT department to systematically manage risks and ensure business continuity.

GROUP-WIDE ALIGNMENT

Subsequently, to obtain ISO 27001 ISMS certification for our key global sites.

GRI CONTENT INDEX

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Universal Standards		
GRI 102: General Disclosures 2016		
Organisational Profile		
102-1	Name of the organisation	Venture Corporation Limited
102-2	Activities, brands, products, and services	Page 1-7, Corporate Profile
102-3	Location of headquarters	Page 13
102-4	Location of operations	Page 163-167
102-5	Ownership and legal form	Page 197-198
102-6	Markets served	Page 163-167, 189-193
102-7	Scale of the organisation	Page 12, 106, 163-167 Our People > Overview of Employee Profile, page 38
102-8	Information on employees and other workers	Our People > Overview of Employee Profile, page 38
102-9	Supply chain	Confidentiality constraints
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	In general, the Precautionary Principle is embedded in our approach to sustainability.
102-12	External initiatives	Not applicable
102-13	Membership of associations	Venture has memberships of association with relevant organisations.
Strategy		
102-14	Statement from senior decision-maker	Letter from the Board, page 25
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Venture's Sustainability Approach > Governance, page 28
Governance		
102-18	Governance structure	Venture's Sustainability Approach > Governance > Our Sustainability Governance Structure, page 28
Stakeholder Engagement		
102-40	List of stakeholder groups	Venture's Sustainability Approach > Stakeholder Engagement, page 32
102-41	Collective bargaining agreements	In line with Venture's Code of Conduct, all Venture employees are free to participate in recognised labour unions or other bona fide representatives within the framework of Company procedures, applicable local laws and regulations and prevailing industrial relations and practices.

GRI CONTENT INDEX

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
102-42	Identifying and selecting stakeholders	Venture's Sustainability Approach > Stakeholder Engagement, page 32
102-43	Approach to stakeholder engagement	Venture's Sustainability Approach > Stakeholder Engagement, page 32
102-44	Key topics and concerns raised	Venture's Sustainability Approach > Stakeholder Engagement, page 32
Reporting Practice		
102-45	Entities included in the consolidated financial statements	a. Page 163-167 provides an overview of all our main subsidiaries. b. About this Report, page 27
102-46	Defining report content and topic Boundaries	About this Report, page 27 Venture's Sustainability Approach > Materiality, page 33
102-47	List of material topics	Venture's Sustainability Approach > Materiality, page 33
102-48	Restatements of information	There have been no restatements of information from the previous report covering the financial year 2018.
102-49	Changes in reporting	About this Report, page 27 Venture's Sustainability Approach > Materiality, page 33
102-50	Reporting period	About this Report, page 27
102-51	Date of most recent report	Our Sustainability Report for FY2019 was published in our Annual Report for FY2019 on 7 April 2020.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, page 27
102-54	Claims of reporting in accordance with the GRI Standards	About this Report, page 27
102-55	GRI content index	GRI Content Index, page 49-54
102-56	External assurance	About this Report, page 27
Topic Specific Disclosures		
Economic Performance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Page 8-12 Venture's Sustainability Approach > Materiality, page 33 Economic Performance, Page 34
103-2	The management approach and its components	Page 8-12 Economic Performance, page 34
103-3	Evaluation of the management approach	Page 8-12 Economic Performance, page 34
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Page 8-12, 106-196

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
Environment		
Energy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36
103-2	The management approach and its components	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36
103-3	Evaluation of the management approach	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Our Environment > Energy and GHG Emissions, page 36 Our processes do not use any heating, cooling, or steam consumption. We do not sell any electricity, heating, cooling, or steam energy to other organisations.
302-3	Energy intensity	Our Environment > Energy and GHG Emissions, page 36 The energy type included in the numerator of our intensity ratio is electricity consumption within the organisation, while the denominator is revenue.
Water		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 35 Our Environment > Water, page 37
103-2	The management approach and its components	Our Environment, page 35 Our Environment > Water, page 37
103-3	Evaluation of the management approach	Our Environment, page 35 Our Environment > Water, page 37
GRI 303: Water 2016		
303-1	Water withdrawal by source	Our Environment > Water, page 37
Emissions		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36
103-2	The management approach and its components	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36
103-3	Evaluation of the management approach	Our Environment, page 35 Our Environment > Energy and GHG Emissions, page 36

GRI CONTENT INDEX

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GRI 305: Emissions 2016		
305-2	Energy indirect (Scope 2) GHG emissions	Our Environment > Energy and GHG Emissions, page 36 GHG conversion is based on the Greenhouse Gas Protocol. Emission factors for our electricity consumption in Singapore are sourced from the Energy Market Authority (EMA), 2019. The emissions factor for our electricity consumption in Malaysia is based on Malaysian Green Technology Corporation's "2017 CDM Electricity Baseline for Malaysia" report.
305-4	GHG emissions intensity	Our Environment > Energy and GHG Emissions, page 36 The GHG emissions included in the numerator of our intensity ratio is energy indirect (Scope 2) emissions, while the denominator is revenue.
Environmental Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Venture's Sustainability Approach > Ethics and Compliance, page 29-30 Our Environment, page 35
103-2	The management approach and its components	Venture's Sustainability Approach > Ethics and Compliance, page 29-30 Our Environment, page 35
103-3	Evaluation of the management approach	Venture's Sustainability Approach > Ethics and Compliance, page 29-30 Our Environment, page 35
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Our Environment, page 35
Social		
Occupational Health and Safety		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety, page 44
103-2	The management approach and its components	Occupational Health and Safety, page 44
103-3	Evaluation of the management approach	Occupational Health and Safety, page 44

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GRI 403: Occupational Health and Safety 2016		
403-1	Workers representation in formal joint management–worker health and safety committees	Occupational Health and Safety, page 44 The WSH Committees cover employees at the five main sites in report scope.
GRI 403: Occupational Health and Safety 2016		
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	Occupational Health and Safety, page 45 The breakdown by gender is currently not applicable as it is not a regulatory requirement to report incidents based on gender.
Training and Education		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Our People, page 38 Our People > Talent Development, page 42-43
103-2	The management approach and its components	Our People, page 38 Our People > Talent Development, page 42-43
103-3	Evaluation of the management approach	Our People, page 38 Our People > Talent Development, page 42-43
GRI 401: Employment 2016		
401-1	New employee hires	Our People > Talent Attraction and Retention, page 39
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Our People > Talent Development, page 42-43
404-2	Programs for upgrading employee skills and transition assistance programs	Our People > Talent Development, page 42-43
Customer Privacy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Protection of Confidential Information, page 47-48
103-2	The management approach and its components	Protection of Confidential Information, page 47-48
103-3	Evaluation of the management approach	Protection of Confidential Information, page 47-48

GRI CONTENT INDEX

GRI Standards	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of Confidential Information, page 47-48
Socioeconomic Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Venture's Sustainability Approach > Ethics and Compliance, page 29-31
103-2	The management approach and its components	Venture's Sustainability Approach > Ethics and Compliance, page 29-31
GRI 103: Management Approach 2016		
103-3	Evaluation of the management approach	Venture's Sustainability Approach > Ethics and Compliance, page 29-31
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Venture's Sustainability Approach > Ethics and Compliance, page 29-31

CORPORATE GOVERNANCE REPORT

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 focus of the Group's governance framework, formulated on the Company's mission and core values, is to promote accountability and transparency. The Board and Management are committed to uphold the corporate governance framework, by adhering to a set of well-defined principles and maintaining effective structures and processes within the Group in compliance with these principles. These will translate to sound business decisions, underpinning operational and financial performance and delivering value to all stakeholders collectively.

The Company has adopted corporate governance principles and practices that are in line with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore in August 2018 (the "2018 Code"). Beyond compliance with baseline regulations, the Company adheres to the substance and spirit of the 2018 Code, fundamental to which are the key principles of corporate integrity, transparency, responsibility, accountability and sustainability. From a wider perspective, good corporate governance is embodied in the strength of 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. The Group believes that good corporate governance is not simply a matter of compliance with the 2018 Code, or applicable policies and regulatory standards. Rather, it is about embedding the right corporate behaviour and mindset in its people, as they are the key upholders of such standards.

The Group's Social Code of Conduct (the "Code of Conduct") sets the appropriate tone from the Board in relation to the Group's corporate governance culture, values and ethical behaviour. It serves to reinforce the professional and ethical behaviour that the Company expects of its employees, and to ensure a high degree of accountability within the Group. The Code of Conduct applies to each of our over 12,500 Group employees worldwide without exception, and is regularly reviewed and refined to ensure that it stays relevant and for better application.

This Report describes the Company's corporate governance practices with specific reference to the principles of the 2018 Code. The Company has complied in all material aspects with the principles and provisions of the 2018 Code. Where there are variations from any of the principles and provisions, an explanation has been provided on how the adopted practices are consistent with the intent of the relevant principles and/or provisions.

The Company was among the inaugural constituent companies and continues to remain a constituent of the SGX Fast Track, a scheme that recognises the efforts and achievements of listed companies on the Singapore Exchange Securities Trading Limited ("SGX-ST") which have upheld high standards of corporate governance and maintained a good compliance track record. Since 2011, the Company has also taken the Corporate Governance Pledge to demonstrate its commitment to maintain high standards of corporate governance, an initiative of the Securities Investors Association (Singapore).

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

BOARD MATTERS – PRINCIPLES 1 TO 5

PRINCIPLE 1 – THE BOARD'S CONDUCT OF 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.

The Role of the Board and Matters Requiring Board Approval

The Board oversees the business of the Group and provides stewardship to Management, conferring with them regularly. There is an objective decision-making process which allows exercise of independent judgement. 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 taken at meetings or via circulation papers 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 interest in any land, real property or assets;

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.

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

Conflicts of Interest

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

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

Board & Board Committees Meetings

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

The Company held four formal Board meetings and various Board Committee meetings in 2019. The attendance of the Directors at these meetings and the Annual General Meeting ("AGM"), as well as the frequency of such meetings, are as shown below.

Meetings held in FY2019	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
Koh Lee Boon	4 of 4	4 of 4	2 of 2	5 of 5	–	1 of 1
Goon Kok Loon	4 of 4	3 of 4	–	4 of 5	1 of 2	1 of 1
Wong Yew Meng	4 of 4	4 of 4	2 of 2	5 of 5	–	1 of 1
Jonathan S. Huberman	4 of 4	4 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)	3 of 4	–	1 of 1	–	–	1 of 1
Tan Seok Hoong @Mrs Audrey Liow(2)	4 of 4	–	–	3 of 3	1 of 1	1 of 1
Cecil Vivian Richard Wong(3)	1 of 1	1 of 1	1 of 1	2 of 2	–	1 of 1

Notes:

(1) Ms Kay Kuok Oon Kwong was appointed as a member of the Nominating Committee ("NC") on 1 March 2019. She was subsequently elected as Chairperson of NC on 7 August 2019 and attended 1 of 1 meeting held after her appointment to the NC.
(2) Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a member of the Remuneration Committee ("RC") and a member of the Investment Committee ("IVC") on 1 March 2019. She attended 3 of 3 meetings held after her appointment to the RC and 1 of 1 meeting held after her appointment to the IVC.
(3) Mr Cecil Vivian Richard Wong retired from the Board on 24 April 2019.

In addition to the scheduled meetings of the Board and the Board Committees 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 Committees members.

Director Orientation & Development / Training

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 Committees 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, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Management and Company Secretary, are established and provide a new Director with the opportunity to establish exchanges and obtain information to perform his/her statutory duties.

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 paid for by the Company, including first-time Directors, in areas such as accounting, corporate governance 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 appointments to the Board. To keep abreast of changes in the Financial Reporting Standards or to provide a refresher on relevant areas of law, external consultants may be invited to brief the Board. Directors may also request for training and development in areas of interest to the Board. The Board is regularly briefed by Management on the Group's activities and provided with financial updates and investor engagement activity updates on a monthly basis.

During the year, the Directors participated in organised site visits to three of the Group's manufacturing and research and development facilities in Singapore and Malaysia. During those visits, the Directors attended management presentations regarding the Group's operations and products under development, and had the opportunity to interact with key executives at these facilities. A number of Directors also attended the Group's annual management conference held on 28 November 2019, during which they had the opportunity to participate in robust in-depth discussions with senior Management and all key executives from across the Group regarding the Company's medium to long-term strategic directions. In addition, Ms Tan Seok Hoong @Mrs Audrey Liow attended several courses organised by the Singapore Institute of Directors, including two courses under its Listed Entity Director Programme.

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. Minutes of the Board Committee meetings 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 the Board with annual financial plans, monthly management accounts and reports, and other relevant information or documents. 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 may be raised by the Directors.

Generally, at each Board meeting:

(a) the chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings preceding each quarterly Board meeting;

(b) the CEO and/or relevant members of the executive committee ("EXCO") provide updates on the Group's business and operations;

(c) the CFO presents the Group's quarterly financial performance; and

(d) presentations in relation to specific business matters may be made by Management.

Interaction at the presentations by CEO and/or EXCO gives the Board a good understanding of the Group's business and any issues and/or challenges, and promotes active engagement with key executives. The Board also sets aside time to meet without the presence of Management at each scheduled meeting.

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.

Company Secretary

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

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

(a) supervising, monitoring and advising on Board procedures and compliance by the Company with its Constitution, laws and regulations applicable in Singapore, the Listing Rules and the 2018 Code;

(b) ensuring timely flow of information to the Board and the Board Committees and between Management and Directors, and keeping an open and regular line of communication between the Company, the SGX-ST and the Accounting & Corporate Regulatory Authority;

(c) updating and informing the Board on the principles and best practices of corporate governance;

(d) facilitating orientation for new Board appointees and supporting continuous training and development for Directors; and

(e) facilitating the annual board performance evaluation process.

PRINCIPLE 2 – BOARD COMPOSITION AND GUIDANCE

The Board comprises eight members: Mr Wong Ngit Liong, Mr Koh Lee Boon, Mr Goon Kok Loon, Mr Wong Yew Meng, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Ms Kay Kuok Oon Kwong 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 Director is found on pages 15 to 19 of this Annual Report.

Board Independence

At the beginning of every financial year, each Director provides a disclosure of his/her 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 provisions in the 2018 Code and the Listing Rules.

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

a. whether the Director has a relationship with the Company or its related corporations, substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his/her independent judgement in the best interests of the Company;

b. whether the Director is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years;

c. whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Remuneration Committee;

d. whether the Director or his/her immediate family member has, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services, other than compensation for Board service;

e. whether the Director or a Director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services;

f. whether the Director has been a Director on the Board for an aggregate period of more than nine years; and

g. any other applicable circumstances.

Accordingly, the Nominating Committee has reviewed and ascertained that 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 corporations, substantial shareholders and officers, that could be reasonably perceived to interfere with the exercise of the Director's independent judgement in the best interests of the Company. The seven Independent Non-Executive Directors do not have direct or indirect shareholdings exceeding 5% in the Company nor any relationships with the Company, its related corporations or the Company's shareholders with 5% or more voting rights in the Company.

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

a. whether the Director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regard to whether the Director has indicated or demonstrated an alignment or habitual support for any specific group of stakeholders e.g. specific shareholders, instead of representing the interests of all stakeholders;

b. whether the length of service has had any adverse impact on the Director's objectivity and judgement, and whether during the tenure there has been any impairment to his 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 has taken the above factors into consideration in determining whether each of the three Directors who have served on the Board beyond nine years, namely, Mr Koh Lee Boon, Mr Goon Kok Loon and Mr Wong Yew Meng can continue to be independent, as well as their respective level of active participation, attendance record and performance on the Board and their respective Board Committees.

The Board also considered that the Board, as a whole, 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 therefore 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 three long-serving Directors can continue to be independent. All three long-serving Directors abstained from the discussions and taking a decision in respect of their own independence.

Rule 210(5)(d)(iii) of the Listing Rules, which comes into effect on 1 January 2022, requires a director who has been a director for an aggregate period of more than nine years prior to 1 January 2022, and whose continued appointment as an independent director is being sought, be approved in separate resolutions by (A) all shareholders and (B) all shareholders, excluding shareholders who are also directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

The Nominating Committee and the Board currently subject the independence of any Director who has served for more than nine consecutive years to a particularly rigorous review, and they will address the said Rule 210(5)(d)(iii) prior to it coming into effect on 1 January 2022.

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, is 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.

Board Diversity

The Company is committed to attracting talented and experienced 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. Collectively, the Board possesses core competencies in areas such as accounting, finance, business and management experience, law, 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, talents and experience, and who have the capacity to contribute effectively.

Although gender is but one aspect of diversity, the Company values the importance of having such gender diversity and its ability to augment the collective strength of the Board. With the appointment of Ms Kay Kuok Oon Kwong and Ms Tan Seok Hoong @Mrs Audrey Liow as Directors in 2018, there is now a one-quarter representation of women on the Board.

PRINCIPLE 3 – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

Chairman's Role

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

CEO's Role

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

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

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

In his dual role, Mr Wong Ngit Liong has been able to consistently ensure that strategic directions from the Board are implemented seamlessly within the Group. To strengthen the segregation of the roles of Chairman and CEO, the Company has implemented internal controls and safeguards within the Group to ensure independent decision-making. In addition, Independent Non-Executive Directors form the overwhelming majority of the Board, numbering seven out of eight 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 2018 Code which recommends that where the Chairman of the Board is also the CEO of the Group, the Independent Directors should constitute a majority of the Board. During meetings, the Non-Executive Directors, who are also Independent Directors, constructively challenge and review implementation and proposals on the Group's strategy.

In addition, the Audit Committee, the Nominating Committee and the Remuneration Committee are chaired by Independent Non-Executive Directors, and the Audit Committee and Remuneration Committee comprise entirely of Independent Non-Executive Directors whilst the Nominating Committee's membership comprises a majority of Independent Non-Executive Directors.

PRINCIPLE 4 – BOARD MEMBERSHIP

Selection Process for New Directors

The Nominating Committee has a formal and transparent selection process for appointment of new Directors. The Nominating Committee assesses the appropriate mix of expertise and experiences needed for an effective Board and recommends the most suitable candidates, after reviewing their qualities and profiles, taking into consideration factors such as experience, technological skills and expertise, diversity and how they will complement and augment the 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 reviews the principal commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director, and is satisfied that each Director has given sufficient time and attention to the affairs of the Company.

Nominating Committee

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

The role of the Nominating Committee is:

a. to make recommendations to the Board on all Board appointments and re-appointments and to ensure a formal and transparent process and need for progressive renewal of the Board; and

b. to ensure that the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors, and to make recommendations to the Board on the same,

and its responsibilities *inter alia*, include:

a. to make recommendations to the Board on the appointment and re-appointment of new executive and non-executive Directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors;

b. to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

c. to be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;

d. to review and recommend to the Board plans for succession, in particular for the Chairman, CEO and key management personnel;

e. to determine, on an annual basis and as and when required, the independence of a Director in accordance with the criteria set out in the 2018 Code and the Listing Rules. To make recommendations to the Board on the assessment of the independence of Directors who have served on the Board beyond nine years from the date of his 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;

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.

Mr Jonathan S. Huberman and Mr Han Thong Kwang, 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 Mr Jonathan S. Huberman and Mr Han Thong Kwang, who are retiring under Regulation 106 of the Constitution.

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.

For the year under review, the Nominating Committee reviewed the board performance evaluation questionnaire and included additional questions reflective of the Company's global operations. The revised questionnaire along with a set of "Explanatory Notes" to assist the Directors in their completion of the questionnaire were approved and implemented.

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

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

The board performance evaluation conducted for FY 2019 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 Committees meetings were well-conducted, 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.

REMUNERATION MATTERS – PRINCIPLES 6 TO 8

PRINCIPLE 6 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The Remuneration Committee comprises four Independent Non-Executive Directors, namely, Mr Koh Lee Boon, Mr Goon Kok Loon, Mr Wong Yew Meng and Ms Tan Seok Hoong @Mrs Audrey Liow. The Remuneration Committee which is chaired by Mr Koh Lee Boon met twice in 2019 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 Remuneration Committee met five times in 2019.

The role of the Remuneration Committee is:

a. to ensure there is a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel; and

b. to ensure that no Director is involved in deciding his or her own remuneration,

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

a. to review and recommend to the Board in consultation with the Chairman of the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key management personnel, and including employees related to the Directors and controlling shareholders of the Group, if any;

b. to function as the committee referred to in the employee share schemes of the Company and shall have all the powers as set out in the schemes;

c. to carry out its duties in the manner it deems expedient, subject always to any 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.

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 2019.

PRINCIPLE 7 – LEVEL AND MIX OF REMUNERATION
PRINCIPLE 8 – DISCLOSURE ON REMUNERATION

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

Directors' Fees for Non-Executive Directors

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

Non-Executive Directors' fees require shareholders' approval at the Company's AGM. Management submitted its proposal for the fees based on the Directors' fee structure of the Board and Board Committees for FY 2019 set out in the table below. The Remuneration Committee endorsed the proposal for the Board's recommendation for the payment of S$868,617 as Directors' fees for FY 2019 to shareholders for approval. There have been no revisions to the Directors' fee structure since FY 2017. The slight increase of $18,617 from the FY 2018 Directors' fees of $850,000 is due to the addition of Ms Kay Kuok Oon Kwong to the Nominating Committee and Ms Tan Seok Hoong @Mrs Audrey Liow to the Remuneration Committee and the Investment Committee, and partially offset by the retirement of Mr Cecil Vivian Richard Wong as a Director on 24 April 2019. Directors' fees continue to be paid in arrears upon the approval of shareholders at the Company's AGM. The Executive Director does not receive any Director's fees. There is no scheme or arrangement for payment of Directors' fees in the form of equity. The Directors had each abstained from the discussion and taking a decision in respect of their own fees.

CORPORATE GOVERNANCE REPORT

The Directors' fee structure of the Board and Board Committees for FY 2019 is as follows:

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

A breakdown showing the proposed Directors' fees of each Non-Executive Director for FY 2019 is as follows:

Name of Director	Director's Fees S$	Director's Fees %	Fixed Remuneration %	Variable Bonus, Variable Salary & Benefits-in-kind %	Total %
Koh Lee Boon	140,000	100	–	–	100
Goon Kok Loon	145,000	100	–	–	100
Wong Yew Meng	135,000	100	–	–	100
Jonathan S. Huberman	110,000	100	–	–	100
Han Thong Kwang	110,000	100	–	–	100
Kay Kuok Oon Kwong(1)	82,973	100	–	–	100
Tan Seok Hoong @Mrs Audrey Liow(2)	101,918	100	–	–	100
Cecil Vivian Richard Wong(3)	43,726	100	–	–	100

Notes:

(1) Ms Kay Kuok Oon Kwong was appointed as a member of the Nominating Committee ("NC") on 1 March 2019. She was subsequently elected as Chairperson of NC on 7 August 2019.
(2) Ms Tan Seok Hoong @Mrs Audrey Liow was appointed as a member of the Remuneration Committee and a member of the Investment Committee on 1 March 2019.
(3) Mr Cecil Vivian Richard Wong retired from the Board on 24 April 2019.

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.

	Remuneration				2015 Scheme	RSP
CEO and Chairman	Total S$	Fixed[1] %	Variable[2] %	Total[3] %	Number of share options granted in FY 2019[4]	Number of RSP shares awarded in FY 2019[4]
Wong Ngit Liong	8,693,688	17	83	100	33,000	20,000

Notes:

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

Key Management Personnel Remuneration

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

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

Performance Review and Evaluation Process

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

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, *inter alia* 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

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

Fixed and Variable Components of Remuneration

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

Long-Term Incentives

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

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

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

a. 2015 Scheme

i. 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 exercise of outstanding Options in the second and third year after the date of the grant is subject to a premium of 25% and 15% of the grant price respectively. The Options will expire on the fifth anniversary of the date of grant.

iii. Employees eligible to receive Options

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

iv. Maximum number of Options to be granted

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

(a) offer and grant Options pursuant to the provisions of 2015 Scheme during the Relevant Period; and

(b) allot and issue such number of ordinary shares in the capital of the Company (the "Shares") from time to time as may be required to be issued pursuant to the exercise of Options granted pursuant to (a) above, provided that the maximum number of Shares to be issued in connection with Options granted during the Relevant Period, **shall not exceed 0.4%** of the total number of issued Shares (excluding treasury shares) in the capital of the Company as of the date immediately before the grant of the Options.

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

Details of the Options granted under the 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 94 to 97 of the Directors' Statement and Note 25 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% 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.

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 98 and 99 of the Directors' Statement and Note 25 to the financial statements.

iii. Size and Duration

The aggregate number of treasury shares which may be delivered pursuant to awards under the RSP granted on any date, shall not exceed 3% 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 2019 is S$4,710,960. 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 2019, the key management personnel (who are not Directors or the CEO) are Mr Lee Ghai Keen, Mr Dharma Nadarajah, Mr Ng Chee Kwoon, Mr Lim Sita and Mr Wong Chee Kheong.

	Remuneration			2015 Scheme	
Remuneration Bands (Fixed and Variable) / Key Management Personnel	**Fixed[1] %**	**Variable[2] %**	**Total[3] %**	**Number of share options granted in FY 2019[4]**	**RSP Number of RSP shares awarded in FY 2019[4]**
Between S$1,000,000 - S$1,249,999					
2	48	52	100	28,000	15,000
Between S$750,000 - S$999,999					
2	45	55	100	28,000	15,000
Between S$250,000 - S$499,999					
1	79	21	100	0	0

Notes:

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

There were no termination, retirement or post-employment benefits granted to the CEO or the key management personnel in FY 2019.

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$100,000 in FY 2019.

ACCOUNTABILITY & AUDIT – PRINCIPLES 9 TO 12

PRINCIPLE 9 – RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The Board has, together with the Audit Committee, reviewed the Group's risk assessment programmes and internal control processes. For FY 2019, the Board and the Audit Committee have received and have reviewed the assurance from:

a. the CEO and the CFO, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

b. the CEO and the relevant key management personnel that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and various Board Committees, the assurance from the CEO, the CFO and the relevant key management personnel, the Board is satisfied and the Audit Committee concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, were adequate and effective as at 31 December 2019.

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

Accountability

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

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

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

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.

PRINCIPLE 10 – AUDIT COMMITTEE

The Audit Committee comprises five Independent Non-Executive Directors. They are Mr Goon Kok Loon, 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 constituted and has performed in compliance with the Companies Act, Cap 50., the Listing Rules and the 2018 Code. The Audit Committee is guided by clear written Terms of Reference and met four times in 2019.

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;

j. to review interested person transactions falling within the scope of the Listing Rules 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, CEO 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 Rules, and by such amendments made thereto from time to time;

l. to consider and recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and recommend to the Board for approval of the remuneration and terms of engagement of the external auditors;

m. to review and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

n. to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

o. to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken; and

p. to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced, and ensure that the internal audit function is adequately resourced.

The external auditors and internal auditors have unrestricted access to the Audit Committee and meet with the Audit Committee without the presence of Management, at least once a year. The external auditors met with the Audit Committee without the presence of Management once in 2019.

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 Independent Non-Executive 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.

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 2019, one KAM was reported by the external auditors and are set out on page 102 of this Annual Report. The Audit Committee's commentaries on the reported KAM is set out below.

KAM	Audit Committee's Comments
Impairment review of goodwill allocated to GES International Group's cash-generating unit	The carrying value of goodwill is a significant item within the Group's balance sheet. In particular, goodwill allocated to GES International Group contributed 17% and 90% of the Group's total assets and goodwill respectively. Impairment assessments, performed annually, require judgement about future market conditions, including growth rates and discount rates. The Audit Committee considered the approach, methodology and key assumptions applied in the valuation model and the report from external valuation specialist. The Audit Committee also considered the findings of the external auditors, including their assessment of the appropriateness of the key assumptions used. With these, the Audit Committee concurred with Management's conclusion that there is no impairment of goodwill as at 31 December 2019.

External Auditors

The Audit Committee oversees the Company's relationship with its external auditors, and among other things recommends to the Board the appointment and re-appointment of the external auditor. The 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 Rules.

The Board and the Audit Committee have also reviewed and are accordingly satisfied that the appointment of different audit firms for a small number of the Company's subsidiaries (as set out on pages 162 to 168 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 which are audited by non-DTTL member firms are insignificant and do not have material revenue contribution or net assets. In this regard, the Company has complied with Rule 716 of the Listing Rules.

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

Internal Audit Department

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

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

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

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

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 clear written Terms of Reference. The Investment Committee is chaired by Mr Wong Ngit Liong and met twice in 2019.

The functions of the Investment Committee are:

a. to set broad investment policies and guidelines to achieve objectives of the Company and the Group, which include:

    i. effective management of the Group's excess cash holdings for middle to long-term investments;

    ii. capital preservation by investing in low risk investment products;

    iii. long-term average return that is above appropriate market benchmarks; and

    iv. adequate liquidity on the investments;

b. to approve the investment mandate for investment office;

c. to assess investment opportunities for the Company and the Group;

d. to review investment performance of the Company and the Group;

e. to oversee the Company's exercise of the Share Buy-Back Mandate; and

f. to undertake such other reviews and projects as may be requested by the Board.

SHAREHOLDER RIGHTS AND ENGAGEMENT – PRINCIPLES 11 TO 13

PRINCIPLE 11 – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
PRINCIPLE 12 – ENGAGEMENT WITH SHAREHOLDERS

Communication

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

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

Every quarter, the Company holds a briefing session for analysts who cover Venture, 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. 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 also made available on the Company's corporate website for ease of access and download.

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

In line with the recent amendments to Rule 705(2) of the Listing Rules which took effect from 7 February 2020 ("Amended Listing Rules"), the Company has announced on 27 February 2020 that it will publish its financial statements on a half-yearly basis in accordance with the Amended Listing Rules, with effect from the financial year ending 31 December 2020. The Company will provide an executive summary of key financial information as well as a business commentary and outlook for the first and third quarter performance of the Group. It also intends to continue with its regular shareholder communication via the various channels listed above.

General Meetings

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

The Company's general meetings are attended by all the Directors, external auditors, the Company Secretary and Management. 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.

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

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 shareholders.

Investor Relations

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

Management takes an active role in participating in investor relations activities, meeting regularly with local and foreign shareholders and the investment community. During the year, the Company conducted more than 100 investor communication engagements covering non-deal road shows, corporate access forums and conferences, one-on-one and group meetings and conference calls.

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

The Company continues to receive support from 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 Investor Relations and Corporate Communications team have received positive feedback from the investment community for the provision of regular, effective and fair communication, as well as quality and timely information.

Dividend and Dividend Policy

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

The Board of Directors has recommended a final dividend of 50 cents per share on a one-tier tax-exempt basis for the financial year ended 31 December 2019. This is in addition to the interim dividend of 20 cents per share paid on 19 September 2019 on a one-tier tax-exempt basis.

The proposed dividend is subject to Shareholders' approval at the AGM to be held in 2020. The dividend payment date and the book closure date will be set out in the Notice of AGM.

PRINCIPLE 13 – ENGAGEMENT WITH STAKEHOLDERS

The Company firmly believes that engaging its various key stakeholders to understand their relevant interests and concerns, and finding the right balance in addressing them, are crucial to its long-term success. The table on page 32 of the Annual Report summarises the Company's approach to its key stakeholder engagement.

OTHER CODES & PRACTICES

Responsible Business Alliance ("RBA") Code of Conduct

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

In the Company's most recent audit by the RBA conducted in February 2019, the Company completed the RBA Validated Audit Process and achieved a Platinum Status.

Internal Code on Dealings in Securities

The Company has an internal code on dealings in securities to comply with Rule 1207(19) of the Listing Rules. Directors and officers are advised not to deal in the Company's securities during the period commencing two weeks before the announcement of a performance update for the first and third quarters of the Company's financial year (if applicable), and the period of one month before the announcement of the Company's half-year and full-year financial statements.

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

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 2019.

CORPORATE GOVERNANCE REPORT

Material Contracts

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

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

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

2018 Code Principles & Provisions	Compliance	Page Reference
BOARD MATTERS		
The Board's Conduct of Affairs **Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.**	Y	55 to 56
Provision 1.1 The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company.	Y	55
Provision 1.2 Directors are provided with opportunities to develop and maintain skills and knowledge. Information on induction, training and development provided to new and existing Directors.	Y	57 to 58
Provision 1.3 Disclosure in the Annual Report of matters that require Board approval.	Y	56
Provision 1.4 Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Y	57, 63 to 64, 66 to 67, 75 to 77 & 79
Provision 1.5 The number of the Board and Board Committees meetings held in the year, and attendance of each individual Director at these meetings.	Y	57
Provision 1.6 Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis.	Y	58
Provision 1.7 Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense.	Y	58
Board Composition and Guidance **Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**	Y	59 to 63

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 2.1 The Board should identify in the Company's Annual Report each Director it considers to be independent.	Y	14 to 19 & 59 to 60
Provision 2.2 Independent Directors make up a majority of the Board where the Chairman is not independent.	Y	59 & 62
Provision 2.3 Non-Executive Directors make up a majority of the Board.	Y	59 & 62
Provision 2.4 The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.	Y	61
Provision 2.5 Non-Executive Directors and/or Independent Directors meet regularly without the presence of Management. The Chairman of such meetings provide feedback to the Board and/or Chairman.	Y	58 & 61
Chairman and Chief Executive Officer **Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**	Y	62 to 63
Provision 3.1 The role of the Chairman and the CEO are undertaken by separate persons.	N – Have been addressed by appropriate measures	62
Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	Y	62
Provision 3.3 The Board has a Lead Independent Director.	Y	61
Board Membership **Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.**	Y	63 & 65

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 4.1 The Nominating Committee ("NC") makes recommendation to the Board on relevant matters relating to review of succession plans, performance evaluation, training and development programmes, and appointment and re-appointment of Directors.	Y	64 to 65
Provision 4.2 The NC comprises at least three Directors, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director, if any, is a member of the NC.	Y	63
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates.	Y	63 & 65
Provision 4.4 NC and Board determines if a Director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers; discloses the relationships and the Board's reasons for considering him/her as independent.	Y	59 to 60
Provision 4.5 Information on listed company directorships and principal commitments of each Director.	Y	15 to 19
Board Performance **Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.**	Y	65 to 66
Provision 5.1 The NC recommends the objective performance criteria and process for the evaluation of performance of the Board, Board Committees, Chairman and individual Directors.	Y	65
Provision 5.2 Disclosure in the Annual Report on how the assessment of the Board, its Board Committees and individual Directors have been conducted.	Y	65

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies **Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.**	Y	67 to 73
Provision 6.1 The Remuneration Committee ("RC") reviews and makes recommendation on the framework of remuneration and specific remuneration packages.	Y	67
Provision 6.2 The RC comprises at least 3 Directors. All members of the RC are Non-Executive Directors, the majority of whom, including the RC Chairman, are independent.	Y	66
Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	Y	67 to 73
Provision 6.4 Disclosure of the engagement of any remuneration consultants and their independence in the Annual Report.	N.A.	67
Level and Mix of Remuneration **Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.**	Y	67 to 73
Provision 7.1 A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance.	Y	69 to 73
Provision 7.2 The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	Y	67 to 68
Provision 7.3 Remuneration is appropriate to attract, retain and motivate the Directors and key management personnel.	Y	67 to 73

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
Disclosure on Remuneration **Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**	Y	67 to 73
Provision 8.1 Disclosure in the Annual Report of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:		
(a) each individual Director and the CEO; and	Y	67 to 69
(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	Y	69 to 73
Provision 8.2 Disclosure of names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000.	Y	73
Provision 8.3 Disclosure of all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to Directors and key management personnel of the Company; Disclosure of details of employee share schemes.	Y	67 to 73
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls **Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**	Y	74 to 75
Provision 9.1 The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.	Y	74 to 75
Provision 9.2 Disclosure in the Annual Report that the Board has received assurance from:		
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and	Y	74 to 75

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Y	74 to 75
Audit Committee **Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.**	Y	75
Provision 10.1 The duties of the AC include:		
(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;	Y	75 to 76
(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;	Y	74 to 77
(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;	Y	74
(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;	Y	76
(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and	Y	76 to 77
(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	Y	77
Provision 10.2 The AC comprises at least 3 Directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least 2 members, including the AC Chairman, have recent and relevant accounting or related financial management expertise of experience.	Y	75 & 77
Provision 10.3 The AC does not comprise former partners or Directors of the Company's existing auditing firm or auditing corporation.	Y	77

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

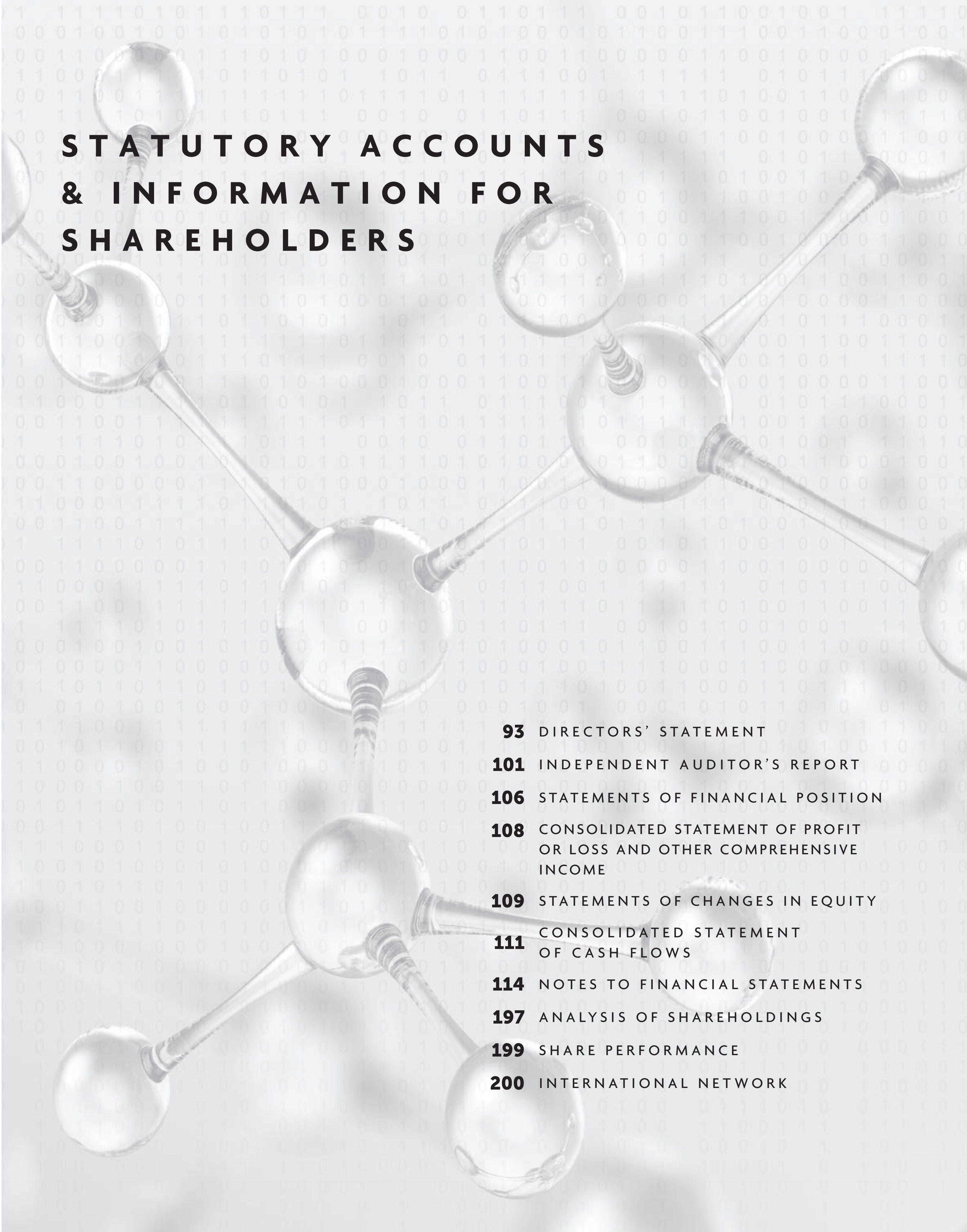
ON THE 2018 CODE OF CORPORATE GOVERNANCE ("2018 CODE")

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 10.4 Primary reporting line of the internal audit function is to the AC. The AC decides on the appointment, termination and remuneration of the head of the internal audit function.	Y	78
Provision 10.5 The AC meets with the external auditors without the presence of Management, at least annually. The AC meets with the internal auditors without the presence of Management, at least annually.	Y N	76 & 77 76
SHAREHOLDER RIGHTS AND ENGAGEMENT		
Shareholder Rights and Conducts of General Meetings **Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**	Y	79 to 81
Provision 11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders.	Y	80
Provision 11.2 The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue.	Y	80
Provision 11.3 All Directors and external auditors attend general meetings of shareholders; Directors' attendance is disclosed.	Y	57 & 80
Provision 11.4 The Company's Constitution allow for absentia voting at general meetings of shareholders.	N – Will be addressed when there is justifiable demand and necessary safeguards are put in place	80
Provision 11.5 Publication of minutes of general meetings of shareholders on the Company's corporate website.	N – Not published but available on request	81

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORECARD

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

2018 Code Principles & Provisions	Compliance	Page Reference
Provision 11.6 The Company has a dividend policy and communicates it to shareholders.	Y	81
Engagement with Shareholders **Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.**	Y	79 to 81
Provision 12.1 The Company provides avenues for communication between the Board and all shareholders.	Y	79 to 81
Provision 12.2 The Company has in place an investor relations policy.	Y	81
Provision 12.3 Company's investor relations policy sets out the mechanism through which shareholders may contact the Company.	Y	81
MANAGING STAKEHOLDERS RELATIONSHIPS		
Engagement with Stakeholders **Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.**	Y	82
Provision 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Y	82
Provision 13.2 Disclosure in the Annual Report of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships.	Y	32
Provision 13.3 The Company maintains a current Corporate website.	Y	81



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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 2019.

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 106 to 196 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 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Wong Ngit Liong
Koh Lee Boon
Goon Kok Loon
Wong Yew Meng
Jonathan S. Huberman
Han Thong Kwang
Kay Kuok Oon Kwong
Tan Seok Hoong @Mrs Audrey Liow

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.

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:

	Holdings in names of Directors or nominees		Holdings in which Directors are deemed to have an interest	
Name of directors in which interests are held	**At 1 January 2019 or date of appointment, if later**	**At 31 December 2019**	**At 1 January 2019 or date of appointment, if later**	**At 31 December 2019**
Ordinary shares of the Company				
Wong Ngit Liong	20,238,219	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	–	–
Share options to subscribe for shares of the Company				
Wong Ngit Liong	77,000	110,000	–	–
Restricted shares of the Company granted				
Wong Ngit Liong	180,000	200,000	–	–

The Directors' interests as at 21 January 2020 are the same as those as at 31 December 2019.

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.

4 SHARE OPTIONS (cont'd)

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

(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.

(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 2019 were as follows:

		Number of options to subscribe for ordinary shares of the Company						
Date of grant	**Grant No.**	**Outstanding at 1 January 2019**	**Granted**	**Exercised**	**Cancelled/ Lapsed**	**Outstanding at 31 December 2019**	**Subscription price per share**	**Exercisable period**
3 April 2014	2004 Grant 10	43,000	–	(43,000)	–	–	\$9.315[a] \$8.570[b] \$7.452[c]	3 April 2015 to 2 April 2019
		43,000	–	(43,000)	–	–		

(a) If exercised between 3 April 2015 and 2 April 2016
(b) If exercised between 3 April 2016 and 2 April 2017
(c) 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:

	Number of options to subscribe for ordinary shares of the Company				
Name of participant	**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	(10,293,000)	(18,811,000)	–
	–	29,680,000	(10,553,000)	(19,127,000)	–

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 2019 were as follows:

		Number of options to subscribe for ordinary shares of the Company						
Date of grant	Grant No.	Outstanding at 1 January 2019	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2019	Subscription price per share	Exercisable period
16 June 2015	2015 Grant 1	225,000	–	(162,000)	–	63,000	\$9.663[a] \$8.890[b] \$7.730[c]	16 June 2016 to 15 June 2020
16 June 2016	2015 Grant 2	529,000	–	(195,000)	–	334,000	\$10.510[d] \$9.670[e] \$8.410[f]	16 June 2017 to 15 June 2021
16 June 2017	2015 Grant 3	2,052,000	–	(300,000)	(24,000)	1,728,000	\$15.500[g] \$14.260[h] \$12.400[i]	16 June 2018 to 15 June 2022
–	2015 Grant 4*	–	–	–	–	–	–	–
19 June 2019	2015 Grant 5	–	1,078,000	–	(6,000)	1,072,000	\$20.640[j] \$18.990[k] \$16.510[l]	19 June 2020 to 18 June 2024
		2,806,000	1,078,000	(657,000)	(30,000)	3,197,000		

(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
(j) If exercised between 19 June 2020 and 18 June 2021
(k) If exercised between 19 June 2021 and 18 June 2022
(l) If exercised between 19 June 2022 and 18 June 2024
* There were no options granted during the financial year ended 31 December 2018

4 SHARE OPTIONS (cont'd)

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

(iv) The following are details of options granted to the Directors and employees of the Group under the 2015 Scheme:

	Number of options to subscribe for ordinary shares of the Company				
Name of participant	**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	33,000	250,000	(140,000)	–	110,000
ii) Other Employees	1,045,000	8,494,000	(4,862,000)	(545,000)	3,087,000
	1,078,000	8,744,000	(5,002,000)	(545,000)	3,197,000

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

Koh Lee Boon (Chairman)
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.

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.

5 RESTRICTED SHARES (cont'd)

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

	2019	2018
At 1 January	900,000	960,000
Granted	170,000	–
Lapsed	(80,000)	–
Vested	(80,000)	(60,000)
At 31 December	910,000	900,000

6 AUDIT COMMITTEE

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

Goon Kok Loon (Chairman)
Koh Lee Boon
Wong Yew Meng
Jonathan S. Huberman
Han Thong Kwang

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.

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

20 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Venture Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, 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 106 to 196.

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 2019 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.

Key Audit Matters	How the matter was addressed in the audit
Impairment review of goodwill allocated to GES International Group's cash-generating unit ("CGU")	
The aggregated goodwill of $639.7 million constituted 20% of the Group's total assets as at 31 December 2019. The Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those affecting the business of GES International Group, of which the goodwill contributed 17% and 90% of the Group's total assets and goodwill respectively. 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 2019.	Our audit procedures focused on evaluating and challenging the key assumptions used by management as part of the value-in-use computations in conducting the impairment review for goodwill allocated to GES International Group's CGU. These procedures included: • using our internal valuation specialists to evaluate the appropriateness of the valuation model and the reasonableness of the expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rates and long-term growth rates by comparing the expectations to those used by management and its external valuation specialist; • challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews 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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

20 March 2020

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	The Group 2019 $'000	The Group 2018 $'000	The Company 2019 $'000	The Company 2018 $'000
ASSETS					
Current assets					
Cash and bank balances	6	714,467	712,826	303,794	271,723
Trade receivables	7	898,910	735,943	15,866	10,387
Other receivables and prepayments	8	17,327	29,997	2,468	1,520
Contract assets	9	8,478	19,202	–	–
Inventories	10	706,150	808,166	59,358	61,154
Trade receivables due from subsidiaries	11	–	–	50,581	44,114
Other receivables due from subsidiaries	11	–	–	18,041	17,940
Income tax recoverable		4	22	–	–
Total current assets		2,345,336	2,306,156	450,108	406,838
Non-current assets					
Other receivables	8	138	455	–	–
Investments in subsidiaries	11	–	–	1,227,849	1,227,849
Investments in associates		761	725	–	–
Other financial assets	12	25,229	22,939	7,440	6,977
Property, plant and equipment	13	231,739	230,686	38,560	40,283
Right-of-use assets	14	27,472	–	15,637	–
Intangible assets	15	172	181	–	–
Goodwill	16	639,708	639,708	–	–
Deferred tax assets	17	3,690	3,747	–	–
Total non-current assets		928,909	898,441	1,289,486	1,275,109
Total assets		3,274,245	3,204,597	1,739,594	1,681,947

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019

	Note	The Group 2019 $'000	The Group 2018 $'000	The Company 2019 $'000	The Company 2018 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	18	1,058	1,798	–	–
Trade payables	19	490,329	529,015	32,963	42,510
Other payables and accrued expenses	20	169,652	205,224	28,155	34,246
Contract liabilities	21	49,380	74,029	1,209	–
Lease liabilities	22	10,601	–	5,732	–
Trade payables due to subsidiaries	11	–	–	2,286	5,213
Other payables due to subsidiaries	11	–	–	20,567	20,751
Income tax payable		34,274	40,374	4,144	3,679
Total current liabilities		755,294	850,440	95,056	106,399
Non-current liabilities					
Deferred tax liabilities	17	3,040	2,058	–	–
Lease liabilities	22	17,318	–	10,158	–
Total non-current liabilities		20,358	2,058	10,158	–
Capital and reserves					
Share capital	23	811,082	803,220	811,082	803,220
Treasury shares	23	(19,993)	(19,081)	(19,993)	(19,081)
Share-based awards reserve	23	4,559	3,774	4,559	3,774
Investments revaluation reserve	23	1,790	665	1,658	1,194
Translation reserve	24	(78,403)	(55,044)	–	–
Other reserves	23	2,577	3,079	(1,697)	(815)
Accumulated profits		1,774,586	1,613,253	838,771	787,256
Equity attributable to owners of the Company		2,496,198	2,349,866	1,634,380	1,575,548
Non-controlling interests		2,395	2,233	–	–
Total equity		2,498,593	2,352,099	1,634,380	1,575,548
Total liabilities and equity		3,274,245	3,204,597	1,739,594	1,681,947

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	The Group 2019 $'000	The Group 2018 $'000
Revenue	26	3,633,431	3,484,603
Changes in finished goods, work in progress and raw materials used		(2,726,672)	(2,530,837)
Employee benefits expense	30	(333,151)	(317,436)
Depreciation and amortisation expense		(38,692)	(30,726)
Research and development expense		(36,572)	(82,988)
Foreign currency exchange gain		4,442	1,735
Other operating expenses		(94,026)	(101,093)
Other income	27	746	1,541
Investment revenue	28	11,005	9,209
Finance costs (interest expenses on bank loans and lease liabilities)		(523)	(982)
Share of profit (loss) of associates		36	(58)
Profit before income tax		420,024	432,968
Income tax expense	29	(56,643)	(62,885)
Profit for the year	30	363,381	370,083
Other comprehensive (loss) income			
Item that will not be reclassified subsequently to profit or loss:			
Fair value gain (loss) on other financial assets, through other comprehensive income (FVTOCI)		1,125	(1,127)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	24	(23,448)	21,045
Other comprehensive (loss) income for the year, net of tax		(22,323)	19,918
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		341,058	390,001
Profit attributable to:			
Owners of the Company		363,130	370,062
Non-controlling interests		251	21
		363,381	370,083
Total comprehensive income attributable to:			
Owners of the Company		340,896	390,082
Non-controlling interests		162	(81)
		341,058	390,001
		Cents	**Cents**
Basic earnings per share	31	126.0	128.8
Fully diluted earnings per share	31	125.3	127.3

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

The Group	Note	Share capital $'000	Treasury shares $'000	Share-based awards reserve $'000	Investments revaluation reserve $'000	Translation reserve $'000	Other reserves $'000	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2018		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	23	41,514	–	(959)	–	–	–	–	40,555	–	40,555
Purchase of treasury shares	23	–	(18,060)	–	–	–	–	–	(18,060)	–	(18,060)
Treasury shares reissued pursuant to equity compensation plans	23	–	858	(290)	–	–	(568)	–	–	–	–
Share options lapsed		–	–	(61)	–	–	–	61	–	–	–
Recognition of share-based payments	25	–	–	1,560	–	–	–	–	1,560	–	1,560
Disposal of other financial assets, FVTOCI	12	–	–	–	(44)	–	–	44	–	–	–
Final tax-exempt dividend paid in respect of the previous financial year	36	–	–	–	–	–	–	(172,413)	(172,413)	–	(172,413)
Interim tax-exempt dividend paid in respect of the current financial year	36	–	–	–	–	–	–	(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
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	363,130	363,130	251	363,381
Other comprehensive income (loss)		–	–	–	1,125	(23,359)	–	–	(22,234)	(89)	(22,323)
Total		–	–	–	1,125	(23,359)	–	363,130	340,896	162	341,058
Transactions with owners, recognised directly in equity											
Issue of shares	23	7,862	–	(164)	–	–	–	–	7,698	–	7,698
Purchase of treasury shares	23	–	(2,178)	–	–	–	–	–	(2,178)	–	(2,178)
Treasury shares reissued pursuant to equity compensation plans	23	–	1,266	(384)	–	–	(882)	–	–	–	–
Share options lapsed		–	–	(277)	–	–	–	277	–	–	–
Recognition of share-based payments	25	–	–	1,610					1,610	–	1,610
Final tax-exempt dividend paid in respect of the previous financial year	36	–	–	–	–	–	–	(144,021)	(144,021)	–	(144,021)
Interim tax-exempt dividend paid in respect of the current financial year	36	–	–	–	–	–	–	(57,673)	(57,673)	–	(57,673)
Appropriation to reserve fund		–	–	–	–	–	380	(380)	–	–	–
Total		7,862	(912)	785	–	–	(502)	(201,797)	(194,564)	–	(194,564)
Balance at 31 December 2019		811,082	(19,993)	4,559	1,790	(78,403)	2,577	1,774,586	2,496,198	2,395	2,498,593

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

The Company	Note	Share capital $'000	Treasury shares $'000	Share-based awards reserve $'000	Investments revaluation reserve $'000	Other reserves $'000	Accumulated profits $'000	Total $'000
Balance at 1 January 2018		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	23	41,514	–	(959)	–	–	–	40,555
Share options lapsed		–	–	(61)	–	–	61	–
Purchase of treasury shares	23	–	(18,060)	–	–	–	–	(18,060)
Treasury shares reissued pursuant to equity compensation plans	23	–	858	(290)	–	(568)	–	–
Recognition of share-based payments	25	–	–	1,560	–	–	–	1,560
Disposal of other financial assets, FVTOCI	12	–	–	–	(44)	–	44	–
Final tax-exempt dividend paid in respect of the previous financial year	36	–	–	–	–	–	(172,413)	(172,413)
Interim tax-exempt dividend paid in respect of the current financial year	36	–	–	–	–	–	(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
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	252,932	252,932
Other comprehensive income for the year		–	–	–	464	–	–	464
Total		–	–	–	464	–	252,932	253,396
Transactions with owners, recognised directly in equity								
Issue of shares	23	7,862	–	(164)	–	–	–	7,698
Share options lapsed		–	–	(277)	–	–	277	–
Purchase of treasury shares	23	–	(2,178)	–	–	–	–	(2,178)
Treasury shares reissued pursuant to equity compensation plans	23	–	1,266	(384)	–	(882)	–	–
Recognition of share-based payments	25	–	–	1,610	–	–	–	1,610
Final tax-exempt dividend paid in respect of the previous financial year	36	–	–	–	–	–	(144,021)	(144,021)
Interim tax-exempt dividend paid in respect of the current financial year	36	–	–	–	–	–	(57,673)	(57,673)
Total		7,862	(912)	785	–	(882)	(201,417)	(194,564)
Balance at 31 December 2019		811,082	(19,993)	4,559	1,658	(1,697)	838,771	1,634,380

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	The Group	
	2019 $'000	2018 $'000
Operating activities		
Profit before income tax	420,024	432,968
Adjustments for:		
Share of (profit) loss of associates	(36)	58
Allowance for inventories	976	1,258
Depreciation of property, plant and equipment	30,040	30,640
Depreciation of right-of-use assets	8,459	–
Net re-measurement of expected credit loss allowance	(1,464)	1,578
Amortisation of intangible assets	193	86
Interest income	(11,005)	(9,209)
Dividend income	(901)	(935)
Interest expense	523	982
Share-based payments expense	1,610	1,560
Loss (Gain) on disposal of plant and equipment, net	109	(98)
Operating profit before working capital changes	448,528	458,888
Trade receivables	(175,659)	41,821
Other receivables, prepayments and contract assets	23,486	15,185
Inventories	89,283	(93,914)
Trade payables	(35,432)	(60,424)
Other payables, accrued expenses and contract liabilities	(58,473)	(50,019)
Cash generated from operations	291,733	311,537
Interest paid	(523)	(982)
Income tax paid	(61,509)	(56,331)
Net cash from operating activities	229,701	254,224

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	The Group	
	2019	2018
	$'000	$'000
Investing activities		
Interest received	10,578	7,805
Dividends received from associates	–	30
Dividends received from other equity investments	901	935
Purchase of property, plant and equipment	(35,071)	(58,480)
Proceeds on disposal of plant and equipment	348	206
Addition of intangible assets	(120)	(366)
Proceeds on disposal of other financial assets	–	2,942
Purchase of other financial assets	(1,378)	(1,628)
Net cash used in investing activities	(24,742)	(48,556)
Financing activities		
Dividends paid	(201,694)	(230,021)
Proceeds from new bank loans (Note A)	1,663	5,387
Repayment of bank loans (Note A)	(2,358)	(34,601)
Repayments of lease liabilities (Note A)	(8,117)	–
Proceeds from issuance of shares	7,698	40,555
Purchase of treasury shares	(2,178)	(18,060)
Net cash used in financing activities	(204,986)	(236,740)
Net decrease in cash and cash equivalents	(27)	(31,072)
Cash and cash equivalents at beginning of year	712,826	752,447
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1,668	(8,549)
Cash and cash equivalents at end of year (Note 6)	714,467	712,826

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

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.

	31 December 2018	Initial adoption of SFRS(I) 16	1 January 2019	Non-cash changes: Net lease liabilities additions after SFRS(I) 16 adoption	Non-cash changes: Foreign exchange movement	Financing cash flows[(i)]	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 18)	1,798	–	1,798	–	(45)	(695)	1,058
Lease liabilities (Notes 22 and 37)	–	17,351	17,351	18,766	(81)	(8,117)	27,919

	1 January 2018	Non-cash changes: Foreign exchange movement	Financing cash flows[(i)]	31 December 2018
	$'000	$'000	$'000	$'000
Bank loans (Note 18)	30,828	184	(29,214)	1,798

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

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2019

1 GENERAL

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 20 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) BASIS OF ACCOUNTING (cont'd)

- 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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets

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

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

Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

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

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

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

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

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

Equity instruments designated as at FVTOCI

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Equity instruments designated as at FVTOCI (cont'd)

A financial asset is held for trading if:

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

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

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

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

Financial assets at FVTPL

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

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

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "foreign currency exchange gain (loss)" line item;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "foreign currency exchange gain (loss)" line item; and

- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Significant increase in credit risk

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

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

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

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

Despite the aforegoing, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

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

Definition of default

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

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

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

Credit-impaired financial assets

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

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost

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

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

Foreign exchange gains and losses

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

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

Derecognition of financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Offsetting arrangements

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

(e) LEASES

The accounting for leases before 1 January 2019 are as follows:

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.

The accounting for leases from 1 January 2019 are as follows:

The Group as lessee

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

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

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

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) PROPERTY, PLANT AND EQUIPMENT (cont'd)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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;
- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) INTANGIBLE ASSETS (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) ASSOCIATES (cont'd)

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) ASSOCIATES (cont'd)

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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) REVENUE RECOGNITION (cont'd)

(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.

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.

Dividend income

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

Interest income

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(s) INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) INCOME TAX (cont'd)

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

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

(i) Income tax

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

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

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 $144,000 (2018 : $170,000).

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.

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

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

(ii) Impairment of goodwill and investments in subsidiaries (cont'd)

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.

(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).

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

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

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

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

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

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	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Financial assets				
Amortised cost:				
Cash and bank balances	714,467	712,826	303,794	271,723
Trade receivables	898,910	735,943	15,866	10,387
Trade receivables due from subsidiaries	–	–	50,581	44,114
Other receivables	8,097	20,834	1,802	1,138
Other receivables due from subsidiaries	–	–	18,041	17,940
	1,621,474	1,469,603	390,084	345,302
Other financial assets	25,229	22,939	7,440	6,977
Total	1,646,703	1,492,542	397,524	352,279
Financial liabilities				
Amortised cost:				
Bank loans	1,058	1,798	–	–
Trade payables	490,329	529,015	32,963	42,510
Trade payables due to subsidiaries	–	–	2,286	5,213
Other payables and accrued expenses	133,656	165,158	26,138	32,229
Other payables due to subsidiaries	–	–	20,567	20,751
Lease liabilities	27,919	–	15,890	–
Total	652,962	695,971	97,844	100,703

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

(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.

(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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore dollar	27,148	37,050	58,853	37,913
United States dollar	204,477	148,378	108,502	109,665
Euro	5,926	8,656	6,878	9,461
Japanese yen	410	107	556	1,446
Swiss francs	251	309	11,650	372
Chinese renminbi	9,219	15,415	21,539	23,151
Malaysian ringgit	35,699	34,589	30,600	32,459

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

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)

	The Company			
	Assets		Liabilities	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
United States dollar	110,243	113,822	84,961	91,788
Euro	627	1,662	895	3,021
Japanese yen	–	–	–	1,111

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore dollar impact	(1,585)	(43)	–	–
United States dollar impact	4,799	1,936	1,264	1,102
Euro impact	(48)	(41)	(13)	(68)
Japanese yen impact	(7)	(67)	–	(56)
Swiss francs impact	(570)	(3)	–	–
Chinese renminbi impact	(616)	(387)	–	–
Malaysian ringgit impact	255	106	–	–

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.

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

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

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings, as disclosed in Notes 6 and 18 respectively, with reputable international financial institutions.

Interest rate sensitivity analysis has not been presented as management does not expect any 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. At the end of the reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, 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.

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)

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.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Of the trade receivables balance at the end of the year, 70% is due from the Group's top ten customers by revenue (2018 : 46%). 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 20% (2018 : 15%) of total assets at any time during the year. Concentration of credit risk to any other counterparty exceeded 3% but not 13% (2018 : 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 is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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)

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
The Group						
31 December 2019						
Trade receivables	7	Performing	Lifetime ECL (simplified approach)(i)	900,261	(1,351)	898,910
Trade receivables	7	In default	Lifetime ECL	87	(87)	–
Other receivables	8	Performing	12-month ECL(ii)	8,097	–	8,097
Contract assets	9	Performing	Lifetime ECL (simplified approach)(i)	8,478	–	8.478
					(1,438)	
31 December 2018						
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
					(7,870)	

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
The Company						
31 December 2019						
Trade receivables	7	Performing	Lifetime ECL (simplified approach)[i]	15,878	(12)	15,866
Other receivables	8	Performing	12-month ECL[ii]	1,802	–	1,802
Trade receivables due from subsidiaries	11	Performing	Lifetime ECL[ii]	55,581	(5,000)	50,581
Other receivables due from subsidiaries	11	Performing	12-month ECL[ii]	18,041	–	18,041
					(5,012)	
31 December 2018						
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
					(5,012)	

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

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

(iii) Overview of the Group's exposure to credit risk and credit risk management (cont'd)

Notes:

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 7 and 9 include further details on the loss allowance for these assets respectively.

(ii) In determining the ECL, the Group has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

(iv) Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities.

Liquidity risk is managed by matching the payment and receipt cycle. The Group has sufficient cash from operations and credit lines from financial institutions (Note 18) to fund its capital investments and working capital requirements.

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 assets 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
The Group						
31 December 2019						
Non-interest bearing	–	1,367,230	21,174	4,193	–	1,392,597
Fixed interest rate instruments	2.02	255,390	–	–	(1,284)	254,106
		1,622,620	21,174	4,193	(1,284)	1,646,703
31 December 2018						
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
		1,471,166	20,553	2,847	(2,024)	1,492,542

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
The Company						
31 December 2019						
Non-interest bearing	–	156,492	7,440	–	–	163,932
Fixed interest rate instruments	1.99	234,754	–	–	(1,162)	233,592
		391,246	7,440	–	(1,162)	397,524
31 December 2018						
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

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 liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
The Group						
31 December 2019						
Non-interest bearing	–	623,985	–	–	–	623,985
Variable interest rate instruments	0.41	1,059	–	–	(1)	1,058
Lease liabilities	3.00	11,416	17,475	–	(972)	27,919
		636,460	17,475	–	(973)	652,962
31 December 2018						
Non-interest bearing	–	694,173	–	–	–	694,173
Variable interest rate instruments	0.41	1,799	–	–	(1)	1,798
		695,972	–	–	(1)	695,971

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
The Company						
31 December 2019						
Non-interest bearing	–	81,954	–	–	–	81,954
Lease liabilities	1.82	5,965	10,309	–	(384)	15,890
		87,919	10,309	–	(384)	97,844
31 December 2018						
Non-interest bearing	–	100,703	–	–	–	100,703

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 12 respectively, the carrying amounts of cash and bank balances, trade and other receivables, bank loans, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Financial assets/ Financial liabilities	Fair value as at 2019 Assets $'000	Fair value as at 2019 Liabilities $'000	Fair value as at 2018 Assets $'000	Fair value as at 2018 Liabilities $'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Other financial assets (see Note 12)						
The Group						
Quoted equity shares	21,036	–	20,092	–	Level 1	Quoted bid prices in an active market
Unquoted equity shares	4,193	–	2,847	–	Level 2	Net tangible asset of the underlying investment / most recent transacted prices which approximate fair value
The Company						
Quoted equity shares	7,440	–	6,977	–	Level 1	Quoted bid prices in an active market

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 23.

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

(d) Capital management policies and objectives (cont'd)

The Board of Directors reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group's overall strategy remains unchanged from the previous year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following trading transactions with related parties:

	The Group	
	2019 $'000	2018 $'000
Purchase of goods from associate	80	145
Sale of goods to associate	29	3
Dividends received from associates	–	30

Compensation of Directors and key management personnel

The remuneration of 7 (2018 : 8) directors and 6 (2018 : 6) other key management personnel during the year were as follows:

	The Group	
	2019 $'000	2018 $'000
Short-term benefits	16,853	14,314
CPF contributions	244	82
Share-based payments	993	841
	18,090	15,237
Directors' fees	869	850
Total	18,959	16,087

The remuneration of Directors and other key management personnel is determined by the Remuneration Committee having regard to various factors including the individual's contribution to the achievement of the organisation and business objectives.

6 CASH AND BANK BALANCES

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash	460,361	497,395	70,202	102,292
Fixed deposits	254,106	215,431	233,592	169,431
Cash and cash equivalents in the statement of cash flows	714,467	712,826	303,794	271,723

The fixed deposits' interest rates for the Group and the Company range from 1.55% to 3.35% (2018 : 1.61% to 4.20%) per annum with an original maturity of one year or less.

7 TRADE RECEIVABLES

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Outside parties	898,910	735,943	15,866	10,387

The average trade credit period on sales of goods is 83 days (2018 : 79 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.

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.

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.

	The Group					
			Trade receivables – days past due			
31 December 2019	**Not past due $'000**	**< 30 days $'000**	**31 – 60 days $'000**	**61 – 90 days $'000**	**> 90 days $'000**	**Total $'000**
Expected credit loss rate	0.1%	0.2%	2.0%	6.3%	8.4%	
Lifetime ECL:						
- Not credit-impaired	839	104	170	179	59	1,351
- Credit-impaired	–	–	–	–	87	87
	839	104	170	179	146	1,438
31 December 2018						
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 rates applied approximate that of the Group as their loss patterns are similar.

Management is of the view that majority of the Group's and the Company's trade receivables are within their expected cash collection cycle. There are certain trade receivables which are less than 3% (2018 : 3%) of the total trade receivables as at the end of the reporting period that are outstanding for periods longer than the expected credit terms as agreed with the customers. The average days overdue of these receivables is 71 days (2018 : 60 days).

7 TRADE RECEIVABLES (cont'd)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	The Group			The Company
	Lifetime ECL			Lifetime ECL
	Collectively assessed: not credit-impaired $'000	Individually assessed: credit-impaired $'000	Total $'000	Collectively assessed: not credit-impaired $'000
Balance at 1 January 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
Written off	–	(4,902)	(4,902)	–
Doubtful debt recovery	–	(1,077)	(1,077)	–
Net re-measurement of loss allowance	(387)	–	(387)	–
Foreign exchange losses (gains)	45	(111)	(66)	–
Balance at 31 December 2019	1,351	87	1,438	12

8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Other receivables	3,985	15,777	1,753	1,105
Deposits	4,112	5,057	49	33
Prepayments	9,368	9,618	666	382
	17,465	30,452	2,468	1,520
Less: Amounts receivable within 12 months	(17,327)	(29,997)	(2,468)	(1,520)
Amounts receivable after 12 months	138	455	–	–

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).

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

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.

9 CONTRACT ASSETS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Contract assets	8,478	19,202	–	–

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 decrease in the Group's contract assets between 31 December 2018 and 31 December 2019 was attributable mainly to lower accrued revenue for design services contracts, as invoices were raised when billing milestones were met subsequent to 31 December 2018.

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Raw materials	427,432	548,936	32,414	34,454
Work in progress	85,454	88,922	12,868	15,153
Finished goods	193,264	170,308	14,076	11,547
	706,150	808,166	59,358	61,154

In 2019, the Group recognised an expense of $976,000 (2018 : $1,258,000) in respect of provisions and write-offs of aged inventory determined based on assessments of net realisable value and estimates on forecasted usage.

11 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 $'000	2018 $'000
Unquoted equity shares, at cost	1,148,474	1,148,474
Less: Impairment loss	(3,203)	(3,203)
Net carrying amount	1,145,271	1,145,271
Advances to subsidiaries[1]	112,840	112,840
Less: Impairment in advances to subsidiaries	(30,262)	(30,262)
	1,227,849	1,227,849

(1) Advances to subsidiaries are an extension of the Company's investment and hence are capital in nature.

Trade receivables from subsidiaries of $50,581,000 (2018 : $44,114,000) are stated at net of allowance for doubtful debts of $5,000,000 (2018 : $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.

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
		2019	2018	
		%	%	
Advanced Products Corporation Pte Ltd	Singapore	100	100	Trading and manufacturing of electronics products and provision of electronics services
Cebelian Holdings Pte Ltd	Singapore	100	100	Investment holding
Venture Electronics (Europe) B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)[6]	Netherlands	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	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	Manufacture, design, engineering, customisation and logistic services
Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)[1]	People's Republic of China	100	100	Trading and manufacturing of electronic and computer-related products
Venture Electronics (Shenzhen) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)[5]	People's Republic of China	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	Trading and manufacturing of electronic and computer-related products

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held 2019 %	2018 %	Principal activities
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.)(6)	United States of America	100	100	Manufacture, design, engineering, customisation engineering, and logistic services
Venture Design Services Inc. (wholly-owned subsidiary of VM Services, Inc.)(6)	United States of America	100	100	Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation logistics and repair services
Venture Enterprise Innovation, Inc. (wholly-owned subsidiary of VM Services, Inc.)(6)	United States of America	100	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	100	95.5	Develop and market colour imaging products for label printing
Advanced Instrument Pte. Ltd. (formerly known as V*Comms Pte. Ltd.) (a subsidiary of Advanced Products Corporation Pte Ltd)	Singapore	100	100	Design, integrate and trading of electronic security system and electronic products
Venture International Pte. Ltd.	Singapore	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	100	95.5	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	100	100	Information system development and support

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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
		2019	2018	
		%	%	
Multitech Systems Pte. Ltd.	Singapore	100	100	Trading and manufacturing of electronic and computer-related products
Scinetic Engineering Pte Ltd (60% owned by the Company and 40% owned by GES Investment Pte. Ltd.)	Singapore	100	100	Design, trading and manufacturing of electronic and mechanical products
Technocom Systems Sdn Bhd[(1)]	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
Pintarmas Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn Bhd)[(1)]	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
V-Design Services (M) Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn Bhd)[(1)]	Malaysia	100	100	Design and development of electronic products and services
Venture Electronics Services (Malaysia) Sdn. Bhd.[(1)]	Malaysia	100	100	Manufacturing and assembly of electronic and other computer products and peripherals
Venture Electronics Solutions Pte Ltd	Singapore	100	100	Manufacture, design, engineering and logistics services to electronics equipment manufacturers
Ventech Investments Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)[(6)]	British Virgin Islands	100	100	Investment holding

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
Univac Precision Engineering Pte Ltd	Singapore	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	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	Design, customisation and marketing of tool-making and precision engineering solutions
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd)(2)(7)	Singapore	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	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	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
GES International Limited	Singapore	100	100	Investment holding and provision of management services

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
GES (Singapore) Pte Ltd (wholly-owned subsidiary of GES International Limited)	Singapore	100	100	Provision of manufacturing services for original design and manufacture and electronic manufacturing services
GES Investment Pte. Ltd. (wholly-owned subsidiary of GES International Limited)	Singapore	100	100	Investment holding and provision of administrative and technical services to a subsidiary
Shanghai GES Information Technology Co., Ltd (wholly-owned subsidiary of GES (Singapore) Pte Ltd)(1)	People's Republic of China	100	100	Provision of manufacturing services for original design and manufacture and electronic manufacturing services
GES Manufacturing Services (M) Sdn. Bhd. (wholly-owned subsidiary of GES Investment Pte. Ltd.)(1)	Malaysia	100	100	Provision of manufacturing services to electronics equipment manufacturers
Winza Pte. Ltd. (a subsidiary of Advanced Products Corporation Pte Ltd)	Singapore	100	100	Trading and manufacturing of electronic and computer related products

All the companies are audited by Deloitte & Touche LLP, Singapore except for the subsidiaries that are indicated as follows:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(2) Audited by another firm of auditors, BSL Public Accounting Corporation.

(3) Audited by another firm of auditors, 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.

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

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 $39,806,000 (2018 : $36,805,000) 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 OTHER FINANCIAL ASSETS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Equity instruments measured at fair value through profit or loss (FVTPL)				
Unquoted equity shares[a]	1,346	–	–	–
Equity instruments measured at fair value through other comprehensive income (FVTOCI)				
Quoted equity shares[b]	21,036	20,092	7,440	6,977
Unquoted equity shares[a]	2,847	2,847	–	–
	25,229	22,939	7,440	6,977

Other financial assets refer to equity instruments measured at fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

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

(b) The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year. Investments in quoted equity securities offer the Group and the Company the opportunity for returns through distribution income and fair value gains. Quoted equity shares have no fixed maturity or coupon rate.

Equity instruments measured at FVTOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the financial year ended 31 December 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 reserve to accumulated profits.

During the financial year ended 31 December 2019, no changes in the fair value of financial assets at FVTPL have been included in profit or loss for the year as part of "investment revenue".

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Factory buildings	Leasehold land and buildings[i]	Machinery and equipment	Leasehold improvements and renovations	Office equipment, furniture and fittings	Computer hardware	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group									
Cost:									
At 1 January 2018	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
Reclassification on adoption of SFRS(I) 16[i]	–	(43,903)	43,903	–	–	–	–	–	–
At 1 January 2019	25,256	47,553	159,541	308,586	47,756	47,440	4,527	2,458	643,117
Exchange differences	(438)	355	(714)	(4,567)	(1,377)	(2,349)	–	(197)	(9,287)
Reclassification[ii]	3,752	(3,752)	–	–	–	–	–	–	–
Additions	–	147	31	14,145	15,996	4,136	255	361	35,071
Disposals	–	–	–	(9,342)	(460)	(1,636)	(332)	(121)	(11,891)
At 31 December 2019	28,570	44,303	158,858	308,822	61,915	47,591	4,450	2,501	657,010
Accumulated depreciation:									
At 1 January 2018	–	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
Reclassification on adoption of SFRS(I) 16[i]	–	(26,975)	26,975	–	–	–	–	–	–
At 1 January 2019	–	7,546	64,569	260,583	35,513	39,286	3,101	1,546	412,144
Exchange differences	–	97	(341)	(2,617)	(693)	(2,200)	–	(12)	(5,766)
Depreciation	–	579	4,874	15,979	3,258	4,475	591	284	30,040
Disposals	–	–	–	(9,296)	(397)	(1,601)	(19)	(121)	(11,434)
At 31 December 2019	–	8,222	69,102	264,649	37,681	39,960	3,673	1,697	424,984
Impairment:									
At 1 January 2018, 31 December 2018 and 31 December 2019	–	–	–	18	36	190	–	43	287
Carrying amount:									
At 31 December 2019	28,570	36,081	89,756	44,155	24,198	7,441	777	761	231,739
At 31 December 2018	25,256	56,935	78,044	47,985	12,207	7,964	1,426	869	230,686

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and building[i] $'000	Machinery and equipment $'000	Leasehold improvements and renovations $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
The Company						
Cost:						
At 1 January 2018	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
Additions	–	438	374	484	–	1,296
Disposals	–	(91)	(11)	(221)	–	(323)
At 31 December 2019	39,166	42,870	3,726	7,978	1,090	94,830
Accumulated depreciation:						
At 1 January 2018	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
Depreciation	1,031	1,267	293	271	157	3,019
Disposals	–	(91)	(11)	(221)	–	(323)
At 31 December 2019	5,928	39,321	2,921	7,432	668	56,270
Carrying amount:						
At 31 December 2019	33,238	3,549	805	546	422	38,560
At 31 December 2018	34,269	4,378	724	333	579	40,283

(i) The Group and the Company made upfront payment(s) in full to secure the right-of-use of leasehold land and buildings for the purpose of the Group's manufacturing operations, warehousing and office premises. Leasehold factory buildings classified under Factory Buildings were classified to Leasehold land and buildings on the adoption of SFRS(I) 16.

(ii) During the year, the Group received an updated Notice of Assessment from the tax authority in relation to a property that was purchased in the financial year ended 31 December 2018. The reclassification between Freehold Land and Factory Building is made to reflect the allocation of value between land and building of the property in the updated assessment.

14 RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including leasehold land and buildings and plant and equipment. The average lease term is 5.7 years (2018 : 6.4 years).

	Leasehold land and buildings[i] $'000	Plant and equipment $'000	Total $'000
The Group			
Cost:			
At 1 January 2019	17,174	177	17,351
Exchange differences	(277)	–	(277)
Additions	18,855	34	18,889
Disposals	(123)	–	(123)
At 31 December 2019	35,629	211	35,840
Accumulated depreciation:			
At 1 January 2019	–	–	–
Exchange differences	(59)	–	(59)
Depreciation	8,415	44	8,459
Disposals	(32)	–	(32)
At 31 December 2019	8,324	44	8,368
Carrying amount:			
At 31 December 2019	27,305	167	27,472
The Company			
Cost:			
At 1 January 2019	–	–	–
Additions	18,431	–	18,431
At 31 December 2019	18,431	–	18,431
Accumulated depreciation:			
At 1 January 2019	–	–	–
Depreciation	2,794	–	2,794
At 31 December 2019	2,794	–	2,794
Carrying amount:			
At 31 December 2019	15,637	–	15,637

(i) These pertain to leasehold land and buildings for which the Group and the Company make periodic lease payments. These are used for the Group's manufacturing operations, warehousing and office premises.

In addition, the Group and the Company made upfront payment(s) in full to secure the right-of-use of certain leasehold land and buildings. These leasehold land and buildings, with net book value amounting to $89,756,000 and $33,238,000 (1 January 2019 : $94,972,000 and $34,269,000) for the Group and the Company respectively, are presented within property, plant and equipment (Note 13).

15 INTANGIBLE ASSETS

	Customer relationships $'000	Development expenditure $'000	Computer software $'000	Intellectual property $'000	Total $'000
The Group					
Cost:					
At 1 January 2018	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
Exchange differences	–	(381)	86	–	(295)
Additions	–	–	120	–	120
At 31 December 2019	168,483	57,899	24,261	–	250,643
Accumulated amortisation:					
At 1 January 2018	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
Amortisation	–	134	59	–	193
Exchange differences	–	(378)	19	–	(359)
At 31 December 2019	168,483	57,855	24,133	–	250,471
Carrying amount:					
At 31 December 2019	–	44	128	–	172
At 31 December 2018	–	181	–	–	181

15 INTANGIBLE ASSETS (cont'd)

	Development expenditure $'000	Computer software $'000	Total $'000
The Company			
Cost:			
At 1 January 2018, 31 December 2018 and 31 December 2019	32,533	–	32,533
Accumulated amortisation:			
At 1 January 2018, 31 December 2018 and 31 December 2019	32,533	–	32,533
Carrying amount:			
At 1 January 2018, 31 December 2018 and 31 December 2019	–	–	–

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 2018 and 2019.

16 GOODWILL

	The Group $'000
Cost:	
At 1 January 2018, 31 December 2018 and 31 December 2019	640,593
Impairment:	
At 1 January 2018, 31 December 2018 and 31 December 2019	(885)
Carrying amount:	
At 1 January 2018, 31 December 2018 and 31 December 2019	639,708

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:

	2019 $'000	2018 $'000
Technology Products and Design Solutions		
(a) GES International Limited and its subsidiaries ("GES International Group") (single CGU)	573,568	573,568
Advanced Manufacturing and Design Solutions		
(b) Technocom Systems Sdn Bhd (previously transferred from Venture Electronics Solutions Pte Ltd) (single CGU)	10,980	10,980
(c) Univac Precision Engineering Pte Ltd and its subsidiaries ("Univac Group") (single CGU)	55,160	55,160
Total	639,708	639,708

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

In accordance with the requirements of SFRS(I) 1-36, the value in use calculations applied a discounted cash flow model using management approved cash flow projections.

The key assumptions used in determining the recoverable amount of the CGUs are those regarding discount rates, revenue growth rates, profitability margins, capital expenditures, working capital cycles and non-operating cash balances, as at the assessment date.

16 GOODWILL (cont'd)

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts. The growth rate used to extrapolate the cash flows of the respective CGUs beyond the forecast period of 5 years is 2% (2018 : 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% (2018 : 11.0%).

(b) The rate used to discount the cash flows from Univac Precision Engineering Pte Ltd and its subsidiaries is 11.5% (2018 : 11.5%).

(c) The rate used to discount the cash flows from Technocom Systems Sdn Bhd is 13.0% (2018 : 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.

17 DEFERRED TAX ASSETS/LIABILITIES

	The Group	
	2019 $'000	2018 $'000
Deferred tax assets:		
Balance at beginning of year	3,747	3,668
Exchange differences	(57)	79
Balance at end of year	3,690	3,747

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.

17 DEFERRED TAX ASSETS/LIABILITIES (cont'd)

	The Group	
	2019 $'000	2018 $'000
Deferred tax liabilities:		
Balance at beginning of year	2,058	1,718
Charge to profit or loss for the year (Note 29)	996	322
Exchange differences	(14)	18
Balance at end of year	3,040	2,058

The deferred tax liabilities comprise the tax effect of temporary differences associated with accelerated tax depreciation.

18 BANK LOANS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Bank loans (unsecured)	1,058	1,798	–	–

The bank loans comprise of bank borrowings of $1,058,000 (2018 : $1,798,000) which is a revolving credit facility drawn down by a subsidiary. The loan bears effective interest rate of 0.41% (2018 : 0.41%) per annum.

19 TRADE PAYABLES

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Outside parties	490,329	529,015	32,963	42,510

The average credit period on purchases of goods is 68 days (2018 : 80 days). No interest is charged by suppliers on trade payables. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

20 OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Other payables	9,426	8,038	–	–
Salary related accruals	60,625	62,647	19,730	23,628
Accrued expenses	99,601	134,539	8,425	10,618
	169,652	205,224	28,155	34,246

Salary related accruals for both the Group and the Company include $7,333,000 (2018 : $7,603,000) 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 $35,996,000 (2018 : $40,066,000). The Company's accrued expenses include provisions for warranty of $2,017,000 (2018 : $2,017,000).

The Group and the Company assessed the provision for warranties based on historical claim experience and estimated potential rectification costs for the products sold that qualify under the contractual warranty periods. Such provisions are assessed as a percentage of sales 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Contract liabilities	49,380	74,029	1,209	–

Contract liabilities arise from advance payments from customers. In the case of design services, tooling and non-recurring engineering services, such advances arise when a particular milestone payment exceeds the work done to date. Contract liabilities are also recognised when a customer makes payment for the Group's working capital which the Group has invested specifically for purpose of the customers' projects.

The decrease in the Group's contract liabilities in 2019 mainly arose from the utilisation of a customer's working capital payment to the Group through the delivery of goods during the financial year.

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

$64,800 of contract liabilities as at 31 December 2018 were recognised in revenue in the subsequent financial year.

22 LEASE LIABILITIES

(Group and Company as a lessee)

	The Group 2019 $'000	The Company 2019 $'000
Maturity Analysis:		
Within one year	11,416	5,965
In the second to fifth year inclusive	17,475	10,309
	28,891	16,274
Less: Unearned interest	(972)	(384)
	27,919	15,890
Analysed as:		
Current	10,601	5,732
Non-current	17,318	10,158
	27,919	15,890

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities.

23 SHARE CAPITAL, TREASURY SHARES AND RESERVES

SHARE CAPITAL

	The Group and the Company			
	2019	2018	2019	2018
	Number of ordinary shares			
	'000	'000	$'000	$'000
Issued and paid up:				
At beginning of year	289,026	284,873	803,220	761,706
Issuance of shares	700	4,153	7,862	41,514
At end of year	289,726	289,026	811,082	803,220

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			
	2019	2018	2019	2018
	Number of ordinary shares			
	'000	'000	$'000	$'000
At beginning of year	1,199	245	19,081	1,879
Repurchased during the year	146	1,014	2,178	18,060
Reissuance pursuant to equity compensation plans	(80)	(60)	(1,266)	(858)
At end of year	1,265	1,199	19,993	19,081

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

SHARE-BASED AWARDS RESERVE

This arises on the grant of share options and share awards to employees under the employee share option schemes and restricted share plan respectively. Further information about share-based payments to employees is set out in Note 25.

INVESTMENTS REVALUATION RESERVE

This arises on revaluation of equity instruments designated as at FVTOCI (Note 12), net of cumulative gain/loss transferred to accumulated profits upon disposal.

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

OTHER RESERVES

This includes reserve fund of $4,274,000 (2018 : $3,894,000) offset by other reserve of $1,697,000 (2018 : $815,000).

The reserve fund is a part of the profit after tax of a subsidiary operating in the People's Republic of China ("PRC") transferred to the reserve fund in accordance with local requirements. This legal reserve cannot be distributed or reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off accumulated losses or increasing capital.

24 TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

25 SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Company has a share option scheme for qualifying employees of the Group and the Company which was approved on 25 April 2014 and commenced on 1 January 2015 ("2015 Scheme"). There was an earlier share option scheme which was approved on 30 April 2004 and expired on 30 April 2014 ("2004 Scheme"). Notwithstanding the expiry of the 2004 Scheme, any outstanding and unexercised options held by option holders prior to such expiry will continue to remain valid. The schemes are administered by the Remuneration Committee. Options are exercisable at a price determined with reference to market price of shares at the time of grant of the options and adjusted for certain premium depending on when the options are exercised, and may be exercised during the exercise period applicable to those options and in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant. The vesting period is one year. If the options remain unexercised after a period of five years from the date of grant, the options would lapse. Options are cancelled if the employee leaves the Group.

25 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			
	2019		2018	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at beginning of year	43,000	7.45	1,078,000	7.54
Cancelled during the year	–	–	(124,000)	7.53
Exercised during the year	(43,000)	7.45	(911,000)	7.55
Outstanding at end of year	–	–	43,000	7.45
Exercisable at end of year	–	–	43,000	7.45

The weighted average share price at the date of exercise for share options exercised during the year was $17.39 (2018 : $24.58). As at 31 December 2018, the options outstanding at the end of the year have a weighted average remaining contractual life of 0.3 year.

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

	The Group and the Company			
	2019		2018	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at beginning of year	2,806,000	13.78	6,199,000	12.16
Granted during the year	1,078,000	20.64	–	–
Exercised during the year	(657,000)	11.23	(3,242,000)	10.39
Cancelled during the year	(30,000)	15.66	(151,000)	11.31
Outstanding at end of year	3,197,000	–	2,806,000	13.78
Exercisable at end of year	3,197,000	15.66	2,806,000	13.78

The weighted average share price at the date of exercise for share options exercised during the year was $16.56 (2018 : $23.26). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.0 years (2018 : 3.2 years).

The Group recognised total expenses of $297,000 (2018 : $303,000) relating to the share options transactions during the year.

25 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 19 June 2019 under the 2015 Scheme
Grant Ref No.	2015 Grant 5
Estimated fair value of options granted on above dates	S$0.52 per option
Share price at valuation date	S$16.31
Exercise price	S$20.64(1)
	S$18.99(2)
	S$16.51(3)
Expected volatility	24%(4)
Exercise multiple (times)	1.03
Risk free rate	1.75%
Expected dividend yield	5.50%

(1) If exercised between 19 June 2020 to 18 June 2021.

(2) If exercised between 19 June 2021 to 18 June 2022.

(3) If exercised between 19 June 2022 to 18 June 2024.

(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 ended 31 December 2018.

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.

25 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	
	2019	2018
At 1 January	900,000	960,000
Granted	170,000	–
Lapsed	(80,000)	–
Vested	(80,000)	(60,000)
At 31 December	910,000	900,000

The Group recognised total expenses of $1,313,000 (2018 : $1,257,000) relating to RSP transactions during the year.

RSP granted

	2019	2018
Vest on	20 June 2024	–
Risk-free interest rate	1.75%	–
Share price at valuation date	$17.28	–
Expected dividend yield	5.50%	–
Fair value of the contingent award of shares at grant date using the above inputs (per share)	$13.13	–

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 ended 31 December 2018.

26 REVENUE

	The Group	
	2019 $'000	2018 $'000
Manufacturing, engineering, design and fulfilment services revenue	3,632,530	3,483,668
Dividend income	901	935
Total	3,633,431	3,484,603

The majority of the revenue is recognised at a point in time, with revenue recognised over time contributing less than 10% of the total revenue.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period for contracts that have an original expected duration of a year or more.

Where performance obligations are part of a contract that has an original expected duration of a year or less, or if revenue is recognised based on the Group's right to invoice the customer in the amount that corresponds directly with the value of the Group's performance completed to date, no disclosure of transaction price allocated to remaining performance obligations is made in accordance with SFRS(I) 15.120.

	The Group	
	2019 $'000	2018 $'000
Design services	3,282	8,309
Non-recurring engineering services and tooling	1,174	3,809
Total	4,456	12,118

Management expects that 100% (2018 : 100%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognised as revenue during the next reporting period.

27 OTHER INCOME

	The Group	
	2019 $'000	2018 $'000
Government grants	16	222
Other income	730	1,319
Total	746	1,541

28 INVESTMENT REVENUE

	The Group	
	2019 $'000	2018 $'000
Interest income on bank deposits	11,005	9,209

29 INCOME TAX

	The Group	
	2019 $'000	2018 $'000
Income tax on profit for the year:		
Current year	59,386	62,917
Overprovision in prior years	(3,739)	(354)
Deferred income tax (Note 17):		
Current year	996	322
Total	56,643	62,885

Domestic income tax of the Company is calculated at 17% (2018 : 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	
	2019 $'000	2018 $'000
Profit before income tax	420,024	432,968
Income tax expense at statutory tax rate	71,404	73,605
Non-(taxable) allowable items	(2,460)	6,041
Overprovision of income tax in prior years, net	(3,739)	(354)
Deferred tax benefits not recognised	63	287
Effect of different tax rates of overseas operations	15,866	11,130
Tax-exempt income/Income under concessionary tax rate	(23,959)	(27,496)
Utilisation of deferred tax benefits previously not recognised	(546)	(297)
Other items	14	(31)
Total income tax	56,643	62,885

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.

29 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 2018	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
Amount in current year	373	–	373
Amount utilised in current year	(1,016)	(2,194)	(3,210)
Balance at 31 December 2019	15,492	1,734	17,226
Deferred tax benefit on above not recorded:			
At 31 December 2018	2,743	668	3,411
At 31 December 2019	2,634	295	2,929

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 $18,086,000 (2018 : $16,424,000). 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.

30 PROFIT FOR THE YEAR

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

	The Group	
	2019	**2018**
	$'000	**$'000**
Cost of inventories recognised as expense	2,726,672	2,530,837
Loss (Gain) on disposal of plant and equipment	109	(98)
Allowance for inventories (Note 10)	976	1,258
Directors' remuneration:		
- Directors of the Company	8,972	9,163
- Directors of the subsidiaries	9,118	9,588
- Directors' fees payable to Directors of the Company	869	850
Total Directors' remuneration	18,959	19,601
Employee benefits expense (including Directors' remuneration):		
- Equity settled share-based payments	1,610	1,560
- Defined contribution plans	26,014	27,925
- Salaries	305,527	287,951
Total employee benefits expense	333,151	317,436
Impairment loss on financial assets:		
- Doubtful debt recovered (Note 7)	(1,077)	–
- Net re-measurement of loss allowance (Note 7)	(387)	1,578
	(1,464)	1,578
Audit fees:		
- Paid to auditors of the Company	423	423
- Paid to other auditors	177	177
Total audit fees	600	600
Non-audit fees:		
- Non-audit fees paid to other auditors	5	12
Aggregate amount of fees paid to auditors	605	612

30 PROFIT FOR THE YEAR (cont'd)

(Disclosure under SFRS(I) 16)

	The Group 2019 $'000
Depreciation expense on right-of-use assets	8,459
Interest expense on lease liabilities	512
Expense relating to short-term leases & leases of low value assets	7,253

(Disclosure under SFRS(I) 1-17)

	The Group 2018 $'000
Payment recognised as an expense during the year:	
Minimum lease payments under operating leases	17,865

The total cash outflow for leases amount to $17,865,000 in the financial year ended 31 December 2018.

31 EARNINGS PER SHARE

	The Group			
	2019		2018	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
Profit for the year attributable to owners of the Company	363,130	363,130	370,062	370,062
	Number of shares '000		Number of shares '000	
Weighted average number of ordinary shares used to compute earnings per share	288,185	289,908	287,382	290,601
Earnings per share (cents)	126.0	125.3	128.8	127.3

32 OPERATING LEASE ARRANGEMENTS

(Disclosure under SFRS(I) 16)

At 31 December 2019, the Group and the Company had no commitment for short-term leases.

(Disclosure under SFRS(I) 1-17)

At 31 December 2018, the Group and the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	The Company
	2018	**2018**
	$'000	**$'000**
Within one year	11,746	4,661
In the second to fifth year inclusive	12,428	–
Total	24,174	4,661

33 CAPITAL EXPENDITURE COMMITMENTS

	The Group	
	2019	**2018**
	$'000	**$'000**
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	92	922

34 COMMITMENTS AND CONTINGENT LIABILITIES (UNSECURED)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Letters of guarantee issued by bankers	11,048	12,329	3,070	5,077

35 SEGMENT INFORMATION

The Group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance are as follows:

(i) Advanced Manufacturing & Design Solutions ("AMDS").

(ii) Technology Products & Design Solutions ("TPS").

Accordingly, the above are the Group's reportable segments under SFRS(I) 8 *Operating Segments*.

Segment revenue and results

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Eliminations $'000	Group $'000
2019				
Revenue:				
External sales	2,775,323	858,108	–	3,633,431
Inter-segment sales	22,958	3,503	(26,461)	–
Total revenue	2,798,281	861,611	(26,461)	3,633,431
Results:				
Segment profit	325,244	84,262	–	409,506
Investment revenue				11,005
Interest expense				(523)
Share of profit of associates				36
Profit before income tax				420,024
Income tax expense				(56,643)
Profit for the year				363,381

35 SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Eliminations $'000	Group $'000
2018				
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

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.

Segment assets

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Group $'000
31 December 2019			
Segment assets	2,110,623	1,133,938	3,244,561
Investments in associates			761
Other financial assets			25,229
Income tax recoverable/deferred tax assets			3,694
Consolidated total assets			3,274,245

35 SEGMENT INFORMATION (cont'd)

Segment assets (cont'd)

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Group $'000
31 December 2018			
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			3,204,597

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than investments in associates, other financial assets (Note 12) and income tax assets. Goodwill has been allocated to reportable segments as described in Note 16.

Other segment information

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Group $'000
2019			
Additions to non-current assets[1]	57,513	13,918	71,431
Depreciation and amortisation	31,775	6,917	38,692
Allowance for inventories	557	419	976
Net remeasurement of ECL allowance	(1,457)	(7)	(1,464)
Loss on disposal of plant and equipment, net	79	30	109
Foreign currency exchange adjustment gain	(3,893)	(549)	(4,442)

35 SEGMENT INFORMATION (cont'd)

Other segment information (cont'd)

	Advanced Manufacturing & Design Solutions $'000	Technology Products & Design Solutions $'000	Group $'000
2018			
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)

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

Group's revenue by Technology Domains Segments

	2019 $'000	2018 $'000
Portfolio A[2]	1,713,428	1,499,492
Portfolio B[3]	1,920,003	1,985,111
Consolidated revenue	3,633,431	3,484,603

(2) Portfolio A comprised Life Science, Genomics, Molecular Diagnostics and Related Materials Technology, Medical Devices and Equipment, Healthcare & Wellness Technology, Lifestyle Consumer Technology, Health Improvement Products and Others.

(3) Portfolio B comprised Instrumentation, Test & Measurement Technology, Networking & Communications, Security & Safety, Building Automation, Industrial IOT, Fintech & Advanced Payment Systems, Computing & Productivity Systems, Advanced Industrial Technology, Printing & Imaging, Related Components Technology and Others.

Geographical information

The Group operates in two principal geographical areas - Singapore (country of domicile) and Asia-Pacific (excluding Singapore).

35 SEGMENT INFORMATION (cont'd)

Other segment information (cont'd)

Geographical information (cont'd)

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)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore	688,117	729,902	705,153	685,717
Asia-Pacific (excluding Singapore)	2,764,664	2,553,399	138,129	142,502
Others	180,650	201,302	55,809	42,356
Total	3,633,431	3,484,603	899,091	870,575

(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 (2018 : one customer) which individually makes up more than 10% of the Group's total revenue.

36 DIVIDENDS

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 the financial year ended 31 December 2019, 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 $144,021,000 in respect of the financial year ended 31 December 2018.

In the financial year ended 31 December 2019, 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 $57,673,000 in respect of the financial year ended 31 December 2019.

In respect of the financial year ended 31 December 2019, 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 in 2020, this proposed dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $144,230,000.

37 ADOPTION OF NEW AND REVISED STANDARDS

On 1 January 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining Whether an Arrangement Contains a Lease*.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

37 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

SFRS(I) 16 *Leases* (cont'd)

(b) Impact on lessee accounting (cont'd)

Former operating leases (cont'd)

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16.C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rates applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 are 3.0% and 1.82% for the Group and the Company respectively.

37 ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

SFRS(I) 16 *Leases* (cont'd)

(c) Financial impact of initial application of SFRS(I) 16 (cont'd)

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	The Group 2019 $'000	The Company 2019 $'000
Operating lease commitments at 31 December 2018	24,174	4,661
Less: Short-term leases and leases of low value assets	(5,762)	(4,661)
Less: Effect of discounting the above amounts	(1,061)	–
Lease liabilities recognised as at 1 January 2019	17,351	–

The Group and the Company have assessed that there is no tax impact arising from the application of SFRS(I) 16.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $17,351,000 relating to the operating leases above were recognised for the Group on 1 January 2019. No right-of-use assets relating to operating leases were recognised for the Company on 1 January 2019.

38 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 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MARCH 2020

Number of issued and paid-up shares	:	289,831,577
Number of treasury shares	:	1,265,000
Number of issued and paid-up shares (excluding treasury shares)	:	288,566,577
Class of shares	:	Ordinary
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	37	0.39	662	0.00
100 - 1,000	4,941	52.08	3,558,246	1.23
1,001 - 10,000	3,989	42.05	13,509,467	4.68
10,001 - 1,000,000	511	5.39	23,910,197	8.29
1,000,001 and above	9	0.09	247,588,005	85.80
	9,487	100.00	288,566,577	100.00

Note:

As at 9 March 2020, the Company has no subsidiary holdings.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares held	% (1)
1	CITIBANK NOMINEES SINGAPORE PTE LTD	84,574,129	29.31
2	DBS NOMINEES PTE LTD	64,863,318	22.48
3	DBSN SERVICES PTE LTD	41,031,108	14.22
4	HSBC (SINGAPORE) NOMINEES PTE LTD	29,576,556	10.25
5	BPSS NOMINEES SINGAPORE (PTE.) LTD.	11,437,488	3.96
6	RAFFLES NOMINEES (PTE) LIMITED	10,093,468	3.50
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,991,537	1.04
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,916,901	0.66
9	TAN CHOON HUAT	1,103,500	0.38
10	WONG NGIT LIONG	974,619	0.34
11	DB NOMINEES (SINGAPORE) PTE LTD	943,801	0.33
12	UOB KAY HIAN PTE LTD	793,015	0.27
13	PHILLIP SECURITIES PTE LTD	742,502	0.26
14	YONG YING-I	700,000	0.24
15	OCBC SECURITIES PRIVATE LTD	677,901	0.23
16	YONG WEI-WOO NEE CHEANG WEI-WOO	650,000	0.23
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	588,597	0.20
18	SOO ENG HIONG	534,518	0.19
19	YONG PUNG HOW	400,000	0.14
20	GOODPACK HOLDINGS PTE LTD	399,000	0.14
		254,991,958	88.37

Note:

(1) Based on 288,566,577 shares in issue as at 9 March 2020 (being 289,831,577 shares in issue and disregarding 1,265,000 shares held in treasury).

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

Based on information received by the Company as at 9 March 2020

Name	Direct Interest	% (1)	Deemed Interest (2)	% (1)
The PNC Financial Services Group, Inc. (3)	–	–	14,801,763	5.13
BlackRock, Inc. (4)	–	–	14,801,763	5.13
Schroders PLC	–	–	20,196,200	6.99
Wong Ngit Liong	20,238,219	7.01	–	–

Notes:

(1) Based on 288,566,577 shares in issue as at 9 March 2020 (being 289,831,577 shares in issue and disregarding 1,265,000 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 14,801,763 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 14,801,763 shares of the Company held by its various subsidiaries.

SHARES HELD IN THE HANDS OF THE PUBLIC

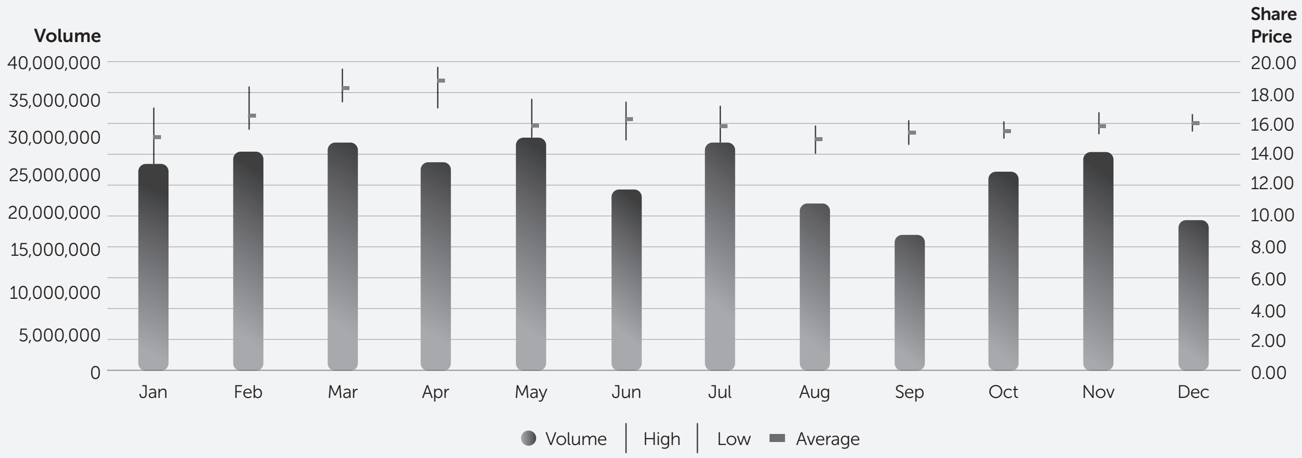
Based on information received by the Company as at 9 March 2020, approximately 80.86%(1) of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the SGX-ST Listing Manual is complied with.

Note:
(1) Percentage is calculated based on the total number of 288,566,577 shares, excluding treasury shares.

SHARE PERFORMANCE

YEAR ENDED 31 DECEMBER 2019

Share Prices	2019 (S$)
Last Transacted	16.20
High	19.56
Low	13.20
Average	16.14
Total Volume for 2019	306,795,854



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