# A VISION FOR TOMORROW

ANNUAL REPORT **2021**

# 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

# CONTENTS

08_Message to Shareholders
12_Five-Year Financial Highlights
13_Corporate Directory
14_Board of Directors
20_Key Management Executives
22_List of Properties
24_Sustainability Report
47_Corporate Governance Report
82_The Company's Compliance and Disclosure Scorecard
83_Statutory Accounts and Information for Shareholders

# CORPORATE PROFILE

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

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

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

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

# OUR MISSION

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

# DEVELOPING CUTTING-EDGE, CUSTOMISED MODULES AND SOLUTIONS

**DASHBOARD FOR CONTROL, ANALYTICS AND MONITORING** → **CONNECTED VEST SOLUTIONS INTEGRATED WITH "VESTCONNECT360 ENGINE"**

With the rise of Industrial IoT technologies, Venture aspires to develop sophisticated products to offer differentiated and customised options for our customers through leveraging our core competencies in R&D and engineering.

## POWERING THE FUTURE OF INDUSTRIAL IOT

**LIFE SCIENCE AND TEST EQUIPMENT**

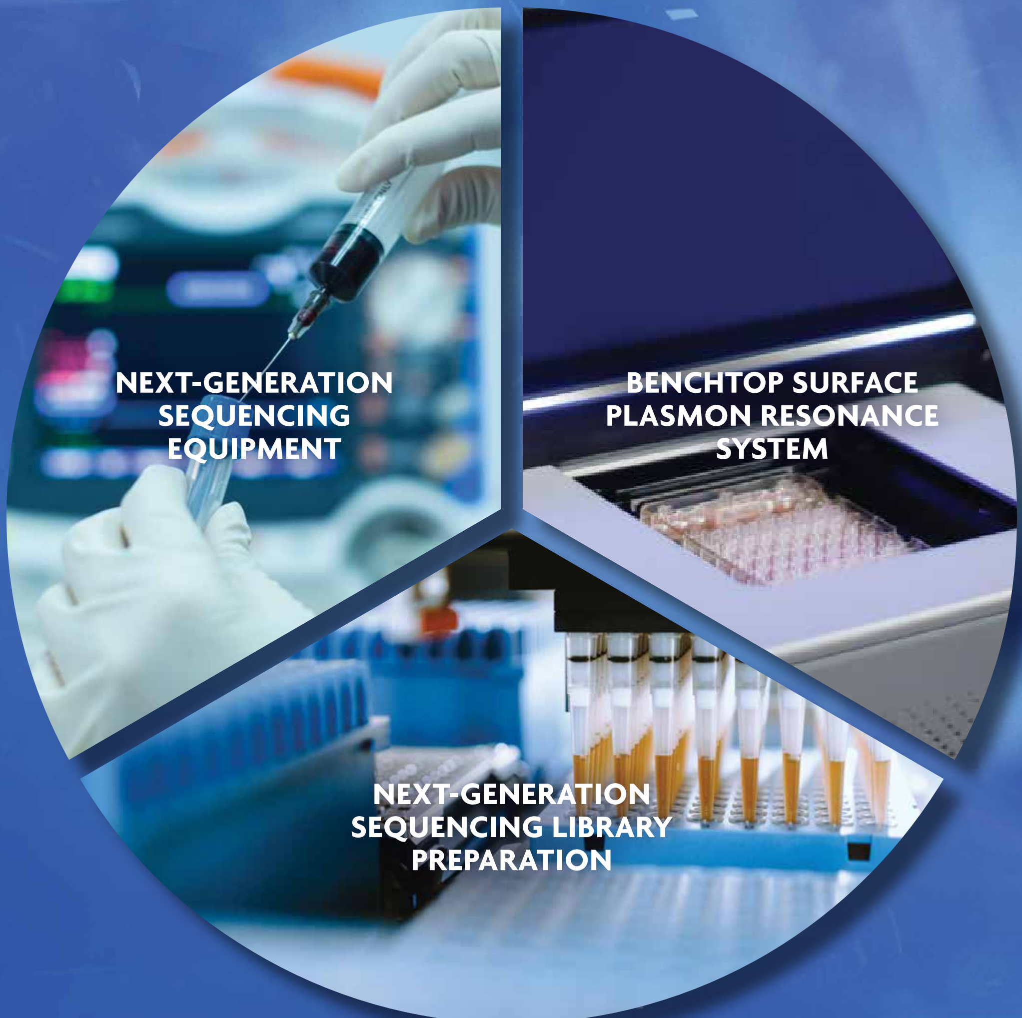
**FACTORY AUTOMATION**

**INDUSTRIAL EQUIPMENT**

**INDUSTRIAL HANDHELD DEVICES**

# DELIVERING DISTINCTIVE AND COMPELLING VALUE PROPOSITIONS

## CURRENT INSTRUMENTATION PLATFORMS THAT HAVE GENERATED IMPACTFUL RESEARCH OUTCOMES



Venture supports our successful customers in various high growth market segments within the Life Science & Healthcare technology domains. Leveraging our capabilities in engineering, manufacturing and R&D, the Group consistently delivers distinctive and compelling value propositions for our partners.

## ENABLING OUR CUSTOMERS' PARTICIPATION IN VARIOUS HIGH GROWTH MARKET SEGMENTS

# CREATING IMPACTFUL VALUE IN EMERGING TECHNOLOGY DOMAINS

**CONSTANTLY INNOVATING, TRANSFORMING AND EVOLVING**


**BATTERY TESTING SOLUTIONS, ADSE SUB-SYSTEMS, TEST & MEASUREMENT**

At Venture, it is in our DNA to constantly innovate, transform and evolve to achieve new frontiers and accelerate our foray into emerging technology domains. We are excited about the vast business opportunities in Electric Vehicle Supply Equipment, Advanced Driver Assistance Systems, various LiDAR applications and measurement equipment in topology & construction. We are strategically positioned to stay ahead of the technology curve in a connected, autonomous and electrified world.

## EXPANDING OUR DIFFERENTIATING CAPABILITIES INTO NEW TECHNOLOGY DOMAINS

**EV SUPPLY EQUIPMENT**

**TOPOLOGY & CONSTRUCTION**

**LOGISTICS & PRODUCT INSPECTION**

**AUTONOMOUS VEHICLE**

# MESSAGE TO SHAREHOLDERS

Chairman & CEO
**WONG NGIT LIONG**

**Dear Shareholders,**

2021 was yet another challenging year. In addition to the COVID-19 pandemic, supply chain disruptions, geopolitical tensions and other macro-economic headwinds exacerbated the operating environment for global businesses. These challenges compelled Venture to adopt new processes, adapt and innovate on the job and develop contingency plans to remain nimble and sustain its growth momentum.

I am pleased to report that despite a difficult operating environment, Venture has delivered a creditable financial performance. We attribute our success to the resilience, resourcefulness and dedication of our workforce who rose to the occasion to rapidly adapt to the evolving business conditions. The management team and our employees worked tirelessly and in collaboration with our customers, partners and other stakeholders to deliver on our commitments.

While we remain positive about our business' near-term demand outlook, we expect to face headwinds from the unabating component shortages and other emerging market uncertainties, including the impact to global trade from the recent Russia-Ukraine war.

## A ROBUST FINANCIAL PERFORMANCE IN A CHALLENGING YEAR

For the financial year ended 31 December 2021 (FY 2021), Venture reported revenue of S$3,107.5 million, an increase of 3.1% year-on-year. Net profit attributable to owners of the Company was S$312.1 million in FY 2021, up 5.0% compared to the previous year. The Group's net profit margin was 10.0% in FY 2021, up from 9.9% in FY 2020. Accordingly, the Group reported diluted earnings per share of S$1.07 for FY 2021, 4.7% higher than the previous year.

The steady improvement in the performance of the Company in the second half of FY 2021 compared to the first half of the year, during which revenue rose 17.0% to S$1,675.3 million and net profit after tax climbed 22.3% to S$171.7 million, is noteworthy.

Our robust financial performance is attributable to diversified growth across various technology domains. Notwithstanding global component shortages and COVID-19 lockdowns, our special task forces set up to deal with these challenges worked relentlessly with customers and suppliers, as well as relevant government agencies and industry associations, to overcome supply chain and operational disruptions and deliver on customer commitments.

Our balance sheet remains healthy. As at 31 December 2021, the Group had a net cash position of S$807.9 million. Cash generated from operations stood at S$158.2 million, compared to S$498.6 million in the same period last year, primarily due to the build-up in inventories to support our customer orders in the coming quarters.

As at 31 December 2021, equity attributable to owners of the Company grew 5.0% year-on-year to S$2,716.4 million and Net Asset Value per share increased to S$9.35 (31 December 2020: S$8.92).

## A VISION FOR TOMORROW

With over three decades of growth since our establishment in 1989, Venture is at the crossroads of yet another transformation. Over the years, we have gained good traction in selected ecosystems of interests, becoming a leading technology partner of choice for many global players. With the post pandemic climate accelerating advancements in selected high-growth technology domains, we are excited about the opportunities we can leverage to capture value for our stakeholders.

**Unlocking Impactful Value**

Exciting new opportunities abound as we enter an era of innovations and creativity in new spheres of technology. In 2021, we made several achievements in new product introductions, including new analytical instruments within the Life Science domain. Growing trends in next-generation sequencing and molecular diagnostics are opening up new market potential for our customers and we hope to support them in these new market segments. In the Lifestyle and Wellness technology domain, we are supporting the launch of a new platform of next-generation devices which are expected to come to market in 2022.

Positive market momentum is also visible in other domains, where we have established a strong foothold, namely Instrumentation, Test & Measurement, Networking & Communications, Advanced Industrials, and Semiconductor-related Equipment. Tapping into existing capabilities and extensive experience acquired over the years, we expect to launch new products across these domains in response to the increasing needs for electronic equipment, optical & photonics networking solutions, 5G infrastructure, as well as advancements in Industrial IoT.

As we set course on our next phase of growth, we will invest in new technological capabilities and human capital to support the strong business momentum across various technology domains. We intend to deepen our pole position in existing domains by embarking on strategic and synergistic partnerships. At the same time, we will build on our capabilities to support our customers in new, rapidly expanding market segments such as life science research as well as strategic modules for the Electric and Autonomous vehicle industry, areas which will not only create impactful value for the business, but ultimately also improve human lives.

We live in a vastly different world now. Forward-thinking organisations are implementing Robotics, Automation and Artificial Intelligence (RAAI) solutions through robotics and automation to better utilise existing resources as they quickly adapt to changing demands. As a nimble, cutting-edge provider of technology solutions and products, Venture has embarked on the development of an in-house AI programme

WITH OVER THREE DECADES OF GROWTH SINCE OUR ESTABLISHMENT IN 1989, VENTURE IS AT THE CROSSROADS OF YET ANOTHER TRANSFORMATION.

to enhance manufacturing efficiency, productivity and develop best-in-class product quality. Utilising machine learning technology, the programme will be able to predict success or failure by analysing available data, producing actionable insights and enabling early detection. Such "collaborative intelligence" will empower our employees to make timely and accurate decisions.

**Our Blueprint for the Future**

The Group's entrenched Core Values and Leadership Principles are the cornerstones of Venture's sustained success. We have in place a strong leadership team to work on our well-conceived, multi-prong and multi-year strategy through our strong globally-linked Clusters of Excellence.

In November 2021, the Company announced changes to its executive leadership team. Effective 1 January 2022, I have stepped down as Chief Executive Officer while remaining as Executive Chairman of the Board. Lee Ghai Keen, who is appointed CEO, has been with us for over 20 years now and has led the Group's R&D efforts and global operations over the years. Wong Chee Kheong, who was previously the Senior Vice President of the Group's Healthcare and Wellness Business, Global Supply Base Management & IT, now supports the business as our new Chief Operating Officer.

As Venture sets its sights on growing its presence in new exciting, emerging technology domains, both Ghai Keen and Chee Kheong will spearhead our next phase of growth under the guidance of the Board and supported by a strong management team. With their combined experience of over 38 years in Venture, the Board and I are confident that they will be able

# MESSAGE TO SHAREHOLDERS

to successfully lead the Group in the years ahead, scaling to even greater heights of excellence.

In addition, to stay competitive in a fast-evolving operating paradigm, two panels comprising specialists in selected fields have been established to support the Group's strategic directions.

We believe we have in place the foundation for the Group to invest in leading-edge technologies to scale up our participation in the development of key products and solutions, expand our talent pool in the areas of science and technology capabilities, and create impactful value propositions through synergistic opportunities with our customers.

## SUSTAINABILITY AT OUR CORE

Sustainability remains critical to our business continuity and Venture aims to reach new levels of excellence on this front.

WE BELIEVE WE HAVE IN PLACE THE FOUNDATION FOR THE GROUP TO INVEST IN LEADING-EDGE TECHNOLOGIES TO SCALE UP OUR PARTICIPATION IN THE DEVELOPMENT OF KEY PRODUCTS AND SOLUTIONS, EXPAND OUR TALENT POOL IN THE AREAS OF SCIENCE AND TECHNOLOGY CAPABILITIES, AND CREATE IMPACTFUL VALUE PROPOSITIONS THROUGH SYNERGISTIC OPPORTUNITIES WITH OUR CUSTOMERS.

During the year, we conducted a materiality review assessment to identify the shifting priorities and expectations of our stakeholders in the new normal. In line with our commitment to improve disclosures and our sustainability practices, we will be setting quantifiable targets in 2022 for our material factors, specifically energy and greenhouse gas emissions, waste management as well as water consumption.

We regard board diversity as another important aspect of sustainability. A diverse board brings a valuable range of opinions, rich experiences and viewpoints regarding a multitude of complex issues we face in the business, contributing to a more considered, balanced decision making. In recognition of our board diversity efforts, we were ajudged Runner-up (Diversity category) in the Singapore Corporate Governance Award 2021 at the SIAS Investors' Choice Awards.

Testament to Venture's proactive investor relations efforts, we were also awarded joint winner in the Best in Sector: Technology at the South East Asia 2021 IR Magazine Awards. Venture was one of only two Singapore companies which were shortlisted under the Research category, where votes were cast by analysts and investors.

Our dedication to excellence and total customer satisfaction has earned us numerous awards and accolades over the years. In 2021, we were honoured as Best Innovation Supplier, and recognised for our excellent performance in Production Ramp-up by several customers.

For more information on the Group's ESG performance, please refer to our Sustainability Report from pages 24 to 46, which is prepared in accordance with the Global Reporting Initiative Standards: Core Option.

## VALUE CREATION FOR SHAREHOLDERS

Venture is committed to a proactive investor relations programme which involves making timely, transparent and accurate disclosures, engaging our stakeholders and ultimately creating long-term sustainable value for all stakeholders.

Supported by a strong financial position, the Board of Directors has recommended a final dividend of S$0.50 per share on a one-tier tax-exempt basis, in line with last year. Including an interim dividend of S$0.25 per share, this translates to a total dividend of S$0.75 per share for FY 2021, representing a dividend payout ratio of close to 70%. Subject to the approval of shareholders at the upcoming Annual General Meeting, the proposed final dividend will be paid on 24 May 2022.

I am pleased to share that since the Company's listing in April 1992, we have delivered an impressive annualised total shareholder return of almost 21%[1].

## DEEPEST APPRECIATION AND GRATITUDE

In closing, I would like to express my sincere thanks to our customers who have stood by us all these years and for entrusting us with their business. My appreciation also goes out to our global network of suppliers and vendors who have enabled us to continue delivering on our commitment to our customers and partners. We look forward to their continued support as we ride the future growth waves together.

In 2021, one of our long-serving Directors, Mr Goon Kok Loon, decided to retire from the Board. At the close of the 2022 AGM, another long-serving Director, Mr Koh Lee Boon, will also retire. On behalf of the Board and management, we extend our heartfelt appreciation for their many years of dedication and invaluable contributions. On 1 October 2021, the Board welcomed Mr Chua Kee Lock, a well-regarded and experienced business leader, who brings with him vast experience in the venture capital and technology space. The Board has also reconstituted its Board Committees to enhance the level of independence.

To the Board, I am grateful for your stewardship, counsel and guidance in our endeavours to grow Venture to its fullest potential.

Since the onset of the pandemic, the safety and well-being of our employees have been our priority. We want to recognise our 12,000-strong employees for their efforts behind our performance. Their talent, hard work and dedication have allowed us to successfully navigate a challenging environment and achieve success. We are proud of the collective achievements of the team, and have full confidence of our ability to deliver in the future.

We have dealt with numerous challenges over the past decades. Together, I am confident that we will be able to embrace new opportunities and emerge even stronger than before. Together, we will create a bigger, better and brighter future.

**"No Challenge Is Too Great When Purpose And Partnership Come Together"**

**Wong Ngit Liong**
Chairman & CEO

[1] *Source: Bloomberg, includes dividends reinvested, as at 31 December 2021.*

# FIVE-YEAR FINANCIAL HIGHLIGHTS

| (S$ MILLION) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Comprehensive Income**[1] | | | | | |
| Revenue | 4,004.5 | 3,484.6 | 3,633.4 | 3,012.9 | **3,107.5** |
| Profit Before Tax | 432.4 | 433.0 | 420.0 | 342.8 | **359.6** |
| Profit Attributable to Owners of the Company | 361.5 | 370.1 | 363.1 | 297.3 | **312.1** |
| **Balance Sheet** | | | | | |
| Total Assets | 3,144.2 | 3,204.6 | 3,274.2 | 3,239.6 | **3,635.3** |
| Total Liabilities | 976.1 | 852.5 | 775.7 | 650.4 | **915.8** |
| Shareholders' Equity | 2,165.8 | 2,349.9 | 2,496.2 | 2,586.5 | **2,716.4** |
| Cash & Bank Balances | 752.4 | 712.8 | 714.5 | 928.7 | **807.9** |
| Net Cash Position | 721.6 | 711.0 | 713.4 | 928.7 | **807.9** |
| **Key Ratios and Per Share Metrics**[1] | | | | | |
| Earnings Per Share (Singapore cents)[2] | 126.0 | 127.3 | 125.3 | 102.2 | **107.0** |
| Net Asset Value Per Share (Singapore cents) | 760.9 | 816.4 | 865.4 | 891.8 | **934.8** |
| Dividend Per Share (Singapore cents) | 60.0 | 70.0 | 70.0 | 75.0 | **75.0** |
| ROCE (%)[3] | 19.7 | 18.0 | 16.3 | 12.9 | **13.0** |
| ROE (%)[4] | 17.5 | 16.4 | 15.0 | 11.7 | **11.8** |

[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

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

## COMPANY SECRETARY

**DEVIKA RANI DAVAR**

## SHARE REGISTRAR

**M & C SERVICES PRIVATE LIMITED**
112 Robinson Road
#05-01
Singapore 068902
T : +65 6227 6660
F : +65 6225 1452

## AUDITOR

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

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

## PRINCIPAL BANKERS

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

## INVESTOR RELATIONS

Email : investor.relations@venture.com.sg

# BOARD OF DIRECTORS

Seated from left:

**KAY KUOK OON KWONG**
Independent Non-Executive Director

**WONG NGIT LIONG**
Chairman & CEO

**TAN SEOK HOONG @MRS AUDREY LIOW**
Independent Non-Executive Director

**KOH LEE BOON**
Lead Independent Director (FY 2021)

Standing from left:

**WONG-YEO SIEW ENG**
Independent Non-Executive Director

**WONG YEW MENG**
Non-Independent Non-Executive Director

**HAN THONG KWANG**
Independent Non-Executive Director

**CHUA KEE LOCK**
Independent Non-Executive Director

**JONATHAN S. HUBERMAN**
Independent Non-Executive Director

## WONG NGIT LIONG

Chairman & CEO

Mr Wong Ngit Liong is the Chairman and CEO of the Venture Group of companies. At the close of FY2021, Mr Wong relinquished the office of CEO, and remains an Executive Chairman of the Board.

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 1st Class (Honours) in Electrical Engineering from the University of Malaya where he was an Eastern Mining & Metal Company (EMMCO) Scholar. He also holds a Master of Science in Electronics Engineering from the University of California, Berkeley where he studied as a Fulbright Scholar and a Master of Business Administration 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 as at 31 December 2021 (including Venture): 1

## KOH LEE BOON

Lead Independent Director (up till 31 December 2021)

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) 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:

- Member, Audit & Risk Committee
- Chairman, Remuneration Committee (stepped down 29 April 2021)
- Member, Nominating Committee (stepped down 30 November 2021)

Number of directorships in listed companies as at 31 December 2021 (including Venture): 1

# BOARD OF DIRECTORS

### TAN SEOK HOONG @MRS AUDREY LIOW

Independent Non-Executive Director
Lead Independent Director (from 1 January 2022)

Ms Tan Seok Hoong @Mrs Audrey Liow has strong experience and background in consumer marketing, general management, R&D and operations in the food, 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 the South East Asian Region.

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

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

Date of first appointment as a Director:
1 November 2018

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

Committee memberships:
- Chairperson, Audit & Risk Committee (elected 29 April 2021)
- Member, Remuneration Committee
- Member, Investment Committee (stepped down 29 April 2021)
- Member, Audit & Risk Committee (stepped down 29 April 2021)

Number of directorships in listed companies as at 31 December 2021 (including Venture): 2

Major appointments (including directorships) in the last three years:
- Nestlé ROH (Thailand) Ltd.

### JONATHAN S. HUBERMAN

Independent Non-Executive Director

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

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

With over 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.

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

Date of first appointment as a Director:
2 January 2015

Date of last re-election as a Director:
3 June 2020

Committee memberships:
- Member, Audit & Risk Committee
- Member, Investment Committee

Number of directorships in listed companies as at 31 December 2021 (including Venture): 4

## 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) and Managing Director of Shangri-La Hotels (Malaysia) Bhd. She sits on the Boards of Kuok (Singapore) Limited (and its various subsidiaries), Kuok Brothers Sdn Bhd and Kuok Foundation Berhad as well.

Ms Kuok is currently the Chairman of 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, the Singapore Hotels Association, The Courage Fund Limited, the VIVA Foundation for Children with Cancer, the National Healthcare Group Pte Ltd, MOH Holdings Pte Ltd and Northlight School.

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

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

**Date of first appointment as a Director:**
1 January 2018

**Date of last re-election as a Director:**
29 April 2021

**Committee memberships:**
- Chairperson, Nominating Committee
- Chairperson, Remuneration Committee (elected 29 April 2021)
- Member, Remuneration Committee (till 29 April 2021)

**Number of directorships in listed companies as at 31 December 2021 (including Venture):** 3

**Major appointments (present):**
- Chairman, Yale-NUS College Governing Board
- Board Member, Singapore Hotels Association
- Chairman, The Courage Fund Limited
- Vice-Chair, VIVA Foundation for Children with Cancer
- Chairman, TTSH Community Fund
- Chairman, National Healthcare Group Pte Ltd (till April 2021)
- Board Member, MOH Holdings Pte Ltd (till April 2021)
- Board Member, Northlight School (till May 2021)
- Shangri-La Hotels Public Company Limited (Thailand) (till June 2021)

**Major appointments (including directorships) in the last three years:**
- NUS Board of Trustees
- SymAsia Foundation Limited
- Wildlife Reserves Singapore Conservation Fund

## HAN THONG KWANG

Independent Non-Executive Director

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

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

**Date of first appointment as a Director:**
1 January 2016

**Date of last re-election as a Director:**
3 June 2020

**Committee memberships:**
- Member, Nominating Committee (appointed 1 December 2021)
- Member, Audit & Risk Committee (stepped down 30 November 2021)
- Member, Investment Committee (stepped down 30 November 2021)

**Number of directorships in listed companies as at 31 December 2021 (including Venture):** 1

# BOARD OF DIRECTORS

## WONG YEW MENG

Non-Independent Non-Executive Director (from 29 April 2021)

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

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

Mr Wong YM has received the Public Service Medal (PBM) and the Public Service Star (BBM) from the President of Singapore in 2007 and 2013 respectively.

Mr Wong YM graduated from the London School of Economics and Political Science with a degree in Economics. Mr Wong YM 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.

**Date of first appointment as a Director:**
1 September 2009

**Date of last re-election as a Director:**
29 April 2021

**Committee memberships:**
- Member, Remuneration Committee
- Member, Investment Committee (appointed 29 April 2021)
- Member, Audit & Risk Committee (stepped down 29 April 2021)
- Member, Nominating Committee (stepped down 29 April 2021)

**Number of directorships in listed companies as at 31 December 2021 (including Venture)**: 1

**Major appointments (present):**
- Member of Board of Trustees, Nanyang Technological University
- Board member, Singapore Deposit Insurance Corporation Limited
- Board member, Kidney Dialysis Foundation Ltd

**Major appointments (including directorships) in the last three years:**
- Land Transport Authority of Singapore
- Ascendas Funds Management (S) Ltd

## WONG-YEO SIEW ENG

Independent Non-Executive Director

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

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

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

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

Date of first appointment as a Director:
16 October 2020

Date of last re-election as a Director:
29 April 2021

Committee memberships:

- Member, Audit & Risk Committee (appointed 29 April 2021)
- Member, Remuneration Committee (appointed 29 April 2021)

Number of directorships in listed companies as at 31 December 2021 (including Venture): 2

## CHUA KEE LOCK

Independent Non-Executive Director

Mr Chua Kee Lock is currently the President & CEO Vertex Venture Holdings Ltd (VH), a Singapore-headquartered venture capital investment holding company and a wholly-owned subsidiary of Temasek Holdings. Vertex Group is a global venture capital network comprising 4 early-stage technology-focused funds, an early-stage healthcare-focused fund and a growth stage fund. Each of these funds is managed by independent and separate General Partnerships and investment teams, with VH providing anchor funding alongside significant third party capital commitments. Mr Chua is concurrently Managing Partner of Vertex Ventures SE Asia & India as well as Chairman of Vertex Growth Fund.

Prior to this, Mr Chua held senior positions in Biosensors International Group, Ltd., a developer/manufacturer of medical devices; Walden International, a US-headquartered venture capital firm; NatSteel Ltd., a Singapore industrial products company; and Intraco Ltd., a Singapore-listed trading/distribution company. Mr Chua also co-founded MediaRing, a voice-over internet provider, which later listed on the Singapore Stock Exchange.

Mr Chua serves on the boards of several companies including Credit Bureau Asia Limited and Yongmao Holdings Limited, both listed on the Singapore Stock Exchange. Mr Chua also previously served on the boards of Shenzhen Chipscreen Biosciences (listed on Shanghai STAR Board) and Logitech International (listed on the Swiss Exchange and NASDAQ).

Mr Chua is Singapore's Non-Resident Ambassador to the Republic of Cuba and the Republic of Panama. He is also a Member of the Keppel Technology Advisory Panel and Future Economy Council.

Mr Chua Kee Lock holds a Bachelor of Science in Mechanical Engineering, University of Wisconsin and a Master of Science in Engineering, Stanford University. He is also a Member of the Singapore Institute of Directors.

Date of first appointment as a Director:
1 October 2021

Date of last re-election as a Director:
-

Committee memberships:

- Member, Audit & Risk Committee (appointed 1 December 2021)
- Member, Investment Committee (appointed 1 December 2021)

Number of directorships in listed companies as at 31 December 2021 (including Venture): 4

Major appointments (present):

- Singapore's Non-Resident Ambassador to the Republic of Cuba and the Republic of Panama

Major appointments (including directorships) in the last three years:

- Binance Asia Services Pte. Ltd.
- Sunday Ins Holdings Pte. Ltd.
- Shenzhen Chipscreen Biosciences Limited

# KEY MANAGEMENT EXECUTIVES

### WONG NGIT LIONG[1]
Chairman and Chief Executive Officer

### LEE GHAI KEEN
Chief Operating Officer

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

Prior to being Chief Operating Officer, Mr Lee was the Executive Vice President of Technology Products & Solutions, a role he was appointed to since 2012. He provided key leadership to Group-wide R&D efforts and programmes and led a large group of R&D engineers across the Group's design centres in Singapore, Malaysia, China and the United States. He was responsible for the Group's Retail Store Solutions & Industrial Products business and operations in Singapore, Malaysia and China.

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

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

Mr Lee was appointed Chief Executive Officer of the Group on 1 January 2022.

### 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.

Mr Wong was appointed Chief Operating Officer of the Group on 1 January 2022.

[1] *Please refer to page 15 for Mr Wong's profile.*

## 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 budgeting, financial planning, treasury, cash flow, credit and tax management, investor relations and other general corporate and administrative functions.

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.

## 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 o¬ shore, 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.

## WILLIAM NG WAI LIM

Vice President, Finance

Mr William Ng joined Venture as Vice President, Finance, and is responsible for the Group's overall financial functions including, accounting, treasury, financial reporting, business controlling, credit management, tax and risk management and investor relations.

Prior to joining the Group, Mr Ng was with Schneider Electric SE as its Chief Financial Officer in East Asia and Japan, where he was instrumental in the digital and organisational transformation of its finance operations.

Before joining Schneider, Mr Ng was Chief Financial Officer of ABB Ltd in Southeast Asia where he was responsible for leading its financial operations. During his illustrious 19-year career with ABB, Mr Ng took on various business and finance leadership roles, including Country Managing Director in Vietnam and Malaysia and as well as board directorships in several of its legal entities in Southeast Asia. In addition, he was based in China for several years where he held key finance positions in ABB's China operations.

Mr Ng holds a Master of Business in Finance from the University of Technology in Sydney, and has attended leadership and management programmes at Human Capital Leadership Institute, INSEAD and the IMD Business School. He is also a Fellow of the Certified Practicing Accountant (FCPA) Australia.

Mr Ng was appointed Chief Financial Officer of the Group on 1 April 2022.

# 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 |
| Geran 592508 Lot 44897 (formerly known as HS(D) 270913 PTD 68795) Mukim Tebrau, Johor Bahru Johor, Malaysia | 6 (PLO 120), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia | 16,046 | Leasehold (Expiring 2054) | Industrial |
| HS(D) 333450 PTD 97125, Mukim Tebrau Johor Bahru Johor, Malaysia | 1, Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia | 44,470 | Leasehold (Expiring 2052) | Industrial |
| HS(D) 45801 PTD 8824, Mukim Senai Kulai, Johor Bahru Johor, Malaysia | PLO 49, Jalan Perindustrian 4 Kawasan Perindustrian 2 81400 Senai Johor, Malaysia | 4,978 | Leasehold (Expiring 2052) | Industrial |
| HS(D) 445334 PTD 100821, Mukim Senai Kulai, Johor Bahru Johor, Malaysia | PLO 34 & 35, Fasa 2 Kawasan Perindustrian Senai 81400 Senai Johor, Malaysia | 24,581 | Leasehold (Expiring 2049) | Office and Industrial |
| HS(D) 270914 PTD 68796, Mukim Tebrau Johor Bahru Johor, Malaysia | 4 & 4a (PLO 117), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia | 16,187 | Leasehold (Expiring 2025) | Office and Industrial |
| HS(D) 237904-237908 PTD 67770-67774, Mukim Tebrau, Johor Bahru Johor, Malaysia | 2, 4, 6 & 8 Jalan Kempas 5/2 Tampoi Industrial Area 81200 Johor Bahru Johor, Malaysia | 29,029 | Freehold | Industrial |
| HS(D) 218290 PTD 64850, Mukim Tebrau Johor Bahru Johor, Malaysia | 5 (PLO 5), Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru Johor, Malaysia | 18,763 | Freehold | Industrial |

SENAI
Malaysia

PENANG
Malaysia

SHANGHAI
China

MILPITAS
USA

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

# SUSTAINABILITY
## REPORT


25_Letter from the Board
26_2021 At a Glance
27_About this Report
28_Venture's Sustainability Approach
  28_Our Governance
  28_Our Values and Strategy
  29_Ethics and Compliance
  30_Protection of Confidential Information
  31_Stakeholder Engagement
  32_Materiality
  34_Targets
36_Caring for our Communities
36_Economic Performance
37_Innovation
37_Our Environment
  38_Energy and GHG Emissions
  39_Water
  40_Waste
41_Our People
  41_Overview of Employee Profile
  42_Talent Attraction, Retention and Development
  44_Diversity and Inclusion
  44_Occupational Health and Safety
  46_Human Rights
  46_Responsible Material Sourcing


*Venture's GRI Content Index is available on our website. Please visit http://venture.listedcompany.com/sustainability_report.html for more information.*

# LETTER FROM THE BOARD

**Dear Stakeholders,**

2021 marked ongoing social and economic challenges from the COVID-19 pandemic. Venture has invested much time and resources to mitigate and resolve most, if not all issues, demonstrating our resilience in a changing global economy. Against the backdrop of a global pandemic, there has also been unprecedented consensus worldwide around the urgency of climate action among governments, businesses, and civil society. This has shaped Venture's increasing focus on the need to integrate sustainability across our business operations.

Several sustainability topics have emerged as particularly relevant to Venture's continued excellence as an industry leader. Firstly, electronic waste is gaining attention as the fastest growing global waste stream. Improper electronic waste disposal contributes to environmental and health impacts, bringing increasing focus on the importance of reuse and recycling, to conserve precious materials such as gold, silver, copper, and platinum.

Secondly, sustainable supply chain management has become an increasing area of focus for many global companies, both in terms of potential labour rights issues and raw material shortages. In a world where the interdependence of economic success, social stability, environmental health, and corporate governance has become increasingly apparent, Venture recognises that sustainable practices will enable us to minimise business risks and capture opportunities. We welcome the opportunity to share our progress with you through our annual sustainability report.

## MATERIALITY REVIEW

To ensure the continued relevance of our sustainability strategy, we underwent a comprehensive materiality review in 2021, guided by the Global Reporting Initiative (GRI) Reporting Principles and facilitated by an independent sustainability advisor firm, Paia Consulting. We carefully considered pertinent sustainability issues, feedback from key stakeholders and benchmarked our sustainability strategy against other electronics manufacturers. As a leading global provider of technology services, products, and solutions, we have benchmarked ourselves against international best practices, and evaluated the impact of emerging sustainability trends on our business.

With rigorous evaluation, we came up with Venture's refreshed material factors. We are pleased to share the inclusion of new material topics: Waste, Human Rights, Diversity and Inclusion, and Responsible Material Sourcing. Each of these topics will have an impact on and will be impacted by Venture's business activities. We are firmly committed to reporting the relevant information and our management approaches in these new areas of priority. In 2022, we will begin to set qualitative and quantitative targets for our material topics, starting with Energy & Emissions and Water.

## REVISED RESPONSIBLE MINERALS POLICY

At Venture, we are committed to the responsible and conflict-free sourcing of minerals across our supply chain. We strive for the highest standards of excellence and ethical business practice, and fully support international efforts to ensure responsible manufacturing through sustainable sourcing. In this spirit, we revised our Conflict Minerals Policy to the updated Responsible Minerals Policy to align it to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG), and the Responsible Business Alliance (RBA) standards on responsible minerals.

Our Responsible Minerals Policy symbolises our commitment to collaborate with our supply chain partners towards RBA compliance. In so doing, we play our part in encouraging responsible business practices beyond our operations.

## CARING FOR OUR COMMUNITIES

As the COVID-19 pandemic continued to impact the health of local communities, the effects of climate change were more visible than ever before. Venture stepped forward, offering its aid through the donation of critical resources such as Intensive Care Unit (ICU) oxygen ventilator machines to the Penang General Hospital and flood relief supplies to 100 affected families in the state of Johor, Malaysia.

## ENHANCING OUR CLIMATE-RELATED DISCLOSURES

In 2021, Singapore Exchange unveiled its roadmap for issuers to provide climate-related disclosures based on recommendations of the Task Force on Climate-related Financial Disclosures. As an organisation with robust operations and well-established processes in place, we are proactively taking the necessary steps to address climate-related issues that may impact the Group and will enhance our reporting disclosures. In addition, we will be subjecting our 2022 sustainability reporting processes to internal audit review.

## STRONG CORPORATE GOVERNANCE AS OUR FOUNDATION

Venture has built its industry leadership upon the foundations of fairness, integrity, and strong ethical practices. We are pleased to share that no reported incidents of significant non-compliance with any socio-economic and environmental regulatory frameworks, as well as no breaches of customer privacy at the sites where we operate, as covered in this report. To extend our sustainability commitment beyond our operations, we are also developing a Supplier Code of Conduct.

With robust management systems as the backbone of our business conduct, a sustained commitment to managing our material factors, and a strong track record of product and service excellence, Venture will continue to deliver long-term value to all its stakeholders.

**Board of Directors**
Venture Corporation Limited

# 2021 AT A GLANCE

## REFRESHED MATERIAL TOPICS

Conducted a materiality review guided by the GRI Reporting Principles

Included new material topics: Waste, Diversity and Inclusion, Human Rights, and Responsible Material Sourcing

## REVISED RESPONSIBLE MINERALS POLICY

An update from our Conflict Minerals Policy in 2021. The revised policy is closely aligned to the OECD Due-Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

## WINNER OF BEST IN SECTOR, TECHNOLOGY

IR Magazine Forum & Awards - South East Asia

## ZERO

Reported incidents of corruption and bribery

## ZERO

Reported cases of environmental and socio-economical non-compliance

## ZERO

Reported cases of significant fines or penalties

## ZERO

Fatalities At Reported Sites

## ZERO

Zero breaches of customer privacy

# ABOUT THIS REPORT

The pages that follow contain our fifth annual Sustainability Report (report) for the 12 months to 31 December 2021. Covering our major sites in Singapore and Malaysia that together contributes more than three quarters of Venture's revenue for the financial year, the report conveys our approach to the material economic, environmental, social and governance (EESG) factors of most importance to our business and stakeholders.

This sustainability report encompasses Venture's operationally active sites at Woodlands, Ang Mo Kio and Marsiling in Singapore, and Penang, Senai and Johor Bahru in Malaysia, given no significant changes to the ownership structure or extent of operations compared to the prior year.

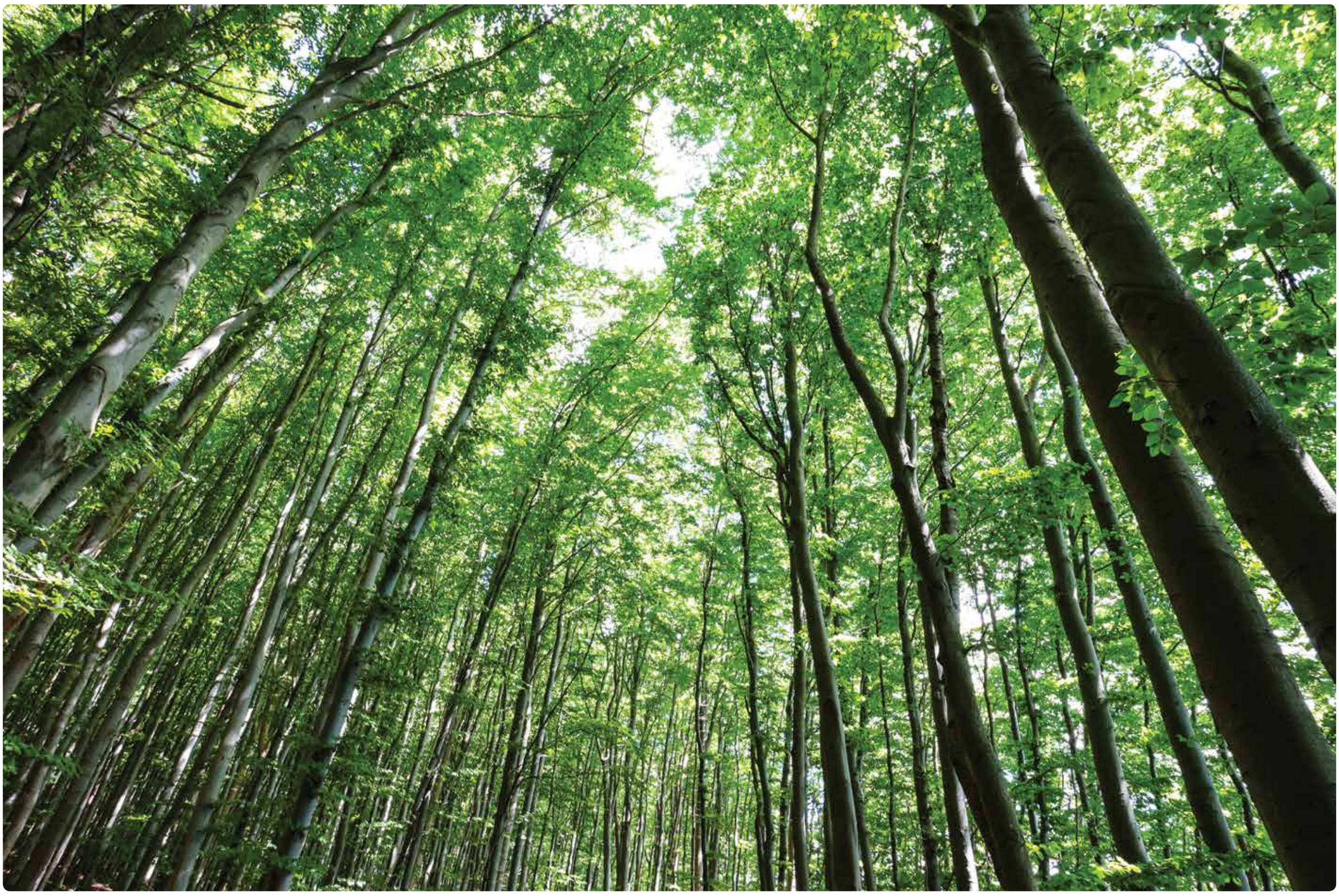
Maintaining consistency in our approach to facilitate year-on-year comparison, we have again elected to publish our report in line with the Global Reporting Initiative (GRI) standards and principles. Specifically, this report has been prepared in accordance with the GRI Standards 2020: Core option and also complies with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules Practice Note 7.6 Sustainability Reporting Guide.

We recommend this report be read together with the other sections of our Annual Report 2021, which provides key information on our financial performance and our corporate governance and risk management practices.

Venture has not commissioned any third-party assurance on this report. For now, our efforts are focused on establishing robust data collection processes and on integrating stakeholders' feedback on our sustainability performance.

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

We highly value your feedback to help us improve. Please send your feedback to sustainability@venture.com.sg.



# VENTURE'S SUSTAINABILITY APPROACH

## OUR GOVERNANCE

### OUR SUSTAINABILITY GOVERNANCE STRUCTURE

**Board of Directors**
Provide oversight on significant EESG factors that are material to Venture's long-term business objectives

**Sustainability Steering Committee**
Develops Venture's sustainability strategy and policies; monitors performance

**Sustainability Task Force**
Manages Venture's sustainability policies, initiatives, and programmes

**All Employees**
Implement Venture's sustainability initiatives and programmes

Our Board of Directors (the Board) is responsible for driving Venture's sustainability strategy in line with our corporate strategy to create long-term value for all stakeholders. The Board provides oversight of the governance structure relevant to Venture's EESG performance and guides our sustainability strategy through the Sustainability Steering Committee (SSC) which comprises senior leaders from across our operations which meets annually to review our sustainability plans. On a more periodic basis, on behalf of the SSC, the Investor Relations and Corporate Communications team communicates the status of ongoing sustainability efforts to the Board.

On a day-to-day basis, management of Venture's sustainability initiatives and programmes is provided by the Sustainability Task Force (STF). The STF, which comprises representatives from across Venture, reports to the SSC. Finally, we work closely with our employees from all our businesses and operational units to participate in the implementation of our various sustainability efforts.

## OUR VALUES AND STRATEGY

Our approach to sustainability governance is guided by our commitment to create long-term value for all stakeholders. Our resulting sustainability strategy is underpinned by these governance philosophies, aligned with our corporate culture and based on our five core values, which form the foundation of all our operations and activities.

Venture's senior management team takes into consideration various sustainability factors for holistic, balanced decision making.

While this report focuses on our material issues identified through discussion with key stakeholders, Venture's Enterprise Risk Management Framework enables consideration of sustainability risks beyond those referenced here. Appropriate controls and mitigating procedures are designed for all recognised risks, and our risk governance framework ensures that we are continually and proactively identifying additional potential risks.

| | |
|---|---|
| **VENTURE'S CORE VALUES** | **1** Relentless pursuit of excellence |
| **2** Rendering the highest level of total customer satisfaction | **3** Encouraging employees to realise their full potential |
| **4** Building strong cohesion and teamwork | **5** Fostering creativity and innovation |

# ETHICS AND COMPLIANCE

Responsible business practices lay the foundation for our long-term sustainable value creation. We operate honestly, fairly and with integrity, and we comply with all applicable laws and regulations in the countries in which we operate. 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 guide our business conduct and ensure compliance with all laws and regulations, we have instituted various policies across the Group for all our operations and employees. Our business leaders are regularly updated about Venture's ethics and compliance performance, enabling them to effectively lead their teams towards excellent business conduct.

In 2021, we revised our Conflict Minerals Policy to the current Responsible Minerals Policy to align it to the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The updated policy reflects our commitment to sourcing components and materials in line with governmental regulations and international standards, such as the Responsible Business Alliance (RBA) standards and the Global e-Sustainability Initiative (GeSI). The updated policy also broadens our responsible mineral management system to include cobalt. We are pleased to report that there were no incident of non-compliance with our Conflict Minerals Policy in 2021. No contracts with business partners or suppliers had to be terminated due to the presence of conflict minerals in their supply chain.

To inculcate ethical behaviour among employees across the world, Venture's Code of Conduct establishes a company-wide standard. The Code of Conduct is premised on: 1) treating employees with respect and dignity, and 2) managing business with integrity and responsibility. As our workforce is made up of a significant number of migrant workers, we actively engage with our recruitment service providers and conduct audits on them to ensure that their recruitment and labour management processes comply with all applicable regulations and our Code of Conduct.

We enforce a zero-tolerance approach towards fraud and corruption through Venture's Anti-Bribery and Anti-Corruption (ABC) policy. Policies and practices on ABC are included in our Code of Conduct. We are pleased to report that there were no incidents of corruption or bribery in 2021, and no public legal cases regarding corruption or bribery were brought against Venture and its subsidiaries. No contracts with business partners or suppliers had to be terminated due to any corruption or bribery violation.

To pre-empt potential corruption incidents, employees are required to complete an Annual Self-Declaration on Conflicts of Interest. In addition, Venture's third-party suppliers are required to adhere to our Code of Conduct and relevant policies such as the Compliance with Export Control Laws, and the Responsible Minerals Policy. We are currently developing a Supplier Code of Conduct which guides us in our engagement with our global network of suppliers.

For details on our Code of Conduct, Anti-Bribery and Anti-Corruption policy, and other policies, please refer to our Sustainability & Governance webpage at https://www.venture.com.sg/sustainability-governance/

## PROTECTION OF CONFIDENTIAL INFORMATION

Safeguarding confidential information is of critical importance to Venture. As a global provider of technology solutions, where reliable data management is paramount in retaining stakeholder confidence, data protection is a critical aspect of our business opperations. Venture has implemented a Personal Data Protection Policy which maintains our commitment to data privacy and protection for all parties involved with our organisation. We also conduct our business in compliance with relevant data protection laws and standards, including the Personal Data Protection Act (PDPA) and 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 2021, there was no substantiated complaints concerning breaches of customer privacy or leak and loss of customer data from Venture's IT network.

| Initiative | Improvements to Cybersecurity | Scope of Implementation | Future Plans |
|---|---|---|---|
| IT Acceptable Use Policy and periodic audits by Venture's Internal Audit team | Maintain and improve governance of IT resources and security level | Group-level | Continued in 2022 |
| Hard disk data encryption on all company laptops | Prevent leakage of confidential information due to device theft or loss, a heightened risk in light of work-from-home practices | Group-level | Continued in 2022 |
| Vulnerability Assessment and Penetration Testing (VAPT), conducted by a CREST certified external provider – EC Council | Ability to assess our security posture when facing external threat actors, and remediate any vulnerabilities to protect our IT infrastructure from any data breaches | 6 of our key sites (Ang Mo Kio, Marsiling, Tebrau, Kempas, Senai and Penang) | Continued in 2022 for all Venture sites globally |
| Major Data Gating System (DGS) upgrade, installing latest security and stabil-ity features from Oracle database | Strongly mitigated cyber risks to Venture's confidential production data, inspiring even greater business confidence in the stability and agility of our manufacturing execution system | Ang Mo Kio site<br>Penang site | Completed for 2 sites. Rolled out to other global sites in 2022 |

# STAKEHOLDER ENGAGEMENT

Our three key stakeholder groups comprise our employees, shareholders and business partners, who are mainly our customers and suppliers. These are individuals or groups that our business has a significant impact on, and who can influence Venture's ability to advance on our strategies and objectives.

We also engage with a more extensive range of stakeholders, including national and local governments, suppliers, analysts, local communities, industry associations, and interest groups. Their interests and concerns are carefully considered when defining business strategy and making management decisions.

The following table shows the different engagement methods employed with our three key stakeholder groups, and indicates their main areas of interest.

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

# VENTURE'S SUSTAINABILITY APPROACH

## MATERIALITY

Venture is committed to staying up-to-date on sustainability risks and opportunities. In 2021, we refreshed our material topics through an in-depth materiality assessment process, guided by the GRI's Reporting Principles for defining report content. We considered industry peers' disclosures, stakeholders' feedback, international best practices, and emerging sustainability-related trends.

Having refined our material factors, we are also reviewing our Group-wide targets in 2022. We have also identified the Sustainable Development Goals (SDGs) relevant to our material factors, and may consider formally mapping them to the SDGs in future.

The following list of material factors were identified and are addressed in the rest of this Sustainability Report.

| Venture's Material Sustainability Factors | Factor boundaries[1] | | Corresponding GRI Standards Topics | Relevant chapter in this report | SDGs |
|---|---|---|---|---|---|
| | Internal stakeholders | External stakeholders | | | |
| Economic Performance | ✓ | ✓ | GRI 201: Economic Performance 2016 | Economic Performance | 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure |
| Energy & Emissions | ✓ | ✓ | GRI 302: Energy 2016<br>GRI 305: Emissions 2016 | Our Environment | 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 13 Climate Action |
| Waste | ✓ | ✓ | GRI 306: Waste 2020 | Our Environment | 12 Responsible Consumption and Production; 14 Life Below Water; 15 Life on Land |
| Water | ✓ | ✓ | GRI 303: Water & Effluents 2018 | Our Environment | 3 Good Health and Well-Being; 6 Clean Water and Sanitation; 14 Life Below Water; 15 Life on Land |
| Occupational Health and Safety | ✓ | ✓ | GRI 403: Occupational Health and Safety 2018 | Our People | 3 Good Health and Well-Being; 8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions |
| Talent Attraction, Retention and Development | ✓ | | GRI 404: Training and Education 2016 | Our People | 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities |
| Diversity and Inclusion | ✓ | | GRI 405: Diversity & Equal Opportunity 2016<br>GRI 406: Non-discrimination 2016 | Our People | 5 Gender Equality; 8 Decent Work and Economic Growth |

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

| Venture's Material Sustainability Factors | Factor boundaries[1] | | Corresponding GRI Standards Topics | Relevant chapter in this report | SDGs |
|---|---|---|---|---|---|
| | Internal stakeholders | External stakeholders | | | |
| **Human Rights** | ✓ | ✓ | GRI 409: Forced or Compulsory Labor 2016<br><br>GRI 408: Child Labor 2016 | Our People | |
| **Responsible Material Sourcing** | ✓ | ✓ | GRI 308: Supplier Environmental Assessment 2016<br><br>GRI 414: Supplier Social Assessment 2016 | Our People | |
| **Responsible Business Conduct** | ✓ | | GRI 205: Anti-corruption 2016 | Venture's Sustainability Approach | |
| **Protection of confidential information** | ✓ | ✓ | GRI 418: Customer privacy 2016 | Venture's Sustainability Approach | |
| **Compliance with other laws and regulations** | ✓ | ✓ | GRI 419: Socioeconomic compliance 2016<br><br>GRI 307: Environmental compliance 2016 | Ethics and Compliance<br><br>Our Environment | |

# VENTURE'S SUSTAINABILITY APPROACH

## TARGETS

| Venture's Material Sustainability Factors | Targets | Status |
|---|---|---|
| **Economic Performance** | For information on our economic and financial performance, please refer to pages 8-11, 97-177 in our Annual Report | |
| **Energy & Emissions** | Reduction of GHG emissions intensity across all sites | Venture is committed to reducing GHG emissions intensity across all sites, with the intent to set quantifiable targets in 2022 |
| **Waste** | To be determined in 2022 | Venture is taking stock of waste management practices across all sites in 2022, with the intent to set quantifiable targets in future |
| **Water** | Reduction of water usage intensity across all sites | Venture is committed to reducing water usage intensity across all sites, with the intent to set quantifiable targets in 2022 |
| **Occupational health and safety** | Reduce or maintain incident rate of recordable injuries to below 1.0<br><br>Maintain zero fatalities across all sites under coverage | Incident rate at 1.29 in 2021<br><br>Zero fatalities across all sites under coverage in 2021 |
| **Talent attraction, retention and development** | Review each site's workplace initiatives with a view to enhance employee engagement programmes in the near future | Ongoing |
| | Maintain fair and objective performance management system | Ongoing |
| | Continue to improve engagement focus groups to ensure effective and open channels are available for our employees | Ongoing |
| **Diversity and inclusion** | Zero incidents of discrimination | Zero incidents of discrimination in 2021 |
| | Maintain gender balance in our workforce | In 2021, 42% of Venture's workforce were male, and 58% were female. This gender balance was maintained from 2020. |
| **Human rights** | Zero forced and child labour in operations | Zero incidents of forced and child labour in operations in 2021 |

| Venture's Material Sustainability Factors | Targets | Status |
|---|---|---|
| **Responsible Material Sourcing** | Maintain zero incidents of non-compliance with revised Responsible Material Sourcing Policy | Zero incidents of non-compliance in 2021 |
| | Maintain zero termination of contracts with business partners or suppliers due to infringement of Responsible Material Sourcing Policy | Zero terminations of contracts |
| **Responsible Business Conduct** | Maintain frequency of Code of Conduct modules and refresher trainings | Maintained |
| | Maintain zero cases of corruption | Zero cases of corruption in 2021 |
| **Protection of confidential information** | Maintain compliance with all existing policies and procedures | Zero incidents of non-compliance with all existing policies and procedures in 2021 |
| | Continue to improve existing processes to safeguard confidential information | Group-wide initiatives were successfully rolled out by the IT department to improve our cybersecurity infrastructure in 2021 |
| | Obtain ISO 27001 Information Security Management System (ISMS) certification for the Corporate IT department to systematically manage risks and ensure business continuity | Group IT ISO27001 ISMS certification achieved in January 2021 |
| | Obtain ISO 27001 ISMS certification for all key global sites | Targeting to obtain certification for one of Venture's key sites in 2022 |
| **Compliance with other laws and regulations** | Maintain compliance with all relevant laws and regulations<br><br>Zero cases of significant fines or non-monetary sanctions related to environmental laws and regulations | One incident of non-compliance in 2021. One of Venture's sites was fined RM 800 for not holding a business license. The fine has been paid and Venture is reviewing the business licenses held by all other Senai sites |

# CARING FOR OUR COMMUNITIES

Since the onset of the COVID-19 pandemic, the safety and well-being of our employees remain our top priority. We organised the distribution of necessities such as masks and Antigen Rapid Test (ART) test kits across our sites, and implemented regular ART testing to ensure a safe working environment for all. Regular updates on the pandemic were provided to our staff, and we adhered strictly to safe management measures. In particular, Venture Tebrau registered close to 6,000 employees in its vaccination programme, and arranged for a site-wide polymerase chain reaction test. Tebrau also took care of its foreign workers who were quarantined in hostels, providing food and toiletries daily.

Venture believes in making a positive impact on the communities we operate in. Venture Penang recognised that local healthcare systems were critically strained for resources, and offered aid through the donation of Intensive Care Unit (ICU) oxygen ventilator machines to Penang General Hospital. In addition, through the Malaysian Red Crescent Society, Venture donated relief supplies to 100 families affected by the floods at Segamat and Muar, in Johor Bahru.


*ICU oxygen ventilator machines donated to Penang General Hospital*

# ECONOMIC PERFORMANCE

While economic growth is a critical facet of a healthy organisation, we believe the benefits of this growth should be inclusive and should encompass not just our shareholders but also our business partners, employees, and the communities in which we operate. Venture relies on all of these stakeholders to drive long term value creation and financial growth.

We are committed to capitalising on our expertise across technology domains to deliver innovative and transformational engineering solutions that ultimately contribute to creating a conducive economic environment for the benefit of all stakeholders.

Venture's Board of Directors and Senior Management team are critical to driving sound business decisions and performance. Supported by four key committees – Audit, Nominating, Remuneration, and Investment, the Board upholds good corporate governance and ensures constant compliance with all laws and regulatory requirements, including our SGX listing obligations.

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

Our dedication to excellence has earned us multiple awards and recognitions over the years. In 2020, Venture was awarded a number of accolades from our customers, such as a Platinum Supplier Award and a Special Contribution Award as Strategic Supplier. In 2021, Venture was again honoured by a Ramp Performance Award for our outstanding support of customer needs. We also received Best Innovation Supplier, and Excellent Performance on Production Ramp-up. At the Securities Investors Association Singapore (SIAS) Diversity Awards, Venture was recognised for its board diversity.

For information on our financial performance and business plans, please refer to pages 8-11 and 97-177 of our Annual Report 2021.

# INNOVATION

Innovation is pivotal to Venture's business growth and success. Our innovation transforms challenges into opportunities, enabling us to contribute to a healthier, cleaner, greener and more resource-efficient world. As a leading technology services and products company, we actively seek ways to advance our research and development capabilities to create and value add for our stakeholders.

In 2021, Venture embarked on the development of an artificial intelligence in-house programme. Utilising machine learning technology, the programme will predict success or failure by analysing available data sets, producing actionable insights and enabling early detection. By harnessing the power of artificial intelligence, Venture aims to enhance the efficiency and productivity of our manufacturing sites, and achieve best-in-class product quality.

# OUR ENVIRONMENT


2021 has been a pivotal year for environmental awareness. The latest Intergovernmental Panel on Climate Change's report was called a "code red for humanity", and global momentum towards a net-zero economy has accelerated. Venture recognises that it plays a pivotal role in the area of environmental management. Thus, we adopted two new material factors: Water and Waste. To ensure we can measure and drive progress, we are embarking upon a quantitative target setting exercise in 2022 for Energy & Emissions, and Water.

Operationally, we continue to be resource efficient in all our operations, to sustain not only economic growth, but also conserve finite environmental resources. Our Lean Council's Lean philosophy drives resource efficiency beyond our operations and within our value chain. Driven by selected Lean Leads and Site Champions, our Lean Council continuously improves Venture's manufacturing processes to reduce costs and minimise our environmental impact.

In tandem, Venture's Environmental Management System (EMS) Committee manages and monitors performance objectives and targets across the Group. The EMS Committee consists of environmental management representatives who are responsible for each site's performance, and ensure compliance against all environmental regulations and requirements.

In 2021, 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 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.

# OUR ENVIRONMENT

## ENERGY AND GHG EMISSIONS

As the world accelerates towards low-carbon economies, both countries and companies are increasingly declaring their decarbonisation commitments. To support our customers and investors in their net zero carbon targets, Venture is committed to reducing its greenhouse gas (GHG) emissions intensity. Towards this commitment, we are progressively establishing quantitative energy and emissions targets.

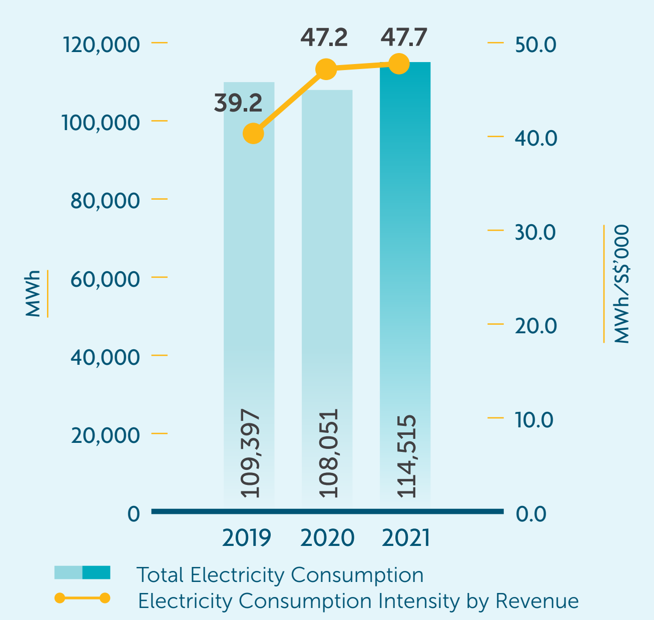
Given the nature of our operations, our main source of energy is electricity which we source from the grid. In 2021, we recorded an increase of 6.0% of total electricity consumed from 108,051 MWh in 2020 to 114,515 MWh in 2021 as we ramped up production after the height of the pandemic. Consequently, our electricity consumption intensity by revenue increased from 47.2 MWh/S$'000 in 2020 to 47.7 MWh/S$'000 in 2021.

Venture continuously seeks to improve its energy efficiency throughout its operations.

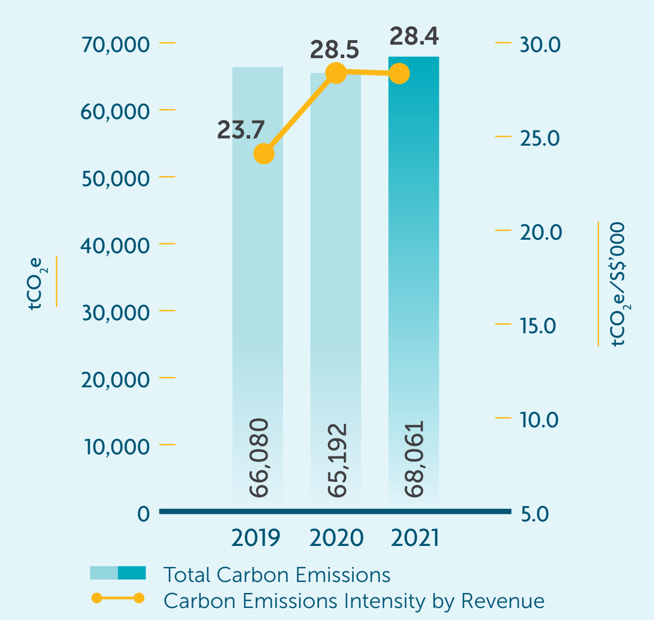
In 2021, we implemented a range of energy efficiency initiatives. Our Penang site replaced fluorescent lighting tubes with LED tubes. Through this initiative and switching off lighting on non-production days, Penang achieved energy consumption savings of approximately 320 MWh in 2021. Both our Woodlands and Johor Bahru sites have implemented energy efficiency programmes such as coil cleaning of chillers, and our Ang Mo Kio site replaced 20 air-conditioning units with higher efficiency alternatives. The Ang Mo Kio site has also installed a timer switch and variable speed drive for its cooling town fan to reduce energy usage. We have also implemented the Ozone Depleting Substances (ODS)-FREE Process Verification Scheme in some of our operations.

In line with our electricity consumption data, our absolute carbon emission increased by 4.4% in 2021, while we recorded a decrease in carbon emissions intensity by 0.4% in 2021[1].

### TOTAL ELECTRICITY CONSUMPTION AND INTENSITY BY REVENUE




### TOTAL CARBON EMISSIONS AND INTENSITY BY REVENUE




[1] *Singapore's Energy Market Authority ("EMA") updated the Grid Emission Factor ("GEF") for 2020 after SR2020 was published. We have subsequently revised Venture's historical emissions figures for 2020 using the revised 2020 GEF.*

## WATER

Access to clean and safe water supply is a basic need for mankind. In water-scarce Singapore, we monitor our water usage at every site carefully to avoid excessive water consumption and pollution from improperly treated effluent discharge. Water needed for our operations is completely sourced from municipal water supplies. As of 2021, most of our sites have yet to identify water-related impact[1]; we plan to take steps to improve our water withdrawal and discharge monitoring through target-setting in 2022. To manage effluent-related impacts, we comply with local government regulations for water discharge in all our locations of operation.

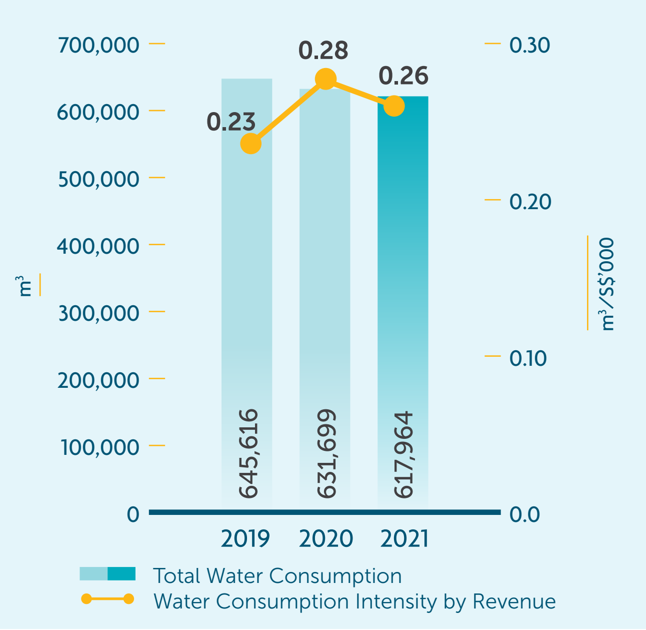
In 2021, to mitigate water-related impact and reduce our water consumption, we implemented a range of water-saving initiatives. For example, at our Penang site, we conduct daily inspections for main pipe supply leakage, urinal water supply and flush systems. The Penang site continues to conduct monthly water consumption review, and the usage of auto-taps and reduced diameter flexible hoses with pressurised nozzles in all toilets. In 2021, the Penang site replaced a 540 feet 4-inch diameter incoming HDPE water pipe due to water leakage, resulting in savings of 2,561m$^3$ of water.

Our Ang Mo Kio site has set a target of a 3% reduction in water consumption annually since 2019, as required by its Responsible Business Alliance (RBA) and ISO 140001 audit. As part of its Water Reduction Program, water conservation posters are displayed at the premises, and a facility hotline is provided for any leakages encountered. The site has also installed a timer switch and variable speed drive for its cooling town fan to reduce water consumption.

These water-saving initiatives resulted in a 2.2% decrease in total water withdrawal across our operating sites. In addition, we recorded a 6.6% reduction in water intensity by revenue.

Freshwater is the main discharge from our sites. Water is used at our sites for activities such as aqueous cleaning of printed circuit board assemblies (PCBAs), and we are aware of water discharge-related impact such as the accidental dicharge of chemicals into sewers. To manage our effluent-related impact, all of our sites have set minimum standards either internally or based on local regulations. These standards define discharge limits for substances of concern such as heavy metals, suspended solids, as well as pH values. Wastewater from our Ang Mo Kio site is subject to monthly testing to monitor the quality of our water discharge. There was no incident of non-compliance with discharge limits and regulations in 2021.

### TOTAL WATER WITHDRAWAL AND INTENSITY BY REVENUE




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

# OUR ENVIRONMENT

## WASTE

Venture recognises our responsibility to manage waste generated through our operations, and within our value chain. We are aware that electronics waste is the fastest growing waste stream globally, so we design our products with longevity, durability, and recyclability in mind. We have also adopted a lifecycle approach at some of our sites for waste management and prevention.

We have identified potential waste-related impacts at most of our sites. In our manufacturing processes, we use chemicals and solvents which may result in land pollution without proper disposal procedures. We also use hydraulic fluids to lubricate our machines, which may lead to water pollution without proper disposal. We also dispose of electrical components such as PCBAs that may result in air and land pollution if improperly managed. To manage and mitigate the emissions of harmful substances, we comply with the Restriction of Hazardous Substances (RoHS) directive in all our facilities and use only RoHS-certified materials in our operations. With regard to non-hazardous waste, we generate paper and plastic waste in our manufacturing and assembly operations.

To mitigate these impacts, we ensure the proper disposal of all our hazardous waste by licensed waste collectors that follow the requirements of local authorities. We encourage the use of less toxic materials where possible, such as the use of lead-free solder dross. We also ensure that waste is stored with secondary containers to minimise spillage risk. At our Ang Mo Kio site, we design our products with their product lifecycle in mind, and use recyclable and reusable materials. Paper and plastic waste generated at our Marsiling and Woodlands sites are collected by recycling contractors.

Venture monitors the total weight of waste generated at all our sites, and data for recyclable waste where applicable. We engage with third-party licensed contractors to collect, recycle, and dispose of our waste, abiding by all legal obligations. As Waste is a new material topic for Venture, we are enhancing our data collection on waste management.

# OUR PEOPLE

To achieve our long-term organisational objectives, our people is the most valued asset. Our human capital management policies and practices are guided by Venture's Code of Conduct, the principles of the United Nations Global Compact, and applicable local laws and regulations.

## OVERVIEW OF EMPLOYEE PROFILE

Venture employs over 12,000 employees, of which more than three quarters are covered by the scope of this report. Of the reported scope, 42% of the workforce are male while the remaining 58% are female. 22% of our employees are based in our Singapore sites, while the other 78% are based in our Malaysia sites.

### NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER

| | MALE | FEMALE |
|---|---|---|
| Permanent Employees | 4,144 | 4,685 |
| Temporary Employees | 185 | 628 |
| Total | 4,329 | 5,313 |

### NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER

| | MALE | FEMALE |
|---|---|---|
| Full-Time Employees | 4,329 | 5,312 |
| Part-Time Employees | 0 | 1 |
| Total | 4,329 | 5,313 |

### NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY REGION

| | Permanent Employees | Temporary Employees | Total |
|---|---|---|---|
| SINGAPORE | 1,764 | 146 | 1,910 |
| MALAYSIA | 7,065 | 667 | 7,732 |

# OUR PEOPLE

## TALENT ATTRACTION, RETENTION & DEVELOPMENT

At Venture, we firmly believe that our success hinges on attracting and attaining the brightest talent. To sustain strong employee engagement, recruitment and promotion practices must be fair, development opportunities must be provided, and compensation packages must be competitive.

To maintain high employee satisfaction levels, we provide market competitive renumeration and benefits such as medical coverage. Beyond performance-based remuneration, Venture places a strong focus on the mental and physical wellbeing of our employees. We regularly organise sports and recreational activities, enabling our employees to build strong connections and teamwork. At Venture Ang Mo Kio and Woodlands, mental wellness information is shared with employees to boost mental health awareness. Helplines are also made available to staff who require support during stressful periods. At Venture Marsiling, cakes and thank-you bentos were distributed to employees to show our appreciation for their hard work.

Thank-you bentos were sent to all staff at Venture Marsiling

Venture's core value of encouraging employees to realise their full potential is put into practice through extensive and structured training programmes. Our business needs are constantly evolving, and therefore our employees need to keep pace and continue to skill up. We constantly explore how our employees can develop their technical and interpersonal knowledge, enabling them to perform their best at work. Our training programmes also keep employees updated of the latest regulations and standards relevant to their work.

Mandatory training that extend across all 6 sites include: New Hires' Orientation, General Data Protection Regulation/ Personal Data Protection Act briefing, Environmental Health and Safety briefing, and Venture's Code of Conduct as aligned to the Responsible Business Alliance. There are also site-specific mandatory trainings that equip site employees with critical skills to perform on-the-job.

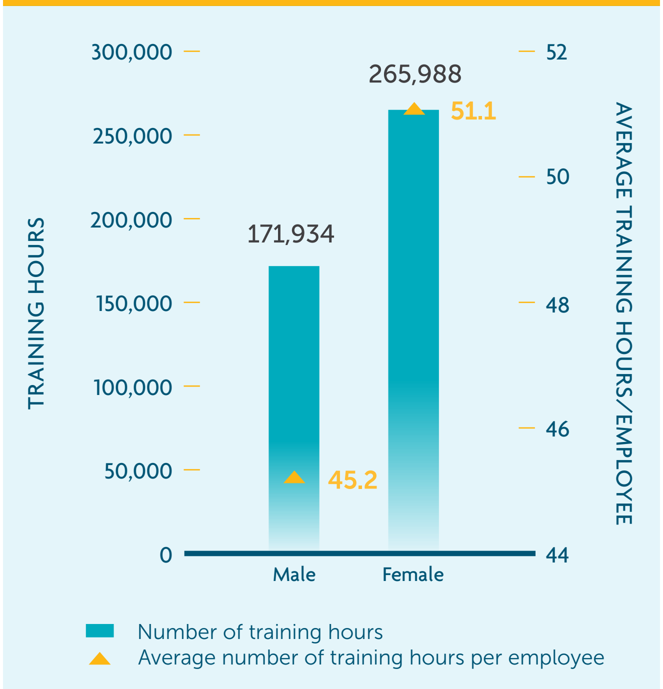
On top of mandatory sessions, Venture's culture of development and learning facilitates on-the-job training. Through brainstorming with team members and interfacing with customers, our employees hone both their technical and soft skills.

In 2021, Venture achieved its target of an average of 40 training hours for its employees, facilitated by our Learning Management System (LMS) at our Tebrau[1] , Senai[2] , and Marsiling sites. The LMS allows employees to access the online learning materials at their convenience. Due to its flexibility and ease of access, the LMS was well-received by employees across different functions and positions. The LMS will be extended to our Ang Mo Kio site by 2023. Our Penang and Woodlands sites have independent training systems that have also provided access to critical skills for employee development.

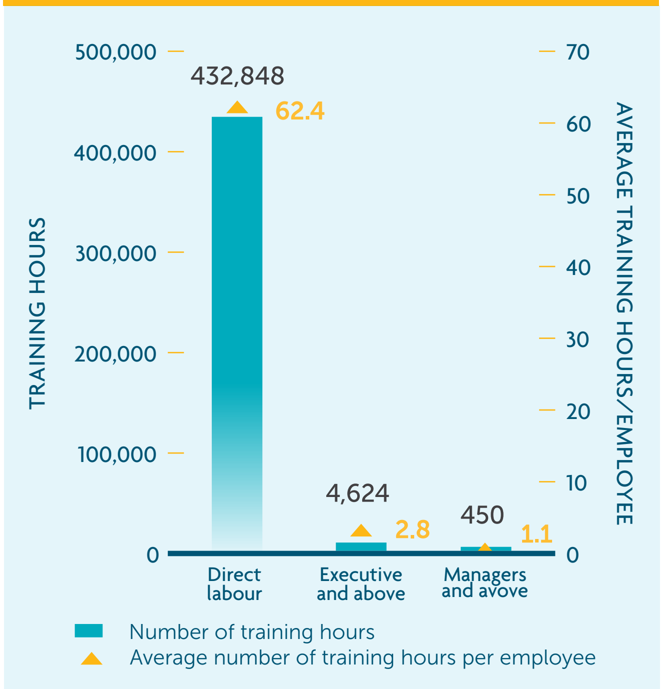
[1] *Tebrau's LMS platform added 841 new courses that are predominantly customer-related process training in FY 2021, expanding the site's LMS to 5,573 courses overall. 5,077 employees participated in the platform.*

[2] *Senai's LMS platform added 25 new courses that are predominantly compliance training in FY 2021, expanding the site's LMS to 265 courses overall. 1,906 employees participated in the platform.*

## TRAINING HOURS BY GENDER




## TRAINING HOURS BY EMPLOYEE CATEGORY




Our focus on strong employee engagement has established Venture as an attractive workplace that strives for excellence. In 2021, we hired 461 new employees (executive & above) through a mixture of talent expansion and replacement roles.

## NEW HIRES (EXECUTIVE & ABOVE) PROFILE BREAKDOWN[1]

**BY GENDER (%)**

Female
**54.0%**

Male
**46.0%**

**BY REGION (%)**

Malaysia
**66.2%**

Singapore
**33.8%**

**BY AGE GROUP (%)**

40 Years Old And Above
**21.7%**

Below 40 Years Old
**78.3%**

[1] *New hire rate is calculated as the proportion of new hires in that category, of the total number of new hires*

# OUR PEOPLE

## DIVERSITY AND INCLUSION

At Venture, we strive to create an inclusive work environment and recognise that diversity contributes to a high-performing culture. Achieving gender balance in our workforce is an important first step towards giving every employee at Venture equal opportunity to succeed. In 2021, we achieved a gender balance across all of Venture's employees, and we are committed to maintaining this balance in 2022. We strongly believe in creating an inclusive and healthy work environment for all employees, free of harassment and discrimination. In 2021, we are pleased to report that zero incidents of discrimination were recorded at Venture. We intend to retain this goal in 2022.

We have formalised equal recruitment and advancement opportunities for employees in our Code of Conduct. We stipulate that all forms of discrimination based on race, colour, gender, sexual orientation, ethnicity or national origin, disability, religion, political affiliation, union membership, marital or social status, are strictly prohibited. In 2021, there were no incidents of discrimination at any site within our reporting scope.

Beyond diversity in the workforce, Venture also recognises the importance of board diversity. In 2021, we were recognised for diversity at our board level at the SIAS Diversity Awards. Directors from interdisciplinary backgrounds contribute a diversity of perspectives, enabling us to formulate robust, well-conceived and multifaceted policies that consider different perspectives.

## OCCUPATIONAL HEALTH AND SAFETY

At Venture, robust health and safety performance is critical in our operations.

We have formalised and operationalised our commitment to Occupational Health and Safety (OHS) through Group-wide and site-specific policies. These policies include our Health and Safety Policy, Code of Conduct, and Employee Handbook, which are based on OHS best practices. Our OHS policies support the Workplace Safety and Health Act in Singapore and Occupational Safety and Health Act 1994 in Malaysia. They apply to every employee at all sites. Our site-specific OHS policies address health and safety needs tailored to each site's operations and work areas. 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.

Workplace Safety and Health (WSH) Committees oversee the management of OHS at each site. Each WSH Committee ensures the rigorous implementation of health and safety policies and management systems. They develop annual plans and monitor performance indicators. Management and safety officers at each site are appointed to support WSH committees. To maintain a high standard of health and safety standards and ensure compliance to all health and safety regulations, regular audits and management reviews are conducted at each site. This process includes risk assessments and hazard identification to boost prevention of health and safety incidents. The results of these assessments are documented monthly.

Workers outside of our employment but are working at our sites are also important to us. Onsite contractors and third-party suppliers are covered through policies such as the Contractor Management Procedure at our Ang Mo Kio site. This policy stipulates that contractors, suppliers, and vendors adhere to strict OHS standards. We are pleased to report that during the reporting period, there was no significant incident of non-compliance with relevant health and safety laws and regulations at all sites.

We conduct OHS trainings at all our sites to instil robust safety management and practices. Beyond regular fire drills, periodic table-top exercises were conducted to ensure employee preparedness in the event of an emergency. All employees are briefed on hazard identification and incident notification processes, and all external parties are briefed on health and safety compliance. We are pleased to report that more than 90% of our employees have completed these programmes.

Production machinery and equipment are regularly evaluated for safety hazards, and maintenance is promptly conducted to eliminate risk of injury. Any employee exposed to health hazards has access to regular health tests and screening. For example, employees at our Woodlands site who are exposed to excessive noise at their workplace are provided audiometry testing.

When OHS incidents do occur, they must be documented regardless of severity, and an investigation is immediately carried out by the relevant supervisor. After assessing the situation, the supervisor decides on the best management approach. All reportable incidents are also filed to relevant authorities. If our employees feel unsafe while performing any operations, they are able to remove themselves from the risk and report the situation to their supervisor.

| | Singapore Employees | Malaysia Employees |
|---|---|---|
| No. of Fatalilties | 0 | 0 |
| Rate of Fatalities as a result of Work-related Injury[1] | 0 | 0 |
| No. of High-consequence Work-related Injuries[2] | 0 | 0 |
| Rate of High-consequence Work-related Injuries[3] | 0 | 0 |
| No. of Recordable Work-related Injuries[4] | 14 | 11 |
| Rate of Recordable Work-related Injuries[5] | 3.34 | 0.72 |
| No. of Occupational Disease Incidents | 0 | 2 |

There were 25 work-related accidents in 2021. As a result, we recorded a Rate of Recordable Work-related injuries of 1.29 for both our Singapore and Malaysia sites[6]. This is higher than our commitment to reduce or maintain our rate of recordable injury incident rate at or below 1.0. These injuries were mainly a result of accidents that occured while handling machinery and transporting goods, such as minor cuts, burns and sprains. To prevent a recurrence and reduce the rate of injury, risk assessments were reviewed, staff were trained on safe handling practices and additional personel protective equipment provided. There were zero fatalities and high-consequence work-related injuries in 2021.

1 *Rate of Fatalities = No. of Fatalities per 200,000 or 1,000,000 hours worked*
2 *High-consequence work-related injuries, work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months*
3 *Rate of High-consequence work-related injuries = No. of High-consequence injuries per 200,000 or 1,000,000 hours worked*
4 *Recordable work-related injury, that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness*
5 *Rate of Recordable work-related injury = No. of work-related injury per 200,000 or 1,000,000 hours worked*
6 *Singapore's Ministry of Manpower (MOM) revised the definition of workplace injuries, requiring all employers to record and report all workplace safety and health incidents instead of injury incidents that result in a minimum of 3 days MC or more from 1 September 2020 onwards.; Malaysia's regulation on recording workplace injury incidents remains unchanged*

# OUR PEOPLE

## HUMAN RIGHTS

At Venture, we recognise that sustainably managed supply chains secure our ability to continue manufacturing the highest quality of cutting-edge technology products. Our supplier network extends across over 5,200 suppliers in over 55 locations across 20 countries.

As Venture's business relies heavily on our labour-intensive supply chain, we understand that labour risks and human rights issues in our value chain may have indirect impact on our production. Several of our sites have mutually agreed upon OHS policies or procedures with their respective suppliers, vendors, and contractors.

However, we recognise that human rights in supply chain management extends beyond health and safety to include freely chosen employment, ethical conduct, and zero tolerance for forced or child labour. Thus, we are currently formulating a Supplier Code of Conduct aligned to international best practices.

## RESPONSIBLE MATERIAL SOURCING

At Venture, we recognise our moral imperative to source our materials from conflict-free regions. We are committed to the responsible sourcing of minerals across our supply chain, and protect the stability of our procurement operations. We are fully supportive of global efforts to ensure responsible manufacturing through transparent sourcing, and that none of our material inputs are sourced from conflict regions. Thus, in 2021, we revised our Conflict Minerals Policy to our current Responsible Minerals Policy, as aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (OECD DDG), and the Responsible Business Alliance (RBA) standards on responsible minerals.

Our Responsible Minerals Policy reflects our commitment to engage with our supply chain partners, in accordance with the RBA standards, and supply chain risks detailed in Annex II of the OECD DDG. Venture is also committed to expanding its mineral management system to include cobalt.

While cobalt has not been defined as a conflict mineral, under Section 2 of the Dodd-Frank Act, multiple reports have highlighted concerns with the environmental and social impacts of cobalt mining, including child labour and unsafe working conditions. We are thus committed to further engaging with our suppliers to improve their capacities or support alternative sourcing, where appropriate.

For details on our Responsible Minerals Policy, please refer to our Sustainability & Governance webpage at https://www.venture.com.sg/sustainability-governance

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

The Board and Management of Venture Corporation Limited ("**Venture**" or the "**Company**") and its subsidiaries (together, the "**Group**") are committed to upholding the highest standards of corporate governance. Maintaining business integrity, professionalism and accountability in all business activities of the Group are the fundamentals of the Company's corporate governance framework, formulated on its mission statement and core values.

2021 marked a year of resilience in the face of continued disruptions due to COVID-19. Management and the workforce rallied together, and have emerged stronger to deal with COVID-19, than when the virus first surfaced.

With continuous investments in our human capital, innovations and technology, best practices in risk management and corporate governance, the Group proactively worked to manage and minimise disruptions to its global operations.

Against the above backdrop, we present Venture's Corporate Governance Report for the financial year ended 31 December 2021 ("**FY 2021**").

We have complied in all material aspects with the principles and the provisions of the Code of Corporate Governance 2018 (the "**2018 Code**"). Variations are appropriately explained to demonstrate how our practices are consistent with the aim and philosophy of the 2018 Code. The Company's scorecard denoting its compliance with the 2018 Code is provided on page 82 of this Annual Report.

This Corporate Governance Report cross-references other sections of this Annual Report and for completeness, should be read in conjunction with these sections.

At the 2021 Singapore Corporate Governance Awards, the Company was adjudged "Runner-up" for Diversity by the Securities Investors Association (Singapore) ("**SIAS**"). Since 2011, the Company has also taken the Corporate Governance Pledge, an initiative of the SIAS, to demonstrate its commitment to maintain high standards of corporate governance.

The Company 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.

## BOARD MATTERS – PRINCIPLES 1 TO 5

### PRINCIPLE 1 – THE BOARD'S CONDUCT OF AFFAIRS

The Board's objective is to achieve sustained value creation for all stakeholders. It sets the appropriate tone-from-the-top for the proper conduct of the Group's business and affairs, the organisational culture, ethics and code of conduct to ensure proper accountability within the Group. The Group's Code of Conduct reinforces the Group's commitment to instill a culture of excellence, total customer satisfaction, employees' self-actualisation, personal integrity, teamwork and collaboration, creativity and innovation.

Working closely with Management, the Board oversees the maintenance of a sound system of risk management and internal controls, 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 provides stewardship to Management, conferring with them regularly. There is objective decision-making, which allows the exercise of independent judgement. Internal guidelines set out authorisation and approval limits for capital and operating expenditure, investments and divestments as well as requisitions and expenses. In addition to its statutory duties and as required under the Listing Rules of the SGX-ST ("**Listing Rules**"), the Board has reserved a list of key matters for its approval. The following is an extract of some of these matters:

a. the Group's annual financial plan and capital expenditure budgets and material changes thereto;

b. release of financial results and disclosures of material information, including recommendation on dividend payout;

c. recommendation of amendments to the Company's Constitution ("**Constitution**''), renewal of annual mandates or adoption of any share plans;

d. M&A activities, consolidation of the Company with another entity or the acquisition of an interest, including a controlling interest, in another entity in accordance with the Company's Authorization Regulations and Table of Authority approval matrix;

e. 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;

f. lending money or granting credit to any person, except in the ordinary course of business;

g. capital expenditures or contracts exceeding certain material limits and acquisition or disposal of any interest in any real estate (land and buildings) in accordance with the Company's Authorization Regulations and Table of Authority approval matrix;

h. incorporation of an immediate subsidiary, or winding up, dissolution or placement of the Company or a subsidiary under receivership or judicial management and restructuring of the Company and/or its immediate subsidiaries. Restructuring encompasses modifying the organizational and capital structure, ownership, and otherwise rearranging the business and interests of the Company and its immediate subsidiaries;

i. creation of any mortgage, pledge, bond, charge, lien or any other encumbrance over the Company's assets, in whole or in part; and

j. determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

### Fiduciary Duties & Conflict of Interest

Directors are cognisant of their fiduciary duties at law. Upon appointment, Directors undertake to apply their best endeavours, including complying with the requirements of the Listing Rules, the Companies Act 1967 of Singapore ("**Companies Act**"), the Company's internal guidelines and policies, and other applicable laws and regulations, from time to time.

In the exercise of their powers and duties, Directors act in good faith and in the best interests of the Company by exercising due care and diligence, and avoiding conflicts of interest. When an actual or potential conflict of interest arises, the conflicted Director will recuse himself/herself from the conflict-related discussions unless the other Directors are of the opinion that his/her participation is necessary. Where such participation is permitted, the conflicted Director will participate only for an appropriate period during the discussions to allow full and frank exchange with the other Directors. In any event, the conflicted Director will abstain from the decision-making.

A Director declares his/her direct or indirect interests in all transactions with the Group, if any, and provides details on the nature of such interests as soon as practicable after the relevant facts have come to his/her knowledge. This is also provided on an annual basis.

### Board & Board Committees

In the discharge of its duties, the Board is supported by three mandated Board Committees: namely, the Audit & Risk Committee ("**ARC**") (previously known as the "**Audit Committee**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") and one non-mandated Board Committee being the Investment Committee ("**IVC**"). The Board delegates specific areas of responsibilities to these Board Committees for their review and recommendations or decision-making, as the case may be. Each Board Committee has clear written Terms of Reference that set out their authorities and duties, in alignment with the Listing Rules and the 2018 Code.

In FY 2021, the Company held four scheduled Board meetings, one ad-hoc Board meeting and various Board Committee meetings. In addition to scheduled meetings, Directors also met on an ad-hoc basis, to deliberate material developments and specific matters as deemed appropriate by the Board and Board Committees members. The attendance of the Directors at these meetings and the Annual General Meeting of the Company ("**AGM**"), as well as the frequency of these meetings, is shown below.

| Meetings held in FY 2021 | Board | ARC | NC | RC | IVC | AGM |
|---|---|---|---|---|---|---|
| Wong Ngit Liong | 5 of 5 | – | 5 of 5 | – | 1 of 1 | 1 of 1 |
| Koh Lee Boon (1) | 5 of 5 | 4 of 4 | 5 of 5 | 1 of 1 | – | 1 of 1 |
| Tan Seok Hoong @ Mrs Audrey Liow (2) | 5 of 5 | 4 of 4 | – | 2 of 2 | 1 of 1 | 1 of 1 |
| Kay Kuok Oon Kwong (3) | 5 of 5 | – | 5 of 5 | 2 of 2 | – | 1 of 1 |
| Wong Yew Meng (4) | 5 of 5 | 1 of 1 | 2 of 2 | 2 of 2 | – | 1 of 1 |
| Jonathan S. Huberman | 5 of 5 | 4 of 4 | – | – | 1 of 1 | 1 of 1 |
| Han Thong Kwang | 5 of 5 | 4 of 4 | – | – | 1 of 1 | 1 of 1 |
| Wong-Yeo Siew Eng (5) | 5 of 5 | 3 of 3 | – | 1 of 1 | – | 1 of 1 |
| Goon Kok Loon (6) | 2 of 2 | 1 of 1 | – | 1 of 1 | 1 of 1 | 1 of 1 |
| Chua Kee Lock (7) | 1 of 1 | – | – | – | – | – |

**Notes** *(explanations below denote Directors' memberships for the meetings held in FY 2021)*:

Changes effected on 29 April 2021:
(1) Mr Koh Lee Boon ceased to be the Chairperson and member of the RC
(2) Ms Tan Seok Hoong @Mrs Audrey Liow succeeded Mr Goon Kok Loon as Chairperson of the ARC and ceased to be a member of the IVC
(3) Ms Kay Kuok Oon Kwong succeeded Mr Koh Lee Boon as Chairperson of the RC
(4) Mr Wong Yew Meng ceased to be a member of the ARC and the NC and was appointed as a member of the IVC
(5) Mrs Wong-Yeo Siew Eng was appointed as a member of the ARC and the RC
(6) Mr Goon Kok Loon, who was a Chairperson of the ARC and a member of the RC and IVC, retired at the conclusion of the 2021 AGM

Appointment effected on 1 October 2021:
(7) Mr Chua Kee Lock was appointed as an Independent Non-Executive Director

### Orientation, Development & Training for Directors

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 a docket containing the schedule of the Board and Board Committee meetings for the year, recent meeting minutes and financial statements, press releases, recent Annual Report, Terms of Reference of the Board Committees, key policies and other pertinent documents. Lines of communication, including access to the Board Chairman, Chief Executive Officer ("**CEO**"), Chief Operating Officer ("**COO**"), Chief Financial Officer ("**CFO**") and the Company Secretary, enable new Directors to gain insights and a better understanding of the Group's business and operations.

New Directors are acquainted with the Group's business and operations via site tours and briefings by Senior Management. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST will be provided with the relevant training at the Company's expense, including the mandatory training prescribed by the SGX-ST within one year of his/her appointment to the Board.

At other times, Directors can elect to attend training, conferences, seminars and development programmes offered by external organisations, such as the Human Capital Leadership Institute, the Institute of Policy Studies, the Singapore Institute of Directors and the Singapore Exchange, amongst others. To keep abreast of changes in the Financial Reporting Standards or to provide a refresher on relevant areas of law, external consultants are invited to brief the Board. The Board is regularly briefed by Senior Management on the Group's activities and provided with financial updates and investor engagement activity updates on a monthly basis.

Directors visit the Group's manufacturing and research and development facilities, where they are given presentations on products under development, and interact with key executives during such visits and participate in the Company's Annual Strategy conferences. Due to COVID-19, the Company's Annual Strategy session was put on hold.

### Access to Information

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

To enable the Board to fulfil its responsibilities and make informed decisions in a timely manner, Senior Management regularly provides the Board with annual financial plans, monthly management accounts, financial results and other relevant information or documents. Senior Management is also invited to attend Board meetings to provide updates on the Group's operations and business and discuss issues which may be raised by the Directors. These interactions promote active engagement with key executives. Non-Executive Directors also meet with external and internal auditors without the presence of Management. The Board also sets aside time to meet without the presence of Management at each scheduled meeting.

Generally, at each Board meeting:-

a. Chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings preceding the Board meeting;

b. CEO provides updates on the Group's business and operations;

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

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

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

### Company Secretary

The Company Secretary attends all Board and Board Committee meetings and ensures that Board procedures and applicable rules and regulations are complied with, and advises, provides guidance and updates on best practices of corporate governance, administrative, legal and regulatory compliance matters. The Company Secretary as well as the CFO are the primary contacts between the Company and the SGX-ST. 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 Board Chairman, the Company Secretary's responsibilities also include:-

a. supervising and monitoring 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 ("**ACRA**");

c. updating the Board on the principles and best practices of corporate governance and revisions to the applicable laws and Listing Rules to facilitate the Directors' performance of their statutory and fiduciary duties;

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

e. facilitating the annual Board performance evaluation process.

## PRINCIPLE 2 – BOARD COMPOSITION AND GUIDANCE

The Board comprises nine members: Mr Wong Ngit Liong, Mr Koh Lee Boon, Ms Tan Seok Hoong @Mrs Audrey Liow, Ms Kay Kuok Oon Kwong, Mr Wong Yew Meng, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Mrs Wong-Yeo Siew Eng and Mr Chua Kee Lock.

Mr Goon Kok Loon retired at the close of the Company's 2021 AGM.

Mr Chua Kee Lock was appointed as an Independent Non-Executive Director with effect from 1 October 2021. Mr Chua has the requisite experience and relevant expertise, and will add to the collective strength and dynamics of the Board. Details relating to Mr Chua's professional qualifications and work experience are provided on pages 19 and 184 to 193 of the Annual Report.

In FY 2021, the Board had seven Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director.

Independent Non-Executive Directors constitute the majority of the Board. No alternate directors are appointed. The current Board composition also reflects the Company's commitment to Board diversity.

The profile of each Director can be found on pages 15 to 19 of the Annual Report.

### Board Independence

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

The Nominating Committee also performs an annual review of the Directors' interests in which potential or perceived conflicts affecting the independence of the Directors are considered (including time commitments, length of service and other factors relevant to their independence). In line with Rule 210(5)(d) of the Listing Rules as well as Provisions 2.1 & 4.4 of the 2018 Code, 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 business judgement in the best interests of the Company and in carrying out his/her functions as an Independent Director and as a member of any Board Committee(s);

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.

The Nominating Committee, having considered the above, has reviewed and ascertained that for FY 2021, Mr Koh Lee Boon, Ms Tan Seok Hoong @Mrs Audrey Liow, Ms Kay Kuok Oon Kwong, Mr Jonathan S. Huberman, Mr Han Thong Kwang, Mrs Wong-Yeo Siew Eng and Mr Chua Kee Lock continued to remain independent. The Independent Non-Executive Directors do not have direct or indirect shareholdings exceeding 5% in the Company nor any relationships with the Company, its related corporations or the Company's shareholders with 5% or more voting rights in the Company.

Directors abstained from the discussions and voting in respect of their own independence.

Listing Rule 210(5)(d)(iii) (applicable from 1 January 2022) requires that the independence of any Director who has served on the Board beyond nine years from the date of first appointment be approved by a two-tier shareholders' vote if such Director is to continue to serve as an independent Director.

Taking into account the Nominating Committee's views, for FY 2021 the Board determined that the two-tier vote with respect to Rule 210(5)(d)(iii) of the Listing Rules will not be sought for any such Director.

Accordingly, Mr Koh Lee Boon, who has been a Director since 1996, was re-designated as a Non-Independent Non-Executive Director with effect from 1 January 2022.

As a whole, the Board comprises members with varying lengths of tenure, demonstrating a good balance between long-serving Directors and recent appointees, merging in-depth experience with contemporary talent.

**Lead Independent Director**

The Lead Independent Director provides leadership in situations where the Chairman is conflicted. The Lead Independent Director may also be contacted if shareholders or other stakeholders have any concerns, where contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director could meet with Independent Non-Executive Directors to provide feedback.

Mr Koh Lee Boon served as the Lead Independent Director till 31 December 2021 and was succeeded by Ms Tan Seok Hoong @Mrs Audrey Liow on 1 January 2022.

The Lead Independent Director may be contacted via company-secretary@venture.com.sg which is stated in the "Investor Relations" link on our corporate website.

**Board Diversity**

The Company has adopted a Diversity Policy which forms part of its policy on "Developing a High-Performance Board".

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

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

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

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

This diversity and spread enhances the quality of Board deliberations and decision-making.

## PRINCIPLE 3 – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Wong Ngit Liong served as Board Chairman and CEO in FY 2021. In his dual role, Mr Wong consistently ensured the seamless implementation of growth strategies to integrate the Group's intrinsic technology expertise with various emerging dynamic ecosystems of interests.

There was a clear division of responsibilities between the two roles, which are set out in writing and formally approved by the Board. The Company has also implemented internal controls and safeguards within the Group to ensure independent decision-making.

With effect from 1 January 2022, Mr Wong relinquished the office of CEO. Mr Wong was retained by the Board as the Chairman with a defined executive role. As Executive Chairman, he will, *inter alia*, continue to drive the Group's well-conceived, multi-prong and multi-tier growth strategies, given his enduring institutional knowledge and business acumen.

### 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

The CEO's responsibility encompasses: providing strong leadership and effective day-to-day management of the Company; developing, with the Board, a consensus for the Company's vision and mission; developing and implementing the strategic plan approved by the Board; driving a culture of compliance and ethical behavior; recruiting and retaining Senior Management; ensuring appropriate talent management and remuneration frameworks are established; organising the Company's structure and personnel assignments for the orderly conduct and operation of the Group; implementing, with Senior 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, the CEO is supported by the Executive Committee, now renamed as the Executive Strategic Committee ("**ESCO**") comprising the Key Management Personnel*.

**In this Corporate Governance Report, wherever the term "Key Management Personnel" appears, it refers to CEO, COO, CFO, Chief Human Resource Officer ("**CHRO**") and any other senior executive who is designated as a Key Management Personnel on account of the authority and responsibility vested in him/her for planning, directing and controlling the activities of the Company.*

The ESCO, which is chaired by the Chairman, 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, heads of departments or business units may be invited to attend ESCO meetings.

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

In FY 2021, seven out of nine Directors were Independent Non-Executive Directors, constituting the majority. This ensured an appropriate balance of power, sufficient accountability and independent decision-making at the Board. The presence of a Lead Independent Director added to the independent element on the Board.

The strong independent element of the Board enables it to engage in robust decision-making, monitor results, and assess and remunerate Management on its performance. It also meets the requirements of the 2018 Code which recommends that where the Chairman of the Board is not independent, the Independent Directors should constitute a majority of the Board. Additionally, the representation of Independent Directors on the Board exceeds the one-third requirement of independence under Rule 210(5)(c) of the Listing Rules. During meetings, the Independent Directors constructively challenge and review implementation and proposals presented by Management, including matters addressing the Group's strategy.

The Audit & Risk Committee, the Nominating Committee and the Remuneration Committee, which are committees mandated under the Listing Rules, are chaired by Independent Non-Executive Directors. In FY 2021, the Audit & Risk Committee comprised entirely of Independent Non-Executive Directors and the majority membership of the Remuneration Committee and the Nominating Committee comprised Independent Non-Executive Directors.

## PRINCIPLE 4 – BOARD MEMBERSHIP

### Selection Process for New Directors

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

### Multiple Board Representations

The Board has concurred with the Nominating Committee's recommendation that the maximum number of listed company board representations which a Director may hold should not exceed six, taking into consideration, *inter alia*, the market capitalisation of the other listed companies, their financial year-end, schedule of meetings, time commitment required, intensity of participation, whether the Director has executive responsibilities in other organisations (or other principal commitments), as well as the individual Director's ability to effectively manage multiple appointments. 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 for FY 2021, each Director has given sufficient time and attention to the affairs of the Company and that no Director has served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators.

### Nominating Committee

The Nominating Committee comprises the following members:

Ms Kay Kuok Oon Kwong, Chairperson
Mr Han Thong Kwang (appointed 1 December 2021)
Mr Wong Ngit Liong

Mr Wong Yew Meng stepped down as a member at the close of the 2021 AGM. Mr Koh Lee Boon stepped down as a member on 30 November 2021.

The Nominating Committee met five times in FY 2021 and had informal discussions on other occasions.

The role of the Nominating Committee is:

a. to ensure there is a formal and transparent process for the appointment and re-appointment of Directors, taking into account the 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 Directors to the Board and Board Committees;

b. to regularly review the Board structure, size and composition (including the mix of Directors' skills, qualifications, expertise and diversity) and make recommendations to the Board;

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

d. to review and recommend to the Board plans for succession, in particular for the Chairman, CEO and Key Management Personnel;

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

f. to recommend Directors who are retiring by rotation to be put forward for re-election;

g. to determine whether or not a Director is able to and has been adequately carrying out his/her duties and to recommend to the Board the maximum number of listed company board representations which a 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. The review of Board diversity forms part of its annual evaluation of the Board's performance and effectiveness. 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;

j. to monitor the implementation of the Board Diversity Policy; and

k. to review the training and professional development programmes for the Board and to ensure that new Directors are aware of their duties and obligations.

The Nominating Committee regularly reviews the composition of the Board and Board Committees and makes recommendations to the Board to refresh the composition based on the Company's needs. In FY 2021, the Nominating Committee recommended the reconstitution of the Board Committees and the appointment of Mr Chua Kee Lock as an Independent Non-Executive Director to refresh the Board and Board Committees.

For FY 2021, Mr Koh Lee Boon served as the Lead Independent Director and was a member of the Nominating Committee till 30 November 2021. The incoming Lead Independent Director, Ms Tan Seok Hoong @Mrs Audrey Liow, is not a member of the Nominating Committee as the Board has determined that the Nominating Committee is adequately constituted to perform its duties and there are sufficient processes to engage stakeholders on all matters.

**Re-Election of Directors**

Each year, the Nominating Committee reviews the nomination of Directors for re-election. In recommending the 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.

Pursuant to Regulation 106 of the Constitution and Listing Rule 720(5), all Directors subject themselves for re-nomination and re-election at least once every three years. At the 2022 AGM, Mr Wong Ngit Liong and Ms Tan Seok Hoong @ Mrs Audrey Liow will submit themselves for re-election and Mr Koh Lee Boon will retire at the close of the 2022 AGM.

Pursuant to Regulation 110 of the Constitution, Directors appointed by the Board during a financial year hold office until the next AGM, when they become eligible for re-election. Accordingly, Mr Chua Kee Lock, who was appointed on 1 October 2021, will seek re-election.

The Directors had each abstained from the discussion and taking a decision in respect of their own nomination. Additional information on Directors seeking re-election at the 2022 AGM can be found on pages 184 to 193 of the Annual Report.

The Board has accepted the Nominating Committee's recommendations to seek approval from shareholders at the forthcoming AGM to re-elect Mr Wong Ngit Liong, Ms Tan Seok Hoong @Mrs Audrey Liow and Mr Chua Kee Lock.

## PRINCIPLE 5 – BOARD PERFORMANCE

**Board Performance Evaluation**

The Board has a formal process (incorporating objective performance criteria) for assessing the effectiveness of the Board as a whole and that of the Board Committees. It is carried out annually by the Nominating Committee and reviewed by the Board.

This is the Company's 19th year of evaluating the performance of the Board and the Board Committees. Continuous enhancements to Board processes over the years have enabled the Board to sustain high level of effectiveness, with the agility to anticipate and shape the Company's future.

The Board Performance Evaluation ("**BPE**") is based on a set of performance factors, benchmarked against the criteria of other listed companies. Reference is also made to the BPE template in the Nominating Committee Guide by the Singapore Institute of Directors.

The BPE is undertaken by the Nominating Committee via a questionnaire seeking feedback and comments of each Director. Their responses are reviewed by the Nominating Committee, and thereafter presented to the Board for discussion. The Nominating Committee, in consultation with the Executive Chairman, takes appropriate actions to address findings on areas requiring improvements.

The BPE encompasses an assessment of qualitative and quantitative criteria comprising, *inter alia*, size, independence, diversity and quality of Board composition, adequacy, quality and timeliness of information provided to the Board, Board's understanding of the Group's strategic objectives, risk management & internal controls, sustainability, Board culture and dynamics, Board's partnership with Management and other key issues.

Whilst there is no individual Director evaluation *per se*, the strengths and contributions of each individual Director and their demonstrated commitment to their individual role on the Board and the Board Committees are reviewed.

Specific developmental needs of the Directors, identified from time to time, will be addressed in consultation with the Chairman and the Chairperson of the Nominating Committee.

The BPE conducted for FY 2021 concluded, *inter alia*, that:

a. the quality of information disseminated to members of the Board and Board Committees enabled the making of informed decisions;

b. the Board was pro-active and engaged Management in open communications and constructive discussions, which aided independent decision-making;

c. there was a high standard of conduct amongst members of the Board and there were no conflicts of interests;

d. the Board meetings and Board Committee meetings were well-conducted, and sufficient time was allocated to consider all matters, and the decision-making processes of the Board took into account key issues and all stakeholders; and

e. the Board comprised Directors with varied and relevant skills, experience and expertise with a good balance of independence and diversity.

## REMUNERATION MATTERS – PRINCIPLES 6 TO 8

## PRINCIPLE 6 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Remuneration Committee**

The Remuneration Committee comprises the following members:

Ms Kay Kuok Oon Kwong, Chairperson (elected 29 April 2021)
Ms Tan Seok Hoong @Mrs Audrey Liow
Mr Wong Yew Meng
Mrs Wong-Yeo Siew Eng (appointed 29 April 2021)

At the close of the 2021 AGM, Mr Koh Lee Boon stepped down as Chairperson and member of the Remuneration Committee and Ms Kay Kuok Oon Kwong, was elected Chairperson. The majority of the members of the Remuneration Committee, including its Chairperson, are independent. The Remuneration Committee met twice in FY 2021 and is guided by written Terms of Reference.

The primary 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 that no Director shall be involved in deciding his/her own remuneration; and

b. to ensure that the level and structure of remuneration of the Directors and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company,

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 the individual remuneration of Directors and the remuneration package and terms of employment of individual Key Management Personnel, and 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 have all the powers as set out in the schemes;

c. to carry out its duties in the manner it deems expedient, subject always to any regulation or restriction that may be imposed upon the Remuneration Committee by the Board from time to time;

e. 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

f. 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 will be disclosed, including a statement on whether the remuneration consultants have any such relationship with the Company. No remuneration consultants were engaged for FY 2021.

## 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 is aligned with 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

Non-Executive Directors' fees require shareholders' approval at the AGM. There has been no revisions to the Directors' fee structure since FY 2017. The fees are benchmarked against listed companies of comparable size, complexities of operation, global presence and industry, taking into account the demanding responsibilities, workload and time commitment arising from the increasing complexities of the Group's activities.

The Board has endorsed the Remuneration Committee's fee proposal of S$857,536 for FY 2021 for approval at the forthcoming AGM. The slight reduction from the FY 2020 Directors' fees of S$863,143 is due to changes in the Board and Board Committees' composition. Directors' fees continue to be paid in arrears upon shareholders' approval. The Executive Director does not receive any Directors' fees. There is no scheme or arrangement for payment of Directors' fees in the form of equity. The Directors had each abstained from the discussion and taking a decision in respect of their own fees. Details of the fee structure and the proposed fees for each Non-Executive Director are set out below.

The Directors' fee structure of the Board and Board Committees for FY 2021 remains as follows:

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

* Chairman of the Board and of the Investment Committee is an Executive Director

A breakdown of the proposed Directors' fees of each Non-Executive Director for FY 2021 is shown below:

| Name of Director | Directors' Fees S$ | Directors' Fees % | Fixed Remuneration % | Variable Bonus, Variable Salary & Benefits-in-kind % | Total % |
|---|---|---|---|---|---|
| Koh Lee Boon (1) | 117,658 | 100 | – | – | 100 |
| Kay Kuok Oon Kwong (2) | 118,383 | 100 | – | – | 100 |
| Tan Seok Hoong @ Mrs Audrey Liow (3) | 124,918 | 100 | – | – | 100 |
| Wong Yew Meng (4) | 118,220 | 100 | – | – | 100 |
| Jonathan S. Huberman | 110,000 | 100 | – | – | 100 |
| Han Thong Kwang (5) | 107,877 | 100 | – | – | 100 |
| Wong-Yeo Siew Eng (6) | 93,836 | 100 | – | – | 100 |
| Goon Kok Loon (7) | 47,275 | 100 | – | – | 100 |
| Chua Kee Lock (8) | 19,369 | 100 | – | – | 100 |

**Notes:**
(1) Mr Koh Lee Boon stepped down as Chairperson and member of the RC on 29 April 2021 and a member of the NC on 30 November 2021
(2) Ms Kay Kuok Oon Kwong was appointed as Chairperson of the RC on 29 April 2021
(3) Ms Tan Seok Hoong @Mrs Audrey Liow stepped down as a member of the IVC and was elected as Chairperson of the ARC on 29 April 2021
(4) Mr Wong Yew Meng stepped down as a member of the ARC and the NC and was appointed a member of the IVC on 29 April 2021
(5) Mr Han Thong Kwang stepped down as a member of the ARC and the IVC on 30 November 2021 and was appointed a member of the NC on 1 December 2021
(6) Mrs Wong-Yeo Siew Eng was appointed as a member of the ARC and the RC on 29 April 2021
(7) Mr Goon Kok Loon retired as Independent Non-Executive Director of the Company on 29 April 2021 at the conclusion of the 2021 AGM. Accordingly, he also ceased to be the Chairperson of the ARC and a member of the RC and the IVC
(8) Mr Chua Kee Lock was appointed as Independent Non-Executive Director of the Company on 1 October 2021 and a member of the ARC and the IVC on 1 December 2021

### CEO's Remuneration

Being an Executive Director, Mr Wong Ngit Liong does not receive Directors' fees. As a member of Management in FY 2021, his remuneration, which comprises cash-based and share-based components, is reviewed by the Remuneration Committee. Information on the CEO's remuneration including share options granted pursuant to the Venture Corporation Executives' Share Option Scheme 2015 ("**2015 Scheme**") and awards granted pursuant to the Venture Corporation Restricted Share Plan adopted by the Company in 2011 ("**RSP 2011**") are set out below.

| CEO & Chairman | Remuneration | | | | 2015 Scheme | RSP 2011 |
|---|---|---|---|---|---|---|
| | Total S$ | Fixed (1) % | Variable (2) % | Total (3) % | Number of share options granted in FY 2021 (4) | Number of RSP shares awarded in FY 2021 (4) |
| Wong Ngit Liong | 7,520,257 | 20 | 80 | 100 | NIL | 16,000 |

**Notes:**
(1) The fixed remuneration includes base salary, fixed allowances and annual wage supplement.
(2) The variable remuneration includes performance bonus and benefits-in-kind.
(3) The total remuneration includes applicable employer CPF contributions.
(4) There were no share options granted under the 2015 Scheme in FY 2021. The fair value of awards granted under the RSP 2011 can be found in Note 24 to the financial statements.

### Human Capital Management & Remuneration Framework

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 Group'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.

Given the nature of the Group's operations in specialized technologies and its on-going initiatives to transform and deepen its participation in selected technology domains, the Group's leadership works collaboratively and purposefully with other employees across global operations and support services to implement shared goals and objectives.

The Group's leadership comprises employees whose authority and actions have a bearing on the long-term performance of the Group. This group includes key executives, Heads of Departments/Business Units and Key Management Personnel. As stated earlier, the term "Key Management Personnel" refers to CEO, COO, CFO, CHRO and any other senior executive designated as a Key Management Personnel.

The Group's performance-based remuneration framework for the leadership enumerates criteria designed to reflect personal contributions, benchmarked against market considerations and in alignment with stakeholders' interests. This framework also applies to other employees whose duties in operations and support services are critical to the Group's deliverables to its global customer base and stakeholders and fulfilment of their high expectations.

### Principles of the Group's Remuneration Framework

The Group's remuneration framework is based on, among other things, the following principles:

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

### Performance Review and Evaluation

The Group has an annual and continuous performance review process that evaluates each employee's contributions.

Each year, 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.

For greater objectivity of assessment, all final performance ratings are comprehensively discussed and ascertained by at least two levels of Management personnel.

In particular, the evaluation of Heads of Departments/Business Units and Key Management Personnel is, based, *inter alia*, on the following qualitative and quantitative criteria:

| | | | |
|---|---|---|---|
| a. | Achievement of Goals and Targets | | |
| | i. | Financial performance of their respective business unit against targets, *inter alia* including: | |
| | | – | Revenue generated |
| | | – | Accounts receivables and accounts payables management |
| | | – | Return on investment |
| | | – | Cash conversion cycle |
| | ii. | Management and execution of the needs of new and existing customers | |
| | iii. | Operational excellence | |
| | iv. | Leadership development / succession planning | |
| | v. | Innovation / creativity / IP content | |
| | vi. | Work improvement programmes | |
| | vii. | Operational control / business processes control | |
| | viii. | Risk management | |
| b. | Leadership Capabilities, Core Values & Code of Conduct | | |
| 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 | |
| Core Values | | | |
| | i. | Relentless Pursuit of Excellence | |
| | ii. | Rendering The Highest Level of Total Customer Satisfaction | |
| | iii. | Encouraging Employee to Realize Their Full Potential | |
| | iv. | Building Strong Cohesion & Teamwork | |
| | v. | Fostering Creativity & Innovation | |
| Code of Conduct | | | |
| | i. | Lead by example | |
| | ii. | Seek clarification when in doubt | |
| | iii. | Treat employees with respect and dignity | |
| | iv. | Manage business with integrity and responsibility | |
| | v. | Report concerns or potential misconduct | |

**Key Management Personnel**

The contributions and performance of Key Management Personnel are further evaluated and comprehensively reviewed by the Remuneration Committee to assess their achievement of the aforesaid qualitative and quantitative objectives.

### Fixed and Variable Components of Remuneration

The remuneration framework consists of fixed and variable components. The base salary, fixed allowance and annual wage supplement form the fixed component. Base salary of an employee's remuneration is determined by job scope, criticality and complexity of the role, the individual's experience, competencies and market competitiveness.

The variable component is determined by each employee's performance evaluation and contributions, and the Group's financial performance in the relevant financial year. Taking into account the risk policies of the Group, the variable component also factors risk outcomes and is 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 comprise two share plans, which aim to increase the performance orientation and retention factor in the remuneration of employees, and foster an ownership culture within the organisation. The two share plans are the 2015 Scheme and the Venture Corporation Restricted Share Plan 2021 ("**RSP 2021**"). For objectivity and greater independence, the share plans are administered by the Remuneration Committee which is constituted entirely by Non-Executive Directors.

The 2015 Scheme is applied to eligible participants within the Group's leadership and other employees whose duties in operations and support services are critical to the Group's deliverables.

RSP 2021, on the other hand, is restricted to a limited number of eligible participants within the Group's leadership, who deliver or have the potential to deliver sustained high-level performance for each financial year.

Before each grant/award, the ESCO 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.

**a. 2015 Scheme (approved and adopted by the Company at the Extraordinary General Meeting ("EGM") held on 25 April 2014)**

i. Objectives

The 2015 Scheme is part of the Group's remuneration framework for eligible employees to achieve the following objectives:

(a) encourage and foster ownership mindset and loyalty to the Group and align their interests with that of all stakeholders;

(b) optimise their performance and maintain high levels of contribution to the Group's performance and profitability; and

(c) attract and retain critical talent who can contribute value to the Group.

ii. Vesting Period and Premium

For the Year 2022, share options ("**Options**") granted under the 2015 Scheme will have **an extended three-year vesting period** instead of **one year** and Options exercised in the fourth year will **include a premium of 5%** on the grant price. As per current stipulations, Options will expire on the fifth anniversary of the date of grant.

The proposed changes are structured to motivate service tenure and sustained value contributions of eligible employees as well as to encourage employees to optimise their performance and contribute to the growth of the Group's profitability on a long-term basis.

The comparison between the current and the proposed vesting and premium terms is illustrated in the table below.

| Year | Current | Proposed |
|---|---|---|
| Year 1 | **No Vesting** | **No Vesting** |
| Year 2 | Vesting with 25% premium | **No Vesting** |
| Year 3 | Vesting with 15% premium | **No Vesting** |
| Year 4 | Vesting with **0%** premium | Vesting with **5%** premium |
| Year 5 | Vesting with 0% premium | Vesting with 0% premium |

iii. Employees eligible to receive Options

On an annual basis, eligible employees are nominated to be considered for Options based on their individual performance and contributions. Eligible employees, **who attain "exceptional" and "exceeding requirements"** performance ratings are identified for final determination of Options, based on an allocation matrix approved by the Remuneration Committee.

iv. Maximum number of Options to be granted

As proposed in the last three AGMs, at the forthcoming AGM, the Company will seek shareholders' approval 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 AGM until the earlier of: (i) the conclusion of the next AGM; or (ii) the date by which the next AGM is required by law to be held.

Details of the Options granted under the 2015 Scheme and methodology of valuation, exercise price of Options that were granted, outstanding Options and vesting schedule are set out on pages 85 to 87 of the Directors' Statement and Note 24 to the financial statements.

v. Combined Limit on Issue of New Shares

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 2011 and/or RSP 2021 shall not exceed 10% of the total number of issued Shares (excluding treasury shares).

The 2015 Scheme will continue in force for a period of 10 years from 1 January 2015.

**b. Restricted Share Plan**

The 10th and final Award under RSP 2011 was made on 19 January 2021. Following the expiry of RSP 2011, RSP 2021 was approved and adopted at the 2021 AGM.

i. Objectives of awarding RSP

(a) To encourage sustained commitment from key leaders to grow shareholder value over a long period of time through a sense of ownership in Venture.

(b) To align the interests of key leaders as stakeholders of Venture.

ii. Eligible Employees and Vesting Period

Awards of Shares of the Company, **subject to a five-year vesting period** (or such other period determined by the Remuneration Committee), are made to select eligible participants within the Group leadership, including those who possess technology or other domain expertise and competencies and 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 2011 as well as the methodology of valuation, unvested RSP 2011 awards and vesting schedule are set out on pages 88 and 89 of the Directors' Statement and Note 24 to the financial statements.

iii. Plan Limit and Duration

The aggregate number of new Shares which may be issued and existing Shares which may be delivered pursuant to awards under the RSP 2021 granted on any date, shall not exceed 3% of the total number of Shares (excluding treasury shares) from time to time.

The RSP 2021 will continue in force for a maximum of 10 years commencing from 29 April 2021.

**Key Management Personnel Remuneration**

In line with Principle 8.1 of the 2018 Code and as reported in previous years, the Company has elected to disclose the remuneration of its Key Management Personnel in bands no wider than S$250,000 and their aggregate cash-based remuneration for FY 2021. Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, the Board is of the view that it is in the best interests of the Company not to identify the remuneration band of each Key Management Personnel.

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 2021, the Key Management Personnel (who were not Directors or CEO) were Lee Ghai Keen, Wong Chee Kheong, Ng Chee Kwoon, Lim Sita and Dharma Nadarajah (who resigned in FY 2021). With effect from 1 January 2022, COO Lee Ghai Keen was promoted to CEO and SVP Wong Chee Kheong was promoted to COO.

The aggregate cash-based remuneration of the Key Management Personnel in FY 2021 is S$3,951,033. The percentage breakdown of the fixed and variable components for each individual is set out below.

| Remuneration Bands (Fixed and Variable) / Key Management Personnel | Remuneration | | | 2015 Scheme Number of share options granted in FY 2021 (4) | RSP 2011 Number of RSP shares awarded in FY 2021 (4) |
|---|---|---|---|---|---|
| | Fixed (1) % | Variable (2) % | Total (3) % | | |
| Between S$1,000,000 - S$1,249,999 | | | | | |
| 1 | 51 | 49 | 100 | NIL | 14,000 |
| Between S$750,000 - S$999,999 | | | | | |
| 2 | 53 | 47 | 100 | NIL | 10,000 |
| Between S$250,000 - S$499,999 | | | | | |
| 2 | 90 | 10 | 100 | NIL | 4,000 |

**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) There were no share options granted under the 2015 Scheme in FY 2021. The fair value of awards granted under the RSP can be found in Note 24 to the financial statements

There were no termination, retirement or post-employment benefits granted to CEO or the Key Management Personnel in FY 2021.

There are no immediate family members of a Director or CEO in a managerial role in the Company nor in any of the principal subsidiaries. There are no immediate family members of a Director, CEO or a substantial shareholder whose remuneration exceeds S$100,000 in FY 2021.

## ACCOUNTABILITY & AUDIT – PRINCIPLES 9 TO 10

### 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 weaknesses identified by the Board or the Audit & Risk Committee, Management takes the necessary steps to address them.

Recognising the importance of integrating risk management practices and controls into strategic decision-making to accelerate the Group's sustained growth and value creation, 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 control framework that establishes control ownership amongst functional managers and staff in their respective areas of responsibilities. 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 Key Management Personnel in turn provide an annual attestation to the Audit & Risk 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 & Risk Committee, reviewed the Group's risk assessment programmes and internal control processes. For FY 2021, the Board and the Audit & Risk 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 & Risk 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 2021.

The Board and the Audit & Risk 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 the Group's financial statements that give a true and fair view in accordance with financial reporting standards and to provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position. The Audit & Risk Committee and the Board reviews and approves the financial results before its dissemination, as well as any media release regarding the Group's financial results.

A verification process supports Management's representations to the Board on the integrity of the Group's financial statements, and confirmation that there are no transactions or events of a material or exceptional nature which would render the results misleading in any material aspect and that nothing has come to their attention as at the date of the representation which may render the financial statements false or misleading in any material aspect. This supports the Negative Assurance Statement accompanying the Group's financial results announcement that 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.

**Whistle-Blowing Policy**

The Company has a Whistle-Blowing Policy for the Group to provide a channel for Group employees and third parties to raise and report, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other wrongdoings relating to the Group and its employees. 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 Group's commitment to ethical conduct.

The Audit & Risk Committee is responsible for oversight and monitoring of Whistle-Blowing.

It reviews 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. The policy and arrangements are periodically updated for consistency with the Listing Rules.

The Audit & Risk Committee has delegated the authority to Internal Audit to administer the policy. The Head of Internal Audit is the receiving officer of Whistle-Blowing reports and will promptly inform the Chairperson of the Audit & Risk Committee upon receiving a report. The Company's internal processes ensure an independent and thorough investigation by Internal Audit of reported incidents; and appropriate follow-through actions, including disciplinary inquiries under the established process, to handle employee misconduct. The Audit & Risk Committee evaluates the follow up investigations undertaken and monitors resolution. Any substantive change to the administration of the policy is formally approved by the Audit & Risk Committee.

There is a confidential line of communication to make reports to the Head of Internal Audit. Reports can be lodged by calling the hotline at +65 6484 8096 or via email at whistleblow@venture.com.sg. Channels for reporting fraudulent practices and inappropriate activities are also clearly communicated to employees and the contact information can be found at the Company's corporate website at https://www.venture.com.sg/sustainability-governance/. The Company is committed to ensuring that the whistle-blower is protected against any form of detrimental or unfair treatment. All information received is treated as confidential to protect the identity of whistle-blowers. Anonymous reports are accepted. Employees who have reported in good faith will be protected from reprisal.

## PRINCIPLE 10 – AUDIT & RISK COMMITTEE

The composition of the Audit & Risk Committee is as follows:

Ms Tan Seok Hoong @Mrs Audrey Liow, Chairperson (elected 29 April 2021)
Mr Koh Lee Boon
Mr Jonathan S. Huberman
Mrs Wong-Yeo Siew Eng (appointed 29 April 2021)
Mr Chua Kee Lock (appointed 1 December 2021)

At the close of 2021 AGM, Mr Wong Yew Meng stepped down as a member. Mr Han Thong Kwang stepped down as a member on 30 November 2021.

For FY 2021, all members of the Audit & Risk Committee, including the Chairperson were independent. The Audit & Risk Committee has performed duties in compliance with the Companies Act, the Listing Rules and the 2018 Code and is guided by written Terms of Reference. The Audit & Risk Committee met four times in FY 2021. More than two members, including the Audit & Risk Committee Chairperson, have recent and relevant accounting or related financial management expertise or experience. The Audit & Risk Committee keeps abreast of changes to financial reporting standards and best practices and guidelines relating to current topics which have a direct impact on financial statements, through briefings provided by professionals or external consultants as necessary.

The Company's systems of risk management and internal controls are intended to safeguard the Group's interest, assets and integrity of financial reporting. The Board is responsible for the governance of risk. The Audit & Risk Committee assists the Board in this regard by maintaining oversight of these systems of risk management and internal controls and the results of audits of these systems and internal controls.

Its other responsibilities include the following:

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;

b. to review the half-yearly and annual financial announcements, and the executive summary of key financial information, business commentary and outlook for voluntary disclosure in respect of the first and third quarter performance before submission to the Board for approval, focusing on adherence to current financial reporting standards, accounting policies and practices, major risk areas and judgements, significant adjustments to results of the audit, the going concern statement, and compliance with stock exchange and statutory or regulatory requirements;

c. to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary; to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

d. to meet (a) with the external auditors and (b) with the internal auditors, in each case without the presence of Management, at least annually, to discuss any problems and concerns they may have, and to review the assistance given by Management to the external auditors;

e. to review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditors;

f. where the auditors also provide non-audit services to the Company, to review the nature and extent of such services to assess their continued objectivity and fees received for such services value for money, and to ensure that the independence and effectiveness of the auditors would not be affected;

g. to review the Internal Audit programme, the scope and results of internal audit, and co-ordination between the internal and external auditors; and to ensure that the Internal Audit function is adequately resourced with qualified and experienced staff, receives cooperation from Management and discharges its functions effectively;

h. to review the consolidated statement of financial position, profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statement of financial position and changes in equity of the Company, before approval by the Board;

i. to investigate any matter within its Terms of Reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. To report to the Board its findings from time to time on matters arising and requiring the attention of the Audit & Risk Committee;

j. to review interested person transactions falling within the scope of the Listing Rules;

k. to undertake such other reviews and projects as may be requested by the Board and such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time;

l. to consider and recommend to the Board the proposal to shareholders on the appointment and re-appointment of the external auditor, after evaluating the performance of the external auditor, taking into consideration the Audit Quality Indicators Disclosure Framework published by ACRA; and recommend to the Board the remuneration and terms of engagement of the external auditor;

m. to review and report to the Board at least annually, on 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 party);

n. to review the whistle-blowing policies, processes and reporting to ensure that concerns about possible improprieties in financial reporting or other matters may be safely raised, independently investigated and appropriately followed up; and

o. 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 auditor and internal auditors have unrestricted access to the Audit & Risk Committee and meet with the Audit & Risk Committee without the presence of Management at least once a year. The external auditors and internal auditors met with the Audit & Risk Committee without the presence of Management in February 2021.

In FY 2021, the Audit & Risk Committee, with the assistance of internal auditors, reviewed and reported 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 & Risk Committee ensured that key objectives were met, material assets were properly safeguarded, there were adequate measures to detect and prevent fraud or material errors in the accounting records, accounting records were accurate and complete, and reliable financial reports were prepared in compliance with applicable financial reporting standards, policies and regulations.

Under the Terms of Reference of the Audit & Risk Committee, a former partner or director of the Company’s existing auditing firm or auditing corporation should not act as a member of the Audit & Risk Committee: (a) within a period of two years commencing on the date of his/her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as he/she has any financial interest in the auditing firm or auditing corporation. Although Mrs Wong-Yeo Siew Eng, was previously a partner of the Company’s existing external auditors, Messrs Deloitte & Touche LLP, more than three years have passed since her retirement as a partner and she has confirmed that she does not have any financial interest in Messrs Deloitte & Touche LLP. She had never been involved in the audit of the Company when she was a partner in Deloitte & Touche LLP. The remaining Audit & Risk Committee members do not have any relationship with the Company’s existing auditors.

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 & Risk Committee is to provide its own commentary on the key audit matters ("**KAM**") reported by the external auditors. During the audit of the financial statements for FY 2021, only one KAM was reported by the external auditors, set out on page 93 of this Annual Report. The Audit & Risk Committee's commentaries on the reported KAM is set out below.

| KAM | Audit & Risk 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 16% 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 & Risk Committee considered the approach, methodology and key assumptions applied in the valuation model used by the external valuation specialist. The Audit & Risk Committee also considered the findings of the external auditors, including their assessment of the appropriateness of the key assumptions used. With these, the Audit & Risk Committee concurred with Management's conclusion that there is no impairment of goodwill as at 31 December 2021. |

**External Auditors**

The Audit & Risk 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 auditors. The Board considered the adequacy of the resources and experience of the audit firm, the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, and is satisfied that the re-appointment of the external auditors, Messrs Deloitte & Touche LLP, would be in compliance with Rule 712 of the Listing Rules. The Audit & Risk Committee also reviewed and approved the external auditors' audit plan for the year and assessed the quality of the work carried out by them in accordance with the Audit Quality Indicators Disclosure Framework published by ACRA and is satisfied with the performance of the external auditors.

The Board and the Audit & Risk 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 149 to 154 of this Annual Report) would not compromise the standard and effectiveness of the audit of the Company and the Group. None of the Company's subsidiaries are listed on a stock exchange. The subsidiaries which have significant contributions in terms of revenue and net assets are all audited by member firms of Messrs Deloitte Touche Tohmatsu Limited ("**DTTL**"). The subsidiaries which are audited by non-DTTL member firms are insignificant and do not have material revenue contribution or net assets. In this regard, the Company has complied with Listing Rule 716.

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

**Internal Audit**

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

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

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

**Investment Committee**

The members of the Investment Committee are:

Mr Wong Ngit Liong, Chairperson
Mr Wong Yew Meng (appointed 29 April 2021)
Mr Jonathan S. Huberman
Mr Chua Kee Lock (appointed 1 December 2021)

Ms Tan Seok Hoong @Mrs Audrey Liow stepped down as a member on 29 April 2021. Mr Han Thong Kwang stepped down as a member on 30 November 2021.

The Investment Committee, a non-mandated Board Committee, provides feedback and advice to Management on investment decisions. It also oversees the Company's exercise of the Share Buy-Back Mandate ("**Mandate**") in accordance with the terms and conditions set out in the Mandate. The Investment Committee is supported by the Investment Office, which comprises members of Senior Management who execute the decisions of the Investment Committee. The Investment Committee met once in FY 2021.

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

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

The Company has migrated to publishing its financial statements on a half-yearly basis for its financial years ending 31 December. Nevertheless, the Company continues with its regular shareholder communication via the various channels listed below, and endeavours to provide an executive summary of key financial information as well as a business commentary and outlook for the first and third quarter performance of the Group.

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

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

### General Meetings

Shareholders are encouraged to attend the Company's general meetings. However, if they are not able to do so, the Constitution allows each shareholder to appoint up to two proxies to attend, speak and vote on his/her behalf at the Company's general meetings. Nonetheless, pursuant to the Companies (Amendment) Act 2014 ("**Amendment Act**"), shareholders who are relevant intermediaries (as defined in the Amendment 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 Senior Management. Please refer to page 49 of the Annual Report on the Directors' attendance for the 2021 AGM. Shareholders are given the opportunity to share their views and put their questions to the meeting(s). Where possible, the Company engages in active discussion and interaction with shareholders during the meeting(s). The minutes of shareholder meeting records the proceedings as well as relevant questions raised by shareholders and answers given by the Board.

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

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

Further to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order**"), the Company conducted its 2021 AGM via electronic means, including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to the voting by appointing the Chairman of the Meeting as proxy at the AGM.

Minutes of the 2021 AGM, including substantial and relevant queries and comments from shareholders relating to the AGM agenda and responses from the Board, were recorded and published via SGXNet and on the Company's corporate website (www.venture.com.sg).

The 2022 AGM will also be held via electronic means. Substantial and relevant questions relating to the resolutions tabled for approval at the 2022 AGM will be addressed prior to the closing date and time for the lodgement of proxies. These will be published on SGXNet.

### Investor Relations

The Company's corporate website (www.venture.com.sg) has a dedicated "Investor Relations" link which features the latest and past financial results and related information. The contact details of the Investor Relations and Corporate Communications team are available on the dedicated link, as well as in the Annual 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 several investor communication engagements covering non-deal road shows one-on-one and group meetings and conference calls.

The Company is committed to making timely, transparent and accurate disclosure in accordance with the relevant regulations. The Investor Relations and Corporate Communications team handles queries by analysts, investors and shareholders 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 strong support from several brokerage 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 Annual Report is published annually. The Annual 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.

AGMs held in the last two years were governed by the aforesaid Order. Accordingly, the Notices of AGM and other relevant AGM documents were published via SGXNet and on the Company's corporate website (www.venture.com.sg). We will do likewise for the 2022 AGM.

The Company provides avenues for communication with shareholders, which allow for an ongoing exchange of views. The Company's proactive shareholder communication programme provides 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 providing regular, effective and fair communications, as well as the quality and timeliness of the information provided.

### Dividend and Dividend Policy

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

The Board of Directors has recommended a final dividend of 50 cents per share on a one-tier tax-exempt basis for the FY 2021. This is in addition to the interim dividend of 25 cents per share paid on 17 September 2021 on a one-tier tax-exempt basis.

The proposed dividend is subject to shareholders' approval at the 2022 AGM. The dividend payment date and the book closure date are set out in the Notice of AGM.

## PRINCIPLE 13 – ENGAGEMENT WITH STAKEHOLDERS

The Company firmly believes that engaging its various material 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 31 of the Annual Report summarises the Company's approach to its material stakeholder engagement. The Company also maintains a corporate website at www.venture.com.sg to communicate and engage with stakeholders.

## OTHER CODES & PRACTICES

### Responsible Business Alliance ("RBA") Code

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

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

### Dealings in Securities

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

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

The Company, its Directors and officers are required to observe insider trading provisions under the Securities and Futures Act 2001 at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

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

### Interested Person Transactions

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

There were no transactions conducted with interested persons in FY 2021.

### 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 Personnel, 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 CODE OF CORPORATE GOVERNANCE 2018 ("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.

### BOARD MATTERS

**The Board's Conduct of Affairs**
***Principle 1***

| Provision | Page(s) |
|---|---|
| 1.1 | 47 |
| 1.2 | 50 |
| 1.3 | 48 |
| 1.4 | 57 to 62, 72 to 77 |
| 1.5 | 49 |
| 1.6 | 51 |
| 1.7 | 51 |

**Board Composition and Guidance**
***Principle 2***

| Provision | Page(s) |
|---|---|
| 2.1 | 14 to 19, 52 to 53 |
| 2.2 | 52 and 56 |
| 2.3 | 52 and 56 |
| 2.4 | 54 to 55 |
| 2.5 | 51 |

**Chairman and Chief Executive Officer**
***Principle 3***

| Provision | Page(s) |
|---|---|
| 3.1 | 55 |
| 3.2 | 55 |
| 3.3 | 54 |

**Board Membership**
***Principle 4***

| Provision | Page(s) |
|---|---|
| 4.1 | 58 to 59 |
| 4.2 | 57 and 59 |
| 4.3 | 57 and 59 |
| 4.4 | 52 to 54 |
| 4.5 | 15 to 19 |

**Board Performance**
***Principle 5***

| Provision | Page(s) |
|---|---|
| 5.1 | 59 to 60 |
| 5.2 | 59 to 60 |

### REMUNERATION MATTERS

**Procedures for Developing Remuneration Policies**
***Principle 6***

| Provision | Page(s) |
|---|---|
| 6.1 | 61 to 62 |
| 6.2 | 61 |
| 6.3 | 61 |
| 6.4 | 62 |

**Level and Mix of Remuneration**
***Principle 7***

| Provision | Page(s) |
|---|---|
| 7.1 | 63 to 70 |
| 7.2 | 62 to 63 |
| 7.3 | 62 to 70 |

**Disclosure on Remuneration**
***Principle 8***

| Provision | Page(s) |
|---|---|
| 8.1 | 62 to 63, 69 |
| 8.2 | 70, 179 |
| 8.3 | 62 to 70 |

### ACCOUNTABILITY AND AUDIT

**Risk Management and Internal Controls**
***Principle 9***

| Provision | Page(s) |
|---|---|
| 9.1 | 70 to 71 |
| 9.2 | 71 |

**Audit Committee**
***Principle 10***

| Provision | Page(s) |
|---|---|
| 10.1 | 71 to 76 |
| 10.2 | 72 |
| 10.3 | 74 |
| 10.4 | 76 |
| 10.5 | 74 |

### SHAREHOLDER RIGHTS AND ENGAGEMENT

**Shareholder Rights and Conduct of General Meetings**
***Principle 11***

| Provision | Page(s) |
|---|---|
| 11.1 | 77 to 78 |
| 11.2 | 78 |
| 11.3 | 49 and 78 |
| 11.4 | 78 |
| 11.5 | 78 |
| 11.6 | 79 to 80 |

**Engagement with Shareholders**
***Principle 12***

| Provision | Page(s) |
|---|---|
| 12.1 | 77 to 80 |
| 12.2 | 79 |
| 12.3 | 79 |

### MANAGING STAKEHOLDERS RELATIONSHIPS

**Engagement with Stakeholders**
***Principle 13***

| Provision | Page(s) |
|---|---|
| 13.1 | 80 |
| 13.2 | 31 |
| 13.3 | 80 |

# STATUTORY ACCOUNTS & INFORMATION FOR SHAREHOLDERS


84_Directors' statement
92_Independent auditor's report
97_Statements of financial position
99_Consolidated statement of profit or loss and other comprehensive income
101_Statements of changes in equity
103_Consolidated statement of cash flows
106_Notes to financial statements
178_Analysis of shareholdings
180_Share performance
181_International Network
184_Additional information

# 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 2021.

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 97 to 177 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 2021, 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
Tan Seok Hoong @Mrs Audrey Liow
Kay Kuok Oon Kwong
Koh Lee Boon
Wong Yew Meng
Jonathan S. Huberman
Han Thong Kwang
Wong-Yeo Siew Eng
Chua Kee Lock (Appointed on 1 October 2021)

## 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 Companies Act 1967 of Singapore ("Companies Act") except as follows:

| | Held in the name of the Director or nominee | | Deemed interest | |
|---|---|---|---|---|
| Name of Directors | At 1 January 2021 or date of appointment, if later | At 31 December 2021 | At 1 January 2021 or date of appointment, if later | At 31 December 2021 |
| Ordinary shares of the Company | | | | |
| Wong Ngit Liong | 20,328,219 | 20,645,219 | – | – |
| Koh Lee Boon | 3,000 | 3,000 | – | – |
| Tan Seok Hoong @Mrs Audrey Liow | 3,000 | 3,000 | – | – |
| Share options to subscribe for shares of the Company | | | | |
| Wong Ngit Liong | 142,000 | 65,000 | – | – |
| Restricted shares of the Company granted | | | | |
| Wong Ngit Liong | 126,000 | 102,000 | – | – |

There was no change in any of the above-mentioned Directors' interests in the Company between the end of the financial year and 21 January 2022.

## 4 SHARE OPTIONS

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

(i) The 2015 Scheme in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 25 April 2014 and commenced on 1 January 2015.

(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 option had been granted at a discount.

## 4 SHARE OPTIONS (CONT'D)

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

(iii) Details of the unissued shares under options granted pursuant to the 2015 Scheme, options granted and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2021 are as follows:

| | | Number of options to subscribe for ordinary shares of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Date of grant** | **Grant No.** | **Outstanding at 1 January 2021** | **Granted** | **Exercised** | **Cancelled/ Lapsed** | **Outstanding at 31 December 2021** | **Subscription price per share** | **Exercisable period** |
| 16 June 2016 | 2015 Grant 2 | 59,000 | – | (59,000) | – | – | \$10.510 [a]<br>\$9.670 [b]<br>\$8.410 [c] | 16 June 2017 to 15 June 2021 |
| 16 June 2017 | 2015 Grant 3 | 693,000 | – | (420,000) | (1,000) | 272,000 | \$15.500 [d]<br>\$14.260 [e]<br>\$12.400 [f] | 16 June 2018 to 15 June 2022 |
| – | 2015 Grant 4* | – | – | – | – | – | – | – |
| 19 June 2019 | 2015 Grant 5 | 1,035,000 | – | (1,000) | (82,000) | 952,000 | \$20.640 [g]<br>\$18.990 [h]<br>\$16.510 [i] | 19 June 2020 to 18 June 2024 |
| 30 June 2020 | 2015 Grant 6 | 865,500 | – | – | (77,000) | 788,500 | \$20.180 [j]<br>\$18.560 [k]<br>\$16.140 [l] | 30 June 2021 to 29 June 2025 |
| – | 2015 Grant 7* | – | – | – | – | – | – | – |
| | | 2,652,500 | – | (480,000) | (160,000) | 2,012,500 | | |

(a) If exercised between 16 June 2017 and 15 June 2018
(b) If exercised between 16 June 2018 and 15 June 2019
(c) If exercised between 16 June 2019 and 15 June 2021
(d) If exercised between 16 June 2018 and 15 June 2019
(e) If exercised between 16 June 2019 and 15 June 2020
(f) If exercised between 16 June 2020 and 15 June 2022
(g) If exercised between 19 June 2020 and 18 June 2021
(h) If exercised between 19 June 2021 and 18 June 2022
(i) If exercised between 19 June 2022 and 18 June 2024
(j) If exercised between 30 June 2021 and 29 June 2022
(k) If exercised between 30 June 2022 and 29 June 2023
(l) If exercised between 30 June 2023 and 29 June 2025

* There were no options granted during the financial years ended 31 December 2018 and 31 December 2021.

**4 SHARE OPTIONS (CONT'D)**

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

(iv) Details of options granted to the executive Directors and other employees of the Group under the 2015 Scheme are as follows:

| | 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 | – | 282,000 | (217,000) | – | 65,000 |
| (ii) Other Employees | – | 9,328,500 | (6,627,000) | (754,000) | 1,947,500 |
| | – | 9,610,500 | (6,844,000) | (754,000) | 2,012,500 |

The 2015 Scheme is administered by the Remuneration Committee whose majority members are Independent Non-Executive Directors. The members of the Remuneration Committee are:

| | |
|---|---|
| Kay Kuok Oon Kwong | (Chairperson elected on 29 April 2021) |
| Tan Seok Hoong @Mrs Audrey Liow | |
| Wong-Yeo Siew Eng | (Appointed on 29 April 2021) |
| Wong Yew Meng | |

No employee of the Company or employee of related corporations has received 5% or more of the total options available under the 2015 Scheme.

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 options at the end of the financial year except as disclosed above.

## 5 RESTRICTED SHARES

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

Following the expiry of RSP 2011, the Venture Corporation Restricted Share Plan 2021 (the "RSP 2021") was adopted at the Company's Annual General Meeting held on 29 April 2021 for a duration of 10 years.

The RSP 2011 and the RSP 2021 are 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 and align the interests of key leaders as stakeholders of the Company.

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 RSP 2011 and RSP 2021 are administered by the Company's Remuneration Committee.

The mode of settlement of the awards under the RSP 2011 and RSP 2021 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 the above (i), (ii) and (iii).

**Size of the RSP 2011**

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 2011, shall not exceed 3% of the total number of issued shares (excluding shares held in treasury) from time to time; and

(ii) when added to the number of new shares issued and issuable and existing shares delivered and deliverable in respect of (a) all awards granted under the RSP 2011; (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)

**Size of the RSP 2021**

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 2021, shall not exceed 3% of the total number of issued shares (excluding shares held in treasury) from time to time; and

(ii) when added to the number of new shares issued and issuable and existing shares delivered and deliverable in respect of (a) all awards granted under the RSP 2021; (b) all options granted under the 2015 Scheme after the date in which RSP 2021 was adopted; and (c) all shares, options or awards granted under any other share plan of the Company then in force, 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.

The following are details of awards granted to the Directors and senior management under the RSP 2011:

| Name of participant | Awards granted during the financial year | Awards vested [(a)] during the financial year | Aggregate awards granted since commencement of RSP to end of the financial year | Aggregate awards vested [(a)] since commencement of RSP to end of the financial year | Aggregate awards cancelled/ lapsed since commencement of RSP to end of the financial year | Aggregate awards outstanding as at end of the financial year |
|---|---|---|---|---|---|---|
| (i) Director of the Company: | | | | | | |
| Wong Ngit Liong | 16,000 | 40,000 | 232,000 | 130,000 | – | 102,000 |
| (ii) Other Employees | 132,000 | 180,000 | 1,478,000 | 530,000 | 397,000 | 551,000 |
| | 148,000 | 220,000 | 1,710,000 | 660,000 | 397,000 | 653,000 |

[(a)] *Through delivery of existing shares*

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

There are no awards granted under the RSP 2011 to any of the Company's controlling shareholders or their associates as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited.

The 10th and final Award of the RSP shares under RSP 2011 was made on 19 January 2021. There were no awards granted under the RSP 2021 as at the end of the financial year.

**Movements in the awards under the RSP 2011 by the Company during the respective financial years were as follows:**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 832,000 | 910,000 |
| Granted | 148,000 | 132,000 |
| Lapsed | (107,000) | – |
| Vested | (220,000) | (210,000) |
| At 31 December | 653,000 | 832,000 |

## 6 AUDIT & RISK COMMITTEE

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

| | |
|---|---|
| Tan Seok Hoong @Mrs Audrey Liow | (Chairperson elected on 29 April 2021) |
| Koh Lee Boon | |
| Jonathan S. Huberman | |
| Wong-Yeo Siew Eng | (Appointed on 29 April 2021) |
| Chua Kee Lock | (Appointed on 1 December 2021) |

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

The Audit & Risk Committee performed its functions in accordance with Section 201B(5) of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the 2018 Code of Corporate Governance which include, *inter alia*, the review of the following:

(i) half-yearly and annual financial statements, and executive summary of key financial information, business commentary and outlook for voluntary disclosure in respect of the first and third quarter performance;

(ii) audit plans and reports of the external and internal auditors;

(iii) adequacy and effectiveness of the Group's system of controls, including financial, operational, compliance and information technology controls and risk management policies and systems; and

(iv) the assistance given by management to the external and internal auditors.

Further details of the functions and activities of the Audit & Risk Committee are as set out in the Corporate Governance Report in the section of this Annual Report.

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

The Audit & Risk Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as independent 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

Tan Seok Hoong @Mrs Audrey Liow
Director

18 March 2022

# 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 2021, 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 97 to 177.

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 1967 (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 2021 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 Matter | How the matter was addressed in the audit |
| --- | --- |
| **Impairment review of goodwill allocated to GES International Group's cash-generating unit ("CGU")**<br><br>The aggregated goodwill of $639.7 million constituted 18% of the Group's total assets as at 31 December 2021. 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 16% and 90% of the Group's total assets and goodwill respectively.<br><br>The key assumptions in the impairment test are disclosed in Note 16 to the financial statements.<br><br>Management has assessed that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at 31 December 2021. | 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.<br><br>These procedures included:<br><br>• 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;<br><br>• challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews of prior year's forecasts against actual results; and<br><br>• 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.<br><br>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.<br><br>We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements. |

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

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

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

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

**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 Responsibilities 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 Responsibilities 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 Xu Jun.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

18 March 2022

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2021

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 6 | 807,934 | 928,740 | 379,953 | 299,279 |
| Trade receivables | 7 | 829,245 | 702,681 | 12,495 | 15,141 |
| Other receivables and prepayments | 8 | 30,880 | 18,696 | 5,507 | 1,826 |
| Contract assets | 9 | 20,033 | 16,759 | – | – |
| Inventories | 10 | 1,049,429 | 656,453 | 83,950 | 53,506 |
| Trade receivables due from subsidiaries | 11 | – | – | 84,467 | 62,595 |
| Other receivables due from subsidiaries | 11 | – | – | 467 | 11,130 |
| Income tax recoverable | | – | 1 | – | – |
| Total current assets | | 2,737,521 | 2,323,330 | 566,839 | 443,477 |
| **Non-current assets** | | | | | |
| Investments in subsidiaries | 11 | – | – | 1,227,849 | 1,227,849 |
| Investment in associate | | 628 | 729 | – | – |
| Other financial assets | 12 | 25,454 | 25,050 | 8,760 | 7,111 |
| Property, plant and equipment | 13 | 215,169 | 226,704 | 34,084 | 36,590 |
| Right-of-use assets | 14 | 12,444 | 20,127 | 3,430 | 9,493 |
| Intangible assets | 15 | 623 | 312 | – | – |
| Goodwill | 16 | 639,708 | 639,708 | – | – |
| Deferred tax assets | 17 | 3,714 | 3,607 | – | – |
| Total non-current assets | | 897,740 | 916,237 | 1,274,123 | 1,281,043 |
| **Total assets** | | 3,635,261 | 3,239,567 | 1,840,962 | 1,724,520 |

See accompanying notes to financial statements.

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2021

| | Note | The Group 2021 $'000 | The Group 2020 $'000 | The Company 2021 $'000 | The Company 2020 $'000 |
|---|---|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables | 18 | 643,591 | 397,544 | 53,102 | 41,523 |
| Other payables and accrued expenses | 19 | 156,361 | 158,240 | 27,161 | 31,723 |
| Contract liabilities | 20 | 73,052 | 36,152 | 9,182 | 1,082 |
| Lease liabilities | 21 | 8,731 | 10,105 | 4,360 | 5,837 |
| Trade payables due to subsidiaries | 11 | – | – | 1,795 | 2,056 |
| Other payables due to subsidiaries | 11 | – | – | 17,865 | 20,388 |
| Income tax payable | | 25,764 | 34,187 | 4,837 | 4,932 |
| Total current liabilities | | 907,499 | 636,228 | 118,302 | 107,541 |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 17 | 3,512 | 3,365 | – | – |
| Lease liabilities | 21 | 4,800 | 10,845 | 42 | 4,321 |
| Total non-current liabilities | | 8,312 | 14,210 | 42 | 4,321 |
| **Capital and reserves** | | | | | |
| Share capital | 22 | 832,827 | 826,980 | 832,827 | 826,980 |
| Treasury shares | 22 | (16,061) | (16,674) | (16,061) | (16,674) |
| Share-based awards reserve | 22 | 5,077 | 5,137 | 5,077 | 5,137 |
| Investments revaluation reserve | 22 | 3,307 | 1,799 | 2,978 | 1,329 |
| Foreign exchange translation reserve | 23 | (56,974) | (86,211) | – | – |
| Other reserves | 22 | (173) | 1,016 | (5,891) | (3,886) |
| Accumulated profits | | 1,948,349 | 1,854,403 | 903,688 | 799,772 |
| Equity attributable to owners of the Company | | 2,716,352 | 2,586,450 | 1,722,618 | 1,612,658 |
| Non-controlling interests | | 3,098 | 2,679 | – | – |
| Total equity | | 2,719,450 | 2,589,129 | 1,722,618 | 1,612,658 |
| **Total liabilities and equity** | | 3,635,261 | 3,239,567 | 1,840,962 | 1,724,520 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

| | Note | The Group 2021 $'000 | The Group 2020 $'000 |
|---|---|---|---|
| **Revenue** | 25 | 3,107,457 | 3,012,894 |
| Changes in finished goods, work in progress and raw materials used | | (2,297,894) | (2,219,737) |
| Employee benefits expense | 29 | (327,350) | (301,254) |
| Depreciation and amortisation expense | | (36,879) | (41,607) |
| Research and development expense | | (19,328) | (36,044) |
| Foreign currency exchange gain | | 4,215 | 1,907 |
| Other operating expenses | | (79,588) | (82,350) |
| Other income | 26 | 2,410 | 3,293 |
| Investment revenue | 27 | 6,769 | 6,230 |
| Finance costs | | (423) | (470) |
| Share of profit (loss) of associate | | 199 | (32) |
| **Profit before income tax** | | 359,588 | 342,830 |
| Income tax expense | 28 | (47,266) | (45,426) |
| **Profit for the year** | 29 | 312,322 | 297,404 |
| **Other comprehensive income (loss)** | | | |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Fair value gain on other financial assets, through other comprehensive income (FVTOCI) | | 1,508 | 9 |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 23 | 29,385 | (7,603) |
| **Other comprehensive income (loss) for the year, net of tax** | | 30,893 | (7,594) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 343,215 | 289,810 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

| | Note | The Group 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Owners of the Company | | 312,051 | 297,325 |
| Non-controlling interests | | 271 | 79 |
| | | 312,322 | 297,404 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 342,796 | 289,526 |
| Non-controlling interests | | 419 | 284 |
| | | 343,215 | 289,810 |
| | | **Cents** | |
| **Basic earnings per share** | 30 | 107.5 | 102.8 |
| **Fully diluted earnings per share** | 30 | 107.0 | 102.2 |

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 DECEMBER 2021

| The Group | Note | Share capital $'000 | Treasury shares $'000 | Share-based awards reserve $'000 | Investments revaluation reserve $'000 | Foreign exchange 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 2020 | | 811,082 | (19,993) | 4,559 | 1,790 | (78,403) | 2,577 | 1,774,586 | 2,496,198 | 2,395 | 2,498,593 |
| **Total comprehensive income for the year** | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | 297,325 | 297,325 | 79 | 297,404 |
| Other comprehensive income (loss) for the year | | – | – | – | 9 | (7,808) | – | – | (7,799) | 205 | (7,594) |
| Total | | – | – | – | 9 | (7,808) | – | 297,325 | 289,526 | 284 | 289,810 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | |
| Issue of shares | 22 | 15,898 | – | (344) | – | – | – | – | 15,554 | – | 15,554 |
| Treasury shares reissued pursuant to equity compensation plans | 22 | – | 3,319 | (1,130) | – | – | (2,189) | – | – | – | – |
| Share options lapsed | | – | – | (20) | – | – | – | 20 | – | – | – |
| Recognition of share-based payments | 24 | – | – | 2,072 | – | – | – | – | 2,072 | – | 2,072 |
| Final tax-exempt dividend paid in respect of the previous financial year | 33 | – | – | – | – | – | – | (144,446) | (144,446) | – | (144,446) |
| Interim tax-exempt dividend paid in respect of the current financial year | 33 | – | – | – | – | – | – | (72,454) | (72,454) | – | (72,454) |
| Appropriation to reserve fund | | – | – | – | – | – | 628 | (628) | – | – | – |
| Total | | 15,898 | 3,319 | 578 | – | – | (1,561) | (217,508) | (199,274) | – | (199,274) |
| Balance at 31 December 2020 | | 826,980 | (16,674) | 5,137 | 1,799 | (86,211) | 1,016 | 1,854,403 | 2,586,450 | 2,679 | 2,589,129 |
| **Total comprehensive income for the year** | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | 312,051 | 312,051 | 271 | 312,322 |
| Other comprehensive income for the year | | – | – | – | 1,508 | 29,237 | – | – | 30,745 | 148 | 30,893 |
| Total | | – | – | – | 1,508 | 29,237 | – | 312,051 | 342,796 | 419 | 343,215 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | |
| Issue of shares | 22 | 5,847 | – | (123) | – | – | – | – | 5,724 | – | 5,724 |
| Treasury shares reissued pursuant to equity compensation plans | 22 | – | 3,497 | (1,362) | – | – | (2,135) | – | – | – | – |
| Purchase of treasury shares | 22 | – | (2,884) | – | – | – | – | – | (2,884) | – | (2,884) |
| RSP/Share options lapsed | | – | – | (533) | – | – | – | 533 | – | – | – |
| Recognition of share-based payments | 24 | – | – | 1,958 | – | – | – | – | 1,958 | – | 1,958 |
| Final tax-exempt dividend paid in respect of the previous financial year | 33 | – | – | – | – | – | – | (145,182) | (145,182) | – | (145,182) |
| Interim tax-exempt dividend paid in respect of the current financial year | 33 | – | – | – | – | – | – | (72,640) | (72,640) | – | (72,640) |
| Appropriation to reserve fund | | – | – | – | – | – | 946 | (816) | 130 | – | 130 |
| Total | | 5,847 | 613 | (60) | – | – | (1,189) | (218,105) | (212,894) | – | (212,894) |
| Balance at 31 December 2021 | | 832,827 | (16,061) | 5,077 | 3,307 | (56,974) | (173) | 1,948,349 | 2,716,352 | 3,098 | 2,719,450 |

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 DECEMBER 2021

| 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 2020 | | 811,082 | (19,993) | 4,559 | 1,658 | (1,697) | 838,771 | 1,634,380 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | | – | – | – | – | – | 177,881 | 177,881 |
| Other comprehensive loss for the year | | – | – | – | (329) | – | – | (329) |
| Total | | – | – | – | (329) | – | 177,881 | 177,552 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Issue of shares | 22 | 15,898 | – | (344) | – | – | – | 15,554 |
| Treasury shares reissued pursuant to equity compensation plans | 22 | – | 3,319 | (1,130) | – | (2,189) | – | – |
| RSP/Share options lapsed | | – | – | (20) | – | – | 20 | – |
| Recognition of share-based payments | 24 | – | – | 2,072 | – | – | – | 2,072 |
| Final tax-exempt dividend paid in respect of the previous financial year | 33 | – | – | – | – | – | (144,446) | (144,446) |
| Interim tax-exempt dividend paid in respect of the current financial year | 33 | – | – | – | – | – | (72,454) | (72,454) |
| Total | | 15,898 | 3,319 | 578 | – | (2,189) | (216,880) | (199,274) |
| Balance at 31 December 2020 | | 826,980 | (16,674) | 5,137 | 1,329 | (3,886) | 799,772 | 1,612,658 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | | – | – | – | – | – | 321,205 | 321,205 |
| Other comprehensive income for the year | | – | – | – | 1,649 | – | – | 1,649 |
| Total | | – | – | – | 1,649 | – | 321,205 | 322,854 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Issue of shares | 22 | 5,847 | – | (123) | – | – | – | 5,724 |
| Treasury shares reissued pursuant to equity compensation plans | 22 | – | 3,497 | (1,362) | – | (2,135) | – | – |
| Purchase of treasury shares | 22 | – | (2,884) | – | – | – | – | (2,884) |
| RSP/Share options lapsed | 22 | – | – | (533) | – | – | 533 | – |
| Recognition of share-based payments | 24 | – | – | 1,958 | – | – | – | 1,958 |
| Appropriation to reserve fund | | – | – | – | – | 130 | – | 130 |
| Final tax-exempt dividend paid in respect of the previous financial year | 33 | – | – | – | – | – | (145,182) | (145,182) |
| Interim tax-exempt dividend paid in respect of the current financial year | 33 | – | – | – | – | – | (72,640) | (72,640) |
| Total | | 5,847 | 613 | (60) | – | (2,005) | (217,289) | (212,894) |
| Balance at 31 December 2021 | | 832,827 | (16,061) | 5,077 | 2,978 | (5,891) | 903,688 | 1,722,618 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

| | The Group | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| **Operating activities** | | |
| Profit before income tax | 359,588 | 342,830 |
| Adjustments for: | | |
| Share of (profit) loss of associate | (199) | 32 |
| Provision / write-off of inventories | 7,948 | 2,009 |
| Depreciation of property, plant and equipment | 25,863 | 30,032 |
| Depreciation of right-of-use assets | 10,768 | 11,423 |
| Amortisation of intangible assets | 248 | 152 |
| Net re-measurement of expected credit loss allowance | 162 | 522 |
| Interest income | (5,443) | (6,230) |
| Dividend income | (791) | (811) |
| Interest expense | 423 | 470 |
| Share-based payments expense | 1,958 | 2,072 |
| Fair value adjustment on derivative instrument | 645 | (645) |
| (Gain) Loss on disposal of plant and equipment and right-of-use assets, net | (115) | 1,912 |
| Gain on disposal of other financial assets | (1,326) | – |
| Operating profit before working capital changes | 399,729 | 383,768 |
| | | |
| Trade receivables | (112,477) | 191,450 |
| Other receivables, prepayments and contract assets | (14,507) | (10,703) |
| Inventories | (382,489) | 49,521 |
| Trade payables | 236,738 | (91,857) |
| Other payables, accrued expenses and contract liabilities | 31,192 | (23,539) |
| Cash generated from operations | 158,186 | 498,640 |
| | | |
| Interest paid | (423) | (470) |
| Income tax paid | (55,928) | (45,020) |
| Net cash from operating activities | 101,835 | 453,150 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 DECEMBER 2021

| | The Group | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| **Investing activities** | | |
| Interest received | 5,162 | 7,178 |
| Dividend received from associate | 300 | – |
| Dividend received from other equity investments | 791 | 811 |
| Purchase of property, plant and equipment | (10,793) | (27,768) |
| Proceeds on disposal of plant and equipment | 367 | 169 |
| Addition of intangible assets | (567) | (278) |
| Proceeds from disposal of other financial assets | 2,651 | – |
| Net cash used in investing activities | (2,089) | (19,888) |
| **Financing activities** | | |
| Dividends paid | (217,822) | (216,900) |
| Repayment of bank loans (Note A) | – | (1,120) |
| Repayments of lease liabilities (Note A) | (10,858) | (11,786) |
| Proceeds from issuance of shares | 5,724 | 15,554 |
| Purchase of treasury shares | (2,765) | – |
| Net cash used in financing activities | (225,721) | (214,252) |
| Net (decrease) increase in cash and cash equivalents | (125,975) | 219,010 |
| Cash and cash equivalents at beginning of year | 928,740 | 714,467 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | 5,169 | (4,737) |
| **Cash and cash equivalents at end of year (Note 6)** | 807,934 | 928,740 |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 DECEMBER 2021

Note A: Reconciliation of liabilities arising from financing activities

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

| | | Non-cash changes | | | |
|---|---|---|---|---|---|
| | 1 January 2021 $'000 | Net lease liabilities additions $'000 | Foreign exchange movement $'000 | Financing cash flows[i] $'000 | 31 December 2021 $'000 |
| Lease liabilities (Note 21) | 20,950 | 2,790 | 649 | (10,858) | 13,531 |

| | | Non-cash changes | | | |
|---|---|---|---|---|---|
| | 1 January 2020 $'000 | Net lease liabilities additions $'000 | Foreign exchange movement $'000 | Financing cash flows[i] $'000 | 31 December 2020 $'000 |
| Bank loans | 1,058 | – | 62 | (1,120) | – |
| Lease liabilities (Note 21) | 27,919 | 4,259 | 558 | (11,786) | 20,950 |

(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.

## 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 2021 were authorised for issue by the Board of Directors on 18 March 2022.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Amortised cost and effective interest method

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

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

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.

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.

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).

## 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)

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 27). Fair value is determined in the manner described in Note 4(c)(v).

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Impairment of financial assets

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

The Group always recognises lifetime ECL for trade receivables 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.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Significant increase in credit risk (cont'd)

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Definition of default

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

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

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

Credit-impaired financial assets

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

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

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

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

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Measurement and recognition of expected credit losses

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

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) FINANCIAL INSTRUMENTS (cont'd)

**Financial assets (cont'd)**

Derecognition of financial assets

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

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

**Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

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

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

## 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 have expired. 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. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

## 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 Group as lessee

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

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 case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

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

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

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

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

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

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) LEASES (cont'd)

The Group as lessee (cont'd)

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

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

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination. CGUs 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 CGU 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 CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(i) INTANGIBLE ASSETS

<u>Intangible assets acquired separately</u>

Intangible assets with finite useful lives that are acquired separately, such as computer software, are recorded at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of 3 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.

<u>Internally-generated intangible assets - research and development expenditure</u>

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;

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) INTANGIBLE ASSETS (cont'd)

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

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

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

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

Intangible assets acquired in a business combination

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

(j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

The requirements of SFRS(I) 1-36 *Impairment of Assets* 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 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) ASSOCIATES (cont'd)

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

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Details regarding the determination of the fair value of equity-settled share-based payments are disclosed in Note 24.

(n) GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) REVENUE RECOGNITION (cont'd)

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

(i) Manufacturing services

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(o) REVENUE RECOGNITION (cont'd)

(ii) Design services and tooling

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

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

- Revenue from tooling contracts is recognised based on the cost-to-cost method.

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

Dividend income

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

Interest income

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

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

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

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

(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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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, that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

(i) Income tax

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

As at 31 December 2021, income tax payable amounted to $25,764,000 (2020 : $34,187,000).

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

*(b) Key sources of estimation uncertainty*

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

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

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

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

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

If the expected credit loss rate is increased (decreased) by 10%, as reflected by a change in credit provision rates by a factor of 1.1 in the case of an increase and 0.9 in the case of a decrease, expected credit loss allowance on trade receivables will increase (decrease) by $161,000 (2020 : $186,000).

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

(ii) Impairment of goodwill

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

The carrying amounts of goodwill of the Group is disclosed in Note 16.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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

(iii) Allowances for inventories

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

The carrying amount of inventories is disclosed in Note 10.

(iv) Provision for warranty

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

The provision for warranty is disclosed in Note 19.

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

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

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

- Revenue from tooling contracts and certain manufacturing services are recognised based on the cost-to-cost method (i.e. at the percentage of incurred cost to date compared to total budgeted cost).

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

The revenue recognised and the related contract assets and contract liabilities are disclosed in Notes 25, 9 and 20 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 | |
|---|---|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 | 2021<br>$'000 | 2020<br>$'000 |
| Financial assets | | | | |
| Amortised cost: | | | | |
| Cash and bank balances | 807,934 | 928,740 | 379,953 | 299,279 |
| Trade receivables | 829,245 | 702,681 | 12,495 | 15,141 |
| Trade receivables due from subsidiaries | – | – | 84,467 | 62,595 |
| Other receivables | 11,011 | 6,594 | 3,664 | 796 |
| Other receivables due from subsidiaries | – | – | 467 | 11,130 |
| | 1,648,190 | 1,638,015 | 481,046 | 388,941 |
| Derivative financial instruments | – | 645 | – | – |
| Other financial assets | 25,454 | 25,050 | 8,760 | 7,111 |
| Total | 1,673,644 | 1,663,710 | 489,806 | 396,052 |
| Financial liabilities | | | | |
| Amortised cost: | | | | |
| Trade payables | 643,591 | 397,544 | 53,102 | 41,523 |
| Trade payables due to subsidiaries | – | – | 1,795 | 2,056 |
| Other payables and accrued expenses | 145,296 | 144,738 | 27,161 | 31,723 |
| Other payables due to subsidiaries | – | – | 17,865 | 20,388 |
| | 788,887 | 542,282 | 99,923 | 95,690 |
| Lease liabilities | 13,531 | 20,950 | 4,402 | 10,158 |
| Total | 802,418 | 563,232 | 104,325 | 105,848 |

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

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

(i) Foreign exchange risk management

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

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. As at each reporting date, the carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

| | The Group* | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Singapore dollar | 22,835 | 43,556 | 24,500 | 43,211 |
| United States dollar | 192,919 | 208,086 | 145,963 | 114,718 |
| Euro | 5,581 | 11,471 | 3,666 | 6,545 |
| Swiss francs | 361 | 561 | 4,138 | 8,062 |
| Chinese renminbi | 1,636 | 1,034 | 130 | 87 |
| Malaysian ringgit | 34,519 | 34,370 | 30,840 | 23,995 |

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

| | The Company | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| United States dollar | 129,677 | 110,166 | 101,256 | 91,774 |
| Euro | 566 | 881 | 141 | 1,059 |

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(i) Foreign exchange risk management (cont'd)

*Foreign currency sensitivity*

The following table details the sensitivity to a 5% change in the following foreign currencies against the functional currencies of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans within the Group where the denomination of the loan is in a currency other than the functional currency of the borrower.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity as at the year end, profit for the year would increase (decrease) by the following amounts, mainly due to year-end exposures on significant net monetary balances denominated in the respective foreign currencies.

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Singapore dollar impact | (83) | 17 | – | – |
| United States dollar impact | 2,348 | 4,668 | 1,421 | 920 |
| Euro impact | 96 | 246 | 21 | (9) |
| Swiss franc impact | (189) | (375) | – | – |
| Chinese renminbi impact | 75 | 47 | – | – |
| Malaysian ringgit impact | 184 | 519 | – | – |

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit for the year would be vice versa.

(ii) Interest rate risk management

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

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

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group assesses the credit worthiness of its counterparties using credit rating information. This credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to assess its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

| **Category** | **Description** | **Basis for recognising expected credit losses ("ECL")** |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | Trade receivables and contract assets: lifetime ECL – not credit-impaired<br><br>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.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

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

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

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

Of the trade receivables balance at the end of the year, 59% is due from the Group's top ten customers by revenue (2020 : 60%). 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 14% (2020 : 19%) of total assets at any time during the year. Concentration of credit risk to any single counterparty exceeded 4% but not 7% (2020 : 3% but not 13%) of total assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

| | Note | Internal credit assessment | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| The Group | | | | | | |
| 31 December 2021 | | | | | | |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) (i) | 830,645 | (1,400) | 829,245 |
| Trade receivables | 7 | In default | Lifetime ECL | 205 | (205) | – |
| Other receivables | 8 | Performing | 12-month ECL (ii) | 11,011 | – | 11,011 |
| Contract assets | 9 | Performing | Lifetime ECL (simplified approach) (i) | 20,033 | – | 20,033 |
| | | | | | (1,605) | |

## 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 Group | | | | | | |
| 31 December 2020 | | | | | | |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) [i] | 703,892 | (1,211) | 702,681 |
| Trade receivables | 7 | In default | Lifetime ECL | 645 | (645) | – |
| Other receivables | 8 | Performing | 12-month ECL [ii] | 7,239 | – | 7,239 |
| Contract assets | 9 | Performing | Lifetime ECL (simplified approach) [i] | 16,759 | – | 16,759 |
| | | | | | (1,856) | |
| The Company | | | | | | |
| 31 December 2021 | | | | | | |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) [i] | 12,533 | (38) | 12,495 |
| Other receivables | 8 | Performing | 12-month ECL [ii] | 3,664 | – | 3,664 |
| Trade receivables due from subsidiaries | 11 | Performing | Lifetime ECL (simplified approach) [i] | 84,467 | – | 84,467 |
| Other receivables due from subsidiaries | 11 | Performing | 12-month ECL [ii] | 467 | – | 467 |
| | | | | | (38) | |
| 31 December 2020 | | | | | | |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) [i] | 15,179 | (38) | 15,141 |
| Other receivables | 8 | Performing | 12-month ECL [ii] | 796 | – | 796 |
| Trade receivables due from subsidiaries | 11 | Performing | Lifetime ECL (simplified approach) [i] | 62,595 | – | 62,595 |
| Other receivables due from subsidiaries | 11 | Performing | 12-month ECL [ii] | 11,130 | – | 11,130 |
| | | | | | (38) | |

## 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 to fund its capital investments and working capital requirements.

*Liquidity and interest risk analysis*

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to interest included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

## 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 Group | | | | | | |
| 31 December 2021 | | | | | | |
| Non-interest bearing | – | 1,105,971 | 22,607 | 2,847 | – | 1,131,425 |
| Fixed interest rate instruments | 1.02 | 543,602 | – | – | (1,383) | 542,219 |
| | | 1,649,573 | 22,607 | 2,847 | (1,383) | 1,673,644 |
| 31 December 2020 | | | | | | |
| Non-interest bearing | – | 1,247,886 | 20,852 | 4,198 | – | 1,272,936 |
| Fixed interest rate instruments | 1.41 | 391,501 | – | – | (1,372) | 390,129 |
| | | 1,639,387 | 20,852 | 4,198 | (1,372) | 1,663,065 |
| The Company | | | | | | |
| 31 December 2021 | | | | | | |
| Non-interest bearing | – | 108,289 | 8,760 | – | – | 117,049 |
| Fixed interest rate instruments | 0.50 | 373,223 | – | – | (466) | 372,757 |
| | | 481,512 | 8,760 | – | (466) | 489,806 |
| 31 December 2020 | | | | | | |
| Non-interest bearing | – | 112,305 | 7,111 | – | – | 119,416 |
| Fixed interest rate instruments | 0.51 | 276,988 | – | – | (352) | 276,636 |
| | | 389,293 | 7,111 | – | (352) | 396,052 |

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(iv) Liquidity risk management (cont'd)

*Liquidity and interest risk analysis (cont'd)*

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the interest included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

| | Weighted average effective interest rate % | On demand or within 1 year $'000 | Within 2 to 5 years $'000 | After 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| The Group | | | | | | |
| 31 December 2021 | | | | | | |
| Non-interest bearing | – | 788,887 | – | – | – | 788,887 |
| Lease liabilities | 2.53 | 9,091 | 5,457 | – | (1,017) | 13,531 |
| | | 797,978 | 5,457 | – | (1,017) | 802,418 |
| 31 December 2020 | | | | | | |
| Non-interest bearing | – | 542,282 | – | – | – | 542,282 |
| Lease liabilities | 2.42 | 10,355 | 11,455 | – | (860) | 20,950 |
| | | 552,637 | 11,455 | – | (860) | 563,232 |
| The Company | | | | | | |
| 31 December 2021 | | | | | | |
| Non-interest bearing | – | 99,923 | – | – | – | 99,923 |
| Lease liabilities | 1.82 | 4,412 | 43 | – | (53) | 4,402 |
| | | 104,335 | 43 | – | (53) | 104,325 |
| 31 December 2020 | | | | | | |
| Non-interest bearing | – | 95,690 | – | – | – | 95,690 |
| Lease liabilities | 1.82 | 5,965 | 4,454 | – | (261) | 10,158 |
| | | 101,655 | 4,454 | – | (261) | 105,848 |

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Fair value of financial assets and financial liabilities

Other than the fair values of derivative financial instruments and other financial assets which are disclosed in Notes 8 and 12 respectively, the carrying amounts of cash and bank balances, trade and other receivables, bank loans, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

| Financial assets/ Financial liabilities | Fair value as at 2021 Assets $'000 | 2021 Liabilities $'000 | 2020 Assets $'000 | 2020 Liabilities $'000 | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|---|---|---|---|---|---|
| **Derivative financial instruments (see Note 8)** | | | | | | |
| The Group | | | | | | |
| Foreign exchange forward contract | – | – | 645 | – | Level 2 | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date discounted at a rate that reflects credit risk of counterparties |
| **Other financial assets (see Note 12)** | | | | | | |
| The Group | | | | | | |
| Quoted equity shares | 22,607 | – | 20,852 | – | Level 1 | Quoted bid prices in an active market |
| Unquoted equity shares | 2,847 | – | 4,198 | – | Level 2 | Net tangible asset of the underlying investment / most recent transacted prices which approximate fair value |
| The Company | | | | | | |
| Quoted equity shares | 8,760 | – | 7,111 | – | 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.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### *(d) Capital management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes lease liabilities and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as presented in the statements of changes in equity. Some of the subsidiaries of the Group operating in the People's Republic of China are required to set aside a part of profit after tax in a separate reserve called "Reserve Fund" as disclosed in Note 22.

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

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

## 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 | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Purchase of goods from associate | 20 | 188 |
| Sale of goods to associate | – | 200 |

***Compensation of Directors and key management personnel***

The remuneration of Directors and other key management personnel during the year were as follows:

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Short-term benefits | 15,656 | 16,080 |
| CPF contributions | 186 | 188 |
| Share-based payments | 1,219 | 1,154 |
| | 17,061 | 17,422 |
| Directors' fees | 858 | 863 |
| Total | 17,919 | 18,285 |

## 5 RELATED PARTY TRANSACTIONS (CONT'D)

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

## 6 CASH AND BANK BALANCES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 | 2021<br>$'000 | 2020<br>$'000 |
| Cash | 265,715 | 538,611 | 7,196 | 22,643 |
| Fixed deposits | 542,219 | 390,129 | 372,757 | 276,636 |
| Cash and cash equivalents in the statement of cash flows | 807,934 | 928,740 | 379,953 | 299,279 |

The fixed deposits' interest rates for the Group and the Company range from 0.50% to 3.35% (2020 : 0.33% to 3.35%) per annum with an original maturity of one year or less.

## 7 TRADE RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 | 2021<br>$'000 | 2020<br>$'000 |
| Outside parties | 829,245 | 702,681 | 12,495 | 15,141 |

The average trade credit period on sales of goods is 90 days (2020 : 97 days). No interest is charged on the trade receivables. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past debtor default experience and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast economic conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

## 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 | | | | | |
| | Not past due $'000 | < 30 days $'000 | 31 – 60 days $'000 | 61 – 90 days $'000 | > 90 days $'000 | Total $'000 |
| **31 December 2021** | | | | | | |
| Expected credit loss rate | 0.1% | 0.1% | 1.0% | 3.0% | 5.2% | |
| Lifetime ECL: | | | | | | |
| – Not credit-impaired | 982 | 111 | 105 | 135 | 67 | 1,400 |
| – Credit-impaired | – | – | – | – | 205 | 205 |
| | 982 | 111 | 105 | 135 | 272 | 1,605 |
| **31 December 2020** | | | | | | |
| Expected credit loss rate | 0.1% | 0.2% | 1.4% | 4.1% | 5.4% | |
| Lifetime ECL: | | | | | | |
| – Not credit-impaired | 727 | 100 | 114 | 208 | 62 | 1,211 |
| – Credit-impaired | – | – | – | – | 645 | 645 |
| | 727 | 100 | 114 | 208 | 707 | 1,856 |

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 2% (2020 : 4%) 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 65 days (2020 : 54 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 2020 | 1,351 | 87 | 1,438 | 12 |
| Written off | – | (89) | (89) | – |
| Net re-measurement of loss allowance | (136) | 658 | 522 | 26 |
| Foreign exchange gain | (4) | (11) | (15) | – |
| Balance at 31 December 2020 | 1,211 | 645 | 1,856 | 38 |
| Written off | – | (443) | (443) | – |
| Net re-measurement of loss allowance | 162 | – | 162 | – |
| Foreign exchange loss | 27 | 3 | 30 | – |
| Balance at 31 December 2021 | 1,400 | 205 | 1,605 | 38 |

## 8 OTHER RECEIVABLES AND PREPAYMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Other receivables | 8,721 | 3,646 | 3,205 | 737 |
| Derivative financial instruments | – | 645 | – | – |
| Deposits | 2,290 | 2,948 | 459 | 59 |
| Prepayments | 19,869 | 11,457 | 1,843 | 1,030 |
| | 30,880 | 18,696 | 5,507 | 1,826 |

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Based on the Group's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Group has assessed the expected credit loss rate on other receivables to be insignificant.

## 9 CONTRACT ASSETS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Contract assets | 20,033 | 16,759 | – | – |

Contract assets comprise unbilled revenue and other recoverables from customers for which the Group has performed work at balance sheet date, but the agreed billing milestones have not been reached. Such unbilled revenue and recoverables arise from design services contracts, tooling work and other non-recurring engineering services. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The increase in the Group's contract assets in 2021 result mainly from higher accrued revenue for tooling fabrication.

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 | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Raw materials | 755,578 | 420,091 | 41,723 | 24,698 |
| Work in progress | 112,213 | 92,615 | 28,081 | 16,902 |
| Finished goods | 181,638 | 143,747 | 14,146 | 11,906 |
| | 1,049,429 | 656,453 | 83,950 | 53,506 |

In 2021, the Group recognised an expense of $7,948,000 (2020 : $2,009,000) 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 | |
|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 |
| Unquoted equity shares, at cost | 1,148,474 | 1,148,474 |
| Less: Impairment loss | (3,203) | (3,203) |
| Net carrying amount | 1,145,271 | 1,145,271 |
| Advances to subsidiaries [1] | 86,840 | 86,840 |
| Less: Impairment in advances to subsidiaries | (4,262) | (4,262) |
| | 1,227,849 | 1,227,849 |

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

$6,800,000 of receivables were written-off due to waiver of intercompany balances owing from a subsidiary in 2020.

Amounts due to and from subsidiaries are unsecured, interest-free and payable within 12 months other than advances to subsidiaries as mentioned above.

For purpose of impairment assessment, loss allowance for trade receivables due from subsidiaries has been measured at an amount equal to lifetime ECL. Other receivables due from subsidiaries are considered to have low credit risk and there has been no significant increase in the risk of default during the current reporting period. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period for trade and other receivables due from subsidiaries.

Details of the Company's significant subsidiaries as at the end of the reporting period are as follows:

| Name of subsidiaries | Country of incorporation | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | 2021<br>% | 2020<br>% | |
| Advanced Products Corporation Pte Ltd | Singapore | 100 | 100 | Trading and manufacturing of electronics products and wholesale of computer hardware and peripheral equipment |
| Cebelian Holdings Pte Ltd | Singapore | 100 | 100 | Investment holding |
| Venture Electronics (Europe) B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) [5] | Netherlands | 100 | 100 | Investment holding |
| 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 |

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Country of incorporation | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | 2021 % | 2020 % | |
| Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (1) | People's Republic of China | 100 | 100 | Trading and manufacturing of electronic and computer-related products |
| Venture Electronics (Shenzhen) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (4) | People's Republic of China | 100 | 100 | Manufacture and sale of terminal units |
| VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (5) | United States of America | 100 | 100 | Trading and manufacturing of electronic and computer-related products |
| Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) (5) | United States of America | 100 | 100 | Manufacture, design, engineering, customisation engineering, and logistic services |
| Venture Design Services Inc. (wholly-owned subsidiary of VM Services, Inc.) (5) | United States of America | 100 | 100 | Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation logistics and repair services |
| Venture Enterprise Innovation, Inc. (wholly-owned subsidiary of VM Services, Inc.) (5) | United States of America | 100 | 100 | Manufacturing of high technology products, and provision of design solutions and services |
| VIPColor Technologies Pte Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) | Singapore | 100 | 100 | Develop and market colour imaging products for label printing |
| Advanced Instrument Pte. Ltd. (wholly-owned subsidiary of Advanced Products Corporation Pte Ltd) | Singapore | 100 | 100 | Research and experimental development on biotechnology, life and medical science and manufacture and repair of engineering and scientific instruments |

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Country of incorporation | Proportion of ownership interest and voting power held 2021 % | 2020 % | Principal activities |
|---|---|---|---|---|
| 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) [5] | United States of America | 100 | 100 | Develop and market colour imaging products for label printing |
| Innovative Trek Technology Pte Ltd | Singapore | 100 | 100 | Information system development and support |
| Multitech Systems Pte. Ltd. | Singapore | 100 | 100 | Trading and manufacturing of electronic and computer-related products |
| Scinetic Engineering Pte Ltd (60% owned by the Company and 40% owned by GES Investment Pte. Ltd.) | Singapore | 100 | 100 | Design, development, manufacture, sales, installation and servicing of computers and related products |
| Technocom Systems Sdn. Bhd. [1] | Malaysia | 100 | 100 | Manufacturing and assembly of electronic and other computer products and peripherals |
| Pintarmas Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn. Bhd.) [1] | Malaysia | 100 | 100 | Manufacturing and assembly of electronic and other computer products and peripherals |
| V-Design Services (M) Sdn. Bhd. (wholly-owned subsidiary of Technocom Systems Sdn. Bhd.) [1] | Malaysia | 100 | 100 | Design and development of electronic products and services |
| Venture Electronics Services (Malaysia) Sdn. Bhd. [1] | Malaysia | 100 | 100 | Manufacturing and assembly of electronic and other computer products and peripherals |

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Country of incorporation | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | 2021 % | 2020 % | |
| Venture Electronics Solutions Pte Ltd | Singapore | 100 | 100 | Manufacture, design, engineering and logistics services to electronics equipment manufacturers worldwide |
| Ventech Investments Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (5) | British Virgin Islands | 100 | 100 | Investment holding |
| Univac Precision Engineering Pte Ltd | Singapore | 100 | 100 | Specialists, manufacturers, fabricators and dealers of precision plastic tools, components and sub-assemblies |
| Munivac Sdn. Bhd. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) (1) | Malaysia | 100 | 100 | Manufacture of plastic precision engineering components |
| Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) (5) | United States of America | 100 | 100 | Design, customisation and marketing of tool-making and precision engineering solutions |
| Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) (2)(6) | Singapore | 81.6 | 81.6 | Investment holding |
| Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) (3)(6) | People's Republic of China | 81.6 | 81.6 | Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly |
| Univac Precision Plastics (Suzhou) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) (3)(6) | People's Republic of China | 81.6 | 81.6 | Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly |

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Country of incorporation | Proportion of ownership interest and voting power held 2021 % | 2020 % | Principal activities |
|---|---|---|---|---|
| GES International Limited | Singapore | 100 | 100 | Investment holding and provision of management services |
| GES (Singapore) Pte Ltd (wholly-owned subsidiary of GES International Limited) | Singapore | 100 | 100 | Provision of manufacturing services for original design and manufacture and electronic manufacturing services |
| GES Investment Pte. Ltd. (wholly-owned subsidiary of GES International Limited) | Singapore | 100 | 100 | Investment holding and provision of administrative and technical services to a subsidiary |
| Shanghai GES Information Technology Co., Ltd (wholly-owned subsidiary of GES (Singapore) Pte Ltd) (1) | People's Republic of China | 100 | 100 | Provision of manufacturing services for original design and manufacture and electronic manufacturing services |
| GES Manufacturing Services (M) Sdn. Bhd. (wholly-owned subsidiary of GES Investment Pte. Ltd.) (1) | Malaysia | 100 | 100 | Manufacture of electronics equipment, computer, data and telecommunications products in industrial electronics industries |
| Winza Pte. Ltd. (a subsidiary of Advanced Products Corporation Pte Ltd) | Singapore | 100 | 100 | Research and experimental developmental on biotechnology, life and medical science and manufacture and repair of engineering and scientific instruments |

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

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
(2) Audited by another firm of auditors, BSL Public Accounting Corporation.
(3) Audited by another firm of auditors, Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.
(4) Audited by another firm of auditors, BDO China Li Xin Da Hua Certified Public Accountants Co., Ltd.
(5) Not required by law to be audited in its country of incorporation and not material to the results of the Group.
(6) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of these non-wholly owned subsidiaries are individually insignificant to the Group.

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The net assets of the subsidiaries referred to in Notes (2), (3), (4) and (5) above are less than 20% of the net assets of the Group as at the financial year end.

The Company has provided a commitment for financial support of $42,276,000 (2020 : $41,055,000) to certain subsidiaries for a period of twelve months from the end of the reporting period so as to enable the subsidiaries to continue to operate as going concerns and meet their contractual obligations when they fall due.

## 12 OTHER FINANCIAL ASSETS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Equity instruments measured at fair value through profit or loss (FVTPL) | | | | |
| Unquoted equity shares [a] | – | 1,351 | – | – |
| Equity instruments measured at fair value through other comprehensive income (FVTOCI) | | | | |
| Quoted equity shares [b] | 22,607 | 20,852 | 8,760 | 7,111 |
| Unquoted equity shares [a] | 2,847 | 2,847 | – | – |
| | 25,454 | 25,050 | 8,760 | 7,111 |

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.

The unquoted equity shares measured at FVTPL were divested during the year.

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land $'000 | Factory buildings $'000 | Leasehold land and buildings (i) $'000 | Machinery and equipment $'000 | Leasehold improvements and renovations $'000 | Office equipment, furniture and fittings $'000 | Computer hardware $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| The Group | | | | | | | | | |
| Cost: | | | | | | | | | |
| At 1 January 2020 | 28,570 | 44,303 | 158,858 | 308,822 | 61,915 | 47,591 | 4,450 | 2,501 | 657,010 |
| Exchange differences | (410) | (587) | (844) | (1,746) | (303) | (636) | – | (14) | (4,540) |
| Additions | – | – | 3,882 | 8,250 | 12,264 | 3,372 | – | – | 27,768 |
| Disposals | – | – | – | (10,499) | (5,089) | (2,143) | – | (29) | (17,760) |
| At 31 December 2020 | 28,160 | 43,716 | 161,896 | 304,827 | 68,787 | 48,184 | 4,450 | 2,458 | 662,478 |
| Exchange differences | 524 | 814 | 2,619 | 5,588 | 1,415 | 745 | – | 26 | 11,731 |
| Additions | – | – | – | 4,600 | 4,554 | 1,639 | – | – | 10,793 |
| Disposals | – | – | – | (6,176) | (167) | (680) | – | (296) | (7,319) |
| At 31 December 2021 | 28,684 | 44,530 | 164,515 | 308,839 | 74,589 | 49,888 | 4,450 | 2,188 | 677,683 |
| Accumulated depreciation: | | | | | | | | | |
| At 1 January 2020 | – | 8,222 | 69,102 | 264,649 | 37,681 | 39,960 | 3,673 | 1,697 | 424,984 |
| Exchange differences | – | (161) | (713) | (2,081) | (240) | (503) | – | (18) | (3,716) |
| Depreciation | – | 1,186 | 4,749 | 15,027 | 3,882 | 4,347 | 561 | 280 | 30,032 |
| Disposals | – | – | – | (9,011) | (4,649) | (2,124) | – | (29) | (15,813) |
| At 31 December 2020 | – | 9,247 | 73,138 | 268,584 | 36,674 | 41,680 | 4,234 | 1,930 | 435,487 |
| Exchange differences | – | 186 | 1,402 | 4,892 | 806 | 635 | – | 23 | 7,944 |
| Depreciation | – | 1,151 | 4,276 | 12,954 | 4,065 | 3,208 | 3 | 206 | 25,863 |
| Disposals | – | – | – | (6,047) | (152) | (574) | – | (294) | (7,067) |
| At 31 December 2021 | – | 10,584 | 78,816 | 280,383 | 41,393 | 44,949 | 4,237 | 1,865 | 462,227 |
| Impairment: | | | | | | | | | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | – | – | – | 18 | 36 | 190 | – | 43 | 287 |
| Carrying amount: | | | | | | | | | |
| At 31 December 2021 | 28,684 | 33,946 | 85,699 | 28,438 | 33,160 | 4,749 | 213 | 280 | 215,169 |
| At 31 December 2020 | 28,160 | 34,469 | 88,758 | 36,225 | 32,077 | 6,314 | 216 | 485 | 226,704 |

## 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 2020 | 39,166 | 42,870 | 3,726 | 7,978 | 1,090 | 94,830 |
| Additions | – | 382 | 248 | 400 | – | 1,030 |
| Disposals | – | (447) | – | (49) | – | (496) |
| At 31 December 2020 | 39,166 | 42,805 | 3,974 | 8,329 | 1,090 | 95,364 |
| Additions | – | 169 | 63 | 186 | – | 418 |
| Disposals | – | (4) | (18) | (45) | – | (67) |
| At 31 December 2021 | 39,166 | 42,970 | 4,019 | 8,470 | 1,090 | 95,715 |
| Accumulated depreciation: | | | | | | |
| At 1 January 2020 | 5,928 | 39,321 | 2,921 | 7,432 | 668 | 56,270 |
| Depreciation | 1,028 | 1,201 | 296 | 309 | 150 | 2,984 |
| Disposals | – | (444) | – | (36) | – | (480) |
| At 31 December 2020 | 6,956 | 40,078 | 3,217 | 7,705 | 818 | 58,774 |
| Depreciation | 1,031 | 1,145 | 288 | 346 | 113 | 2,923 |
| Disposals | – | (4) | (18) | (44) | – | (66) |
| At 31 December 2021 | 7,987 | 41,219 | 3,487 | 8,007 | 931 | 61,631 |
| Carrying amount: | | | | | | |
| At 31 December 2021 | 31,179 | 1,751 | 532 | 463 | 159 | 34,084 |
| At 31 December 2020 | 32,210 | 2,727 | 757 | 624 | 272 | 36,590 |

(i) The Group and the Company made upfront payments in full to secure the right-of-use of leasehold land and buildings for the Group's manufacturing operations, warehousing and office premises.

## 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 5.8 years (2020 : 6.0 years).

| | Leasehold land and buildings (i) $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|
| The Group | | | | |
| Cost: | | | | |
| At 1 January 2020 | 35,629 | 211 | – | 35,840 |
| Exchange differences | (89) | (3) | – | (92) |
| Additions | 4,745 | – | – | 4,745 |
| Disposals | (1,035) | – | – | (1,035) |
| At 31 December 2020 | 39,250 | 208 | – | 39,458 |
| Exchange differences | 541 | 2 | – | 543 |
| Additions | 2,522 | 330 | 49 | 2,901 |
| Disposals | (4,976) | – | – | (4,976) |
| At 31 December 2021 | 37,337 | 540 | 49 | 37,926 |
| Accumulated depreciation: | | | | |
| At 1 January 2020 | 8,324 | 44 | – | 8,368 |
| Exchange differences | (107) | – | – | (107) |
| Depreciation | 11,548 | 52 | – | 11,600 |
| Disposals | (530) | – | – | (530) |
| At 31 December 2020 | 19,235 | 96 | – | 19,331 |
| Exchange differences | 247 | 1 | – | 248 |
| Depreciation | 10,705 | 51 | 12 | 10,768 |
| Disposals | (4,865) | – | – | (4,865) |
| At 31 December 2021 | 25,322 | 148 | 12 | 25,482 |
| Carrying amount: | | | | |
| At 31 December 2021 | 12,015 | 392 | 37 | 12,444 |
| At 31 December 2020 | 20,015 | 112 | – | 20,127 |

## 14 RIGHT-OF-USE ASSETS (CONT'D)

| | Leasehold land and buildings [(i)] $'000 |
|---|---|
| The Company | |
| Cost: | |
| At 1 January 2020 | 18,431 |
| Additions | – |
| At 31 December 2020 | 18,431 |
| Additions | 118 |
| At 31 December 2021 | 18,549 |
| Accumulated depreciation: | |
| At 1 January 2020 | 2,794 |
| Depreciation | 6,144 |
| At 31 December 2020 | 8,938 |
| Depreciation | 6,181 |
| At 31 December 2021 | 15,119 |
| Carrying amount: | |
| At 31 December 2021 | 3,430 |
| At 31 December 2020 | 9,493 |

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

In addition, the Group and the Company made upfront payments in full to secure the right-of-use of certain leasehold land and buildings. These leasehold land and buildings, with net book value amounting to $85,699,000 and $31,179,000 (2020 : $88,758,000 and $32,210,000) 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 | Total $'000 |
|---|---|---|---|---|
| The Group | | | | |
| Cost: | | | | |
| At 1 January 2020 | 168,483 | 57,899 | 24,261 | 250,643 |
| Exchange differences | – | 200 | 14 | 214 |
| Additions | – | – | 278 | 278 |
| At 31 December 2020 | 168,483 | 58,099 | 24,553 | 251,135 |
| Exchange differences | – | 160 | (11) | 149 |
| Additions | – | – | 567 | 567 |
| Written off | – | (49,277) | – | (49,277) |
| At 31 December 2021 | 168,483 | 8,982 | 25,109 | 202,574 |
| Accumulated amortisation: | | | | |
| At 1 January 2020 | 168,483 | 57,855 | 24,133 | 250,471 |
| Exchange differences | – | 198 | 2 | 200 |
| Amortisation | – | 45 | 107 | 152 |
| At 31 December 2020 | 168,483 | 58,098 | 24,242 | 250,823 |
| Exchange differences | – | 160 | (3) | 157 |
| Amortisation | – | 1 | 247 | 248 |
| Written off | – | (49,277) | – | (49,277) |
| At 31 December 2021 | 168,483 | 8,982 | 24,486 | 201,951 |
| Carrying amount: | | | | |
| At 31 December 2021 | – | – | 623 | 623 |
| At 31 December 2020 | – | 1 | 311 | 312 |

| | Development expenditure $'000 |
|---|---|
| The Company | |
| Cost: | |
| At 1 January 2020 and 31 December 2020 | 32,533 |
| Written off | (29,271) |
| At 31 December 2021 | 3,262 |
| Accumulated amortisation: | |
| At 1 January 2020, 31 December 2020 | 32,533 |
| Written off | (29,271) |
| At 31 December 2021 | 3,262 |
| Carrying amount: | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | – |

## 15 INTANGIBLE ASSETS (CONT'D)

The amortisation period for development expenditure and computer software is three years which approximates the useful lives of the intangible assets. During the year, the Group and Company wrote off development expenditure that has been fully amortised and has no future economic benefits.

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 2020 and 2021.

## 16 GOODWILL

| | The Group $'000 |
|---|---|
| Cost: | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | 640,593 |
| Impairment: | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | (885) |
| Carrying amount: | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | 639,708 |

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

| | 2021 $'000 | 2020 $'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.

## 16 GOODWILL (CONT'D)

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

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts. The growth rate used to extrapolate the cash flows of the respective CGUs beyond the forecast period of 5 years is 2% (2020 : 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% (2020 : 11.0%).

(b) The rate used to discount the cash flows from Univac Precision Engineering Pte Ltd and its subsidiaries is 11.5% (2020 : 11.5%).

(c) The rate used to discount the cash flows from Technocom Systems Sdn Bhd is 12.0% (2020 : 13.0%).

The values assigned to other key assumptions are based on past performances and expected future market development.

As at the end of the respective reporting periods, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the respective carrying amounts of the CGUs.

## 17 DEFERRED TAX ASSETS/LIABILITIES

| | The Group | |
|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 |
| Deferred tax assets: | | |
| Balance at beginning of year | 3,607 | 3,690 |
| Exchange differences | 107 | (83) |
| Balance at end of year | 3,714 | 3,607 |

The deferred tax assets mainly comprise the tax effect of temporary differences associated with tax credits for certain overseas research and development activities and accelerated accounting depreciation.

| | The Group | |
|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 |
| Deferred tax liabilities: | | |
| Balance at beginning of year | 3,365 | 3,040 |
| Current year provision (Note 28) | 113 | 357 |
| Exchange differences | 34 | (32) |
| Balance at end of year | 3,512 | 3,365 |

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

## 18 TRADE PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Outside parties | 643,591 | 397,544 | 53,102 | 41,523 |

The average credit period on purchases of goods is 83 days (2020 : 73 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.

## 19 OTHER PAYABLES AND ACCRUED EXPENSES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Other payables | 18,252 | 14,215 | 841 | – |
| Salary related accruals | 62,970 | 57,223 | 18,749 | 18,681 |
| Accrued expenses | 75,139 | 86,802 | 7,571 | 13,042 |
| | 156,361 | 158,240 | 27,161 | 31,723 |

Salary related accruals for both the Group and the Company include $6,116,000 (2020 : $6,880,000) due to Directors. The amount due to Directors is unsecured, interest-free and payable within 12 months.

The Group's accrued expenses include provision for warranty of $11,065,000 (2020 : $13,502,000). The Company's accrued expenses do not include provision for warranty.

The Group and the Company assessed the provision for warranty based on historical claim experience and estimated potential rectification costs for the products sold that qualify under the contractual warranty periods. Such provisions are assessed as a percentage of sales, determined by management based on the claim experience, the likelihood of claims and risks arising from the contracts covered by the warranty, and taking into consideration other factors such as industry benchmarks and technological failure rates.

## 20 CONTRACT LIABILITIES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Contract liabilities | 73,052 | 36,152 | 9,182 | 1,082 |

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

The increase in the Group's contract liabilities in 2021 result from customer advance payments for procurement of materials.

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

$26,775,000 (2020: $34,716,000) of brought-forward contract liabilities were recognised in revenue in the current reporting period.

## 21 LEASE LIABILITIES

(Group and Company as a lessee)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Maturity analysis: | | | | |
| Within one year | 9,091 | 10,355 | 4,412 | 5,965 |
| In the second to fifth year inclusive | 5,457 | 11,455 | 43 | 4,454 |
| | 14,548 | 21,810 | 4,455 | 10,419 |
| Less: Unearned interest | (1,017) | (860) | (53) | (261) |
| | 13,531 | 20,950 | 4,402 | 10,158 |
| Analysed as: | | | | |
| Current | 8,731 | 10,105 | 4,360 | 5,837 |
| Non-current | 4,800 | 10,845 | 42 | 4,321 |
| | 13,531 | 20,950 | 4,402 | 10,158 |

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

## 22 SHARE CAPITAL, TREASURY SHARES AND RESERVES

SHARE CAPITAL

| | The Group and the Company | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Number of ordinary shares '000 | '000 | $'000 | $'000 |
| Issued and paid up: | | | | |
| At beginning of year | 291,088 | 289,726 | 826,980 | 811,082 |
| Issuance of shares | 480 | 1,362 | 5,847 | 15,898 |
| At end of year | 291,568 | 291,088 | 832,827 | 826,980 |

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 | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Number of ordinary shares '000 | '000 | $'000 | $'000 |
| At beginning of year | 1,055 | 1,265 | 16,674 | 19,993 |
| Repurchased during the year | 165 | – | 2,884 | – |
| Reissuance pursuant to equity compensation plans | (220) | (210) | (3,497) | (3,319) |
| At end of year | 1,000 | 1,055 | 16,061 | 16,674 |

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 plans respectively. Further information about share-based payments to employees is set out in Note 24.

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 mainly includes reserve fund of $5,718,000 (2020 : $4,902,000) offset by other reserves of $5,891,000 (2020 : $3,886,000).

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.

Other reserves arise from the delivery of treasury shares under the restricted share plans.

## 23 TRANSLATION RESERVE

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

## 24 SHARE-BASED PAYMENTS

***Equity-settled share option schemes***

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

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

| | The Group and the Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Number of share options | Weighted average exercise price $ | Number of share options | Weighted average exercise price $ |
| Outstanding at beginning of year | 2,652,500 | 18.06 | 3,197,000 | 15.66 |
| Granted during the year | – | – | 866,500 | 20.18 |
| Exercised during the year | (480,000) | 11.92 | (1,362,000) | 11.42 |
| Cancelled during the year | (160,000) | 19.56 | (49,000) | 19.12 |
| Outstanding at end of year | 2,012,500 | | 2,652,500 | |
| Exercisable at end of year | 2,012,500 | 18.56 | 2,652,500 | 18.06 |

The weighted average share price at the date of exercise for share options exercised during the year was $19.82 (2020 : $18.30). The options outstanding at the end of the year have a weighted average remaining exercisable period of 2.6 years (2020 : 3.2 years).

The Group recognised total expenses of $250,000 (2020 : $522,000) relating to the share options transactions during the year.

## 24 SHARE-BASED PAYMENTS (CONT'D)

***Options granted***

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

| | **Options granted on 30 June 2020 under the 2015 Scheme** |
|---|---|
| Grant Ref No. | 2015 Grant 6 |
| Estimated fair value of options granted on above dates | $0.62 per option |
| Share price at valuation date | $16.64 |
| Exercise price | $20.18 [1] |
| | $18.56 [2] |
| | $16.14 [3] |
| Expected volatility | 23.75% [4] |
| Exercise multiple (times) | 1.03 |
| Risk free rate | 0.871% |
| Expected dividend yield | 5.0% |

(1) If exercised between 30 June 2021 to 29 June 2022.
(2) If exercised between 30 June 2022 to 29 June 2023.
(3) If exercised between 30 June 2023 to 29 June 2025.
(4) Expected volatility was determined by considering the historical volatility of the Company's share price that commensurate with the contract life of the options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

There were no options granted during the year.

***Restricted Share Plan (RSP)***

The Venture Corporation Restricted Share Plan (the "RSP 2011") was approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 28 April 2011.

The duration of RSP 2011 is 10 years commencing on 28 April 2011 and expired on 27 April 2021. Awards granted prior to such expiration, whether fully or partially released, will continue to be valid and subject to the terms and conditions of RSP 2011.

Following the expiry of RSP 2011, the Venture Corporation Restricted Share Plan 2021 (the "RSP 2021") was adopted at the Company's Annual General Meeting held on 29 April 2021 for a duration of 10 years.

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 RSPs. Such managers must have been employed in the Company and/or its subsidiaries for a specified tenure as determined by the Remuneration Committee.

## 24 SHARE-BASED PAYMENTS (CONT'D)

***Restricted Share Plan (RSP) (cont'd)***

The RSP 2011 and RSP 2021 are administered by the Company's Remuneration Committee.

Movement in the awards under the RSP 2011 by the Company during the year was as follows:

| | The Group and the Company | |
|---|---|---|
| | **2021** | **2020** |
| At 1 January | 832,000 | 910,000 |
| Granted | 148,000 | 132,000 |
| Lapsed | (107,000) | – |
| Vested | (220,000) | (210,000) |
| At 31 December | 653,000 | 832,000 |

The Group recognised total expenses of $1,708,000 (2020 : $1,550,000) relating to RSP 2011 transactions during the year.

***Awards granted under the RSP 2011***

| | **2021** | **2020** |
|---|---|---|
| Vest on | 19 January 2026 | 30 June 2025 |
| Risk-free interest rate | 0.974% | 0.871% |
| Share price at valuation date | $20.21 | $16.18 |
| Expected dividend yield | 4.00% | 5.00% |
| Fair value of the contingent award of shares at grant date using the above inputs (per share) | $16.55 | $12.60 |

The awards have a 5-year vesting period and are subject to the rules of RSP 2011.

The mode of settlement of the awards under the RSP 2011 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 the above (i), (ii) and (iii)

The 10th and final Award of the RSP shares under RSP 2011 was made on 19 January 2021. There were no awards granted under the RSP 2021 as at the end of the financial year.

## 25 REVENUE

| | The Group | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| Manufacturing, engineering, design and fulfilment services revenue | 3,106,666 | 3,012,083 |
| Dividend income | 791 | 811 |
| Total | 3,107,457 | 3,012,894 |

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 | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| Design services | 1,989 | 2,600 |
| Non-recurring engineering services and tooling | 442 | 495 |
| Total | 2,431 | 3,095 |

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue during the next reporting period.

## 26 OTHER INCOME

| | The Group | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| Government grants | 1,504 | 2,506 |
| Other income | 906 | 787 |
| Total | 2,410 | 3,293 |

## 27 INVESTMENT REVENUE

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Interest income on bank deposits | 5,443 | 6,230 |
| Gain on disposal of financial asset | 1,326 | – |
| Total | 6,769 | 6,230 |

## 28 INCOME TAX

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Income tax on profit for the year: | | |
| Current year | 49,584 | 46,248 |
| Overprovision in prior years | (2,431) | (1,179) |
| Deferred income tax (Note 17): | | |
| Current year | 113 | 357 |
| Total | 47,266 | 45,426 |

Domestic income tax of the Company is calculated at 17% (2020 : 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 | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Profit before income tax | 359,588 | 342,830 |
| Income tax expense at statutory tax rate | 61,130 | 58,281 |
| (Non-taxable) / Non-allowable items | (3,491) | 1,001 |
| Overprovision of income tax in prior years, net | (2,431) | (1,179) |
| Deferred tax benefits not recognised | 483 | 317 |
| Effect of different tax rates of overseas operations | 13,060 | 9,712 |
| Tax-exempt income / Income under concessionary tax rate | (21,185) | (22,276) |
| Utilisation of deferred tax benefits previously not recognised | (394) | (517) |
| Other items | 94 | 87 |
| Total income tax | 47,266 | 45,426 |

## 28 INCOME TAX (CONT'D)

The income tax for the Group differs from the amount determined by applying the statutory tax rates primarily due to pioneer status and other tax incentives granted to the Company and its subsidiaries.

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

Subject to agreement with the relevant tax authorities, the Group has the following available for offsetting against future taxable income:

| | Tax losses carryforward $'000 | Capital allowance carryforward $'000 | Total $'000 |
|---|---|---|---|
| Balance at 1 January 2020 | 15,492 | 1,734 | 17,226 |
| Amount in current year | 1,863 | – | 1,863 |
| Amount utilised in current year | (2,496) | (546) | (3,042) |
| Balance at 31 December 2020 | 14,859 | 1,188 | 16,047 |
| Amount in current year | 2,443 | 789 | 3,232 |
| Amount utilised in current year | (2,605) | (362) | (2,967) |
| Balance at 31 December 2021 | 14,697 | 1,615 | 16,312 |
| Deferred tax benefit on above not recorded: | | | |
| At 31 December 2020 | 2,526 | 202 | 2,728 |
| At 31 December 2021 | 2,498 | 275 | 2,773 |

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 $23,118,000 (2020 : $20,276,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 29 PROFIT FOR THE YEAR

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

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Cost of inventories recognised as expense | 2,297,894 | 2,219,737 |
| (Gain) / Loss on disposal of plant and equipment and right-of-use assets, net | (115) | 1,912 |
| Allowance for inventories (Note 10) | 7,948 | 2,009 |
| Directors' remuneration: | | |
| – Directors of the Company | 7,790 | 8,521 |
| – Directors of the subsidiaries | 9,271 | 8,901 |
| – Directors' fees payable to Directors of the Company | 858 | 863 |
| Total Directors' remuneration | 17,919 | 18,285 |
| Employee benefits expense (including Directors' remuneration): | | |
| – Equity settled share-based payments | 1,958 | 2,072 |
| – Defined contribution plans | 25,366 | 23,587 |
| – Salaries | 300,026 | 275,595 |
| Total employee benefits expense [(i)] | 327,350 | 301,254 |

(i) Job Support Scheme grant income of $1,984,000 (2020 : $14,600,000) was netted against employee benefits expenses.

| | | |
|---|---|---|
| Impairment loss on financial assets: | | |
| – Doubtful debt recovered | – | (69) |
| – Net re-measurement of loss allowance (Note 7) | 162 | 522 |
| | 162 | 453 |
| 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 auditors of the Company | 4 | 2 |
| Aggregate amount of fees paid to auditors | 604 | 602 |

## 29 PROFIT FOR THE YEAR (CONT'D)

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Interest expense on lease liabilities | 423 | 466 |
| Expense relating to short-term leases and leases of low value assets | 1,565 | 2,111 |

## 30 EARNINGS PER SHARE

| | The Group | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Basic $'000 | Diluted $'000 | Basic $'000 | Diluted $'000 |
| Profit for the year attributable to owners of the Company | 312,051 | 312,051 | 297,325 | 297,325 |
| | Number of shares '000 | | Number of shares '000 | |
| Weighted average number of ordinary shares used to compute earnings per share | 290,408 | 291,599 | 289,242 | 290,813 |
| Earnings per share (cents) | 107.5 | 107.0 | 102.8 | 102.2 |

## 31 CAPITAL EXPENDITURE COMMITMENTS

| | The Group | |
|---|---|---|
| | 2021 $'000 | 2020 $'000 |
| Estimated amounts committed for future capital expenditure but not provided for in the financial statements | 32 | 269 |

## 32 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*.

## 32 SEGMENT INFORMATION (CONT'D)

Segment revenue and results

| | Advanced Manufacturing & Design Solutions $'000 | Technology Products & Design Solutions $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|
| 2021 | | | | |
| Revenue: | | | | |
| External sales | 1,563,448 | 1,544,009 | – | 3,107,457 |
| Inter-segment sales | 18,183 | 17,070 | (35,253) | – |
| Total revenue | 1,581,631 | 1,561,079 | (35,253) | 3,107,457 |
| Results: | | | | |
| Segment profit | 160,134 | 188,694 | – | 348,828 |
| Foreign currency exchange gain | | | | 4,215 |
| Investment revenue | | | | 6,769 |
| Finance costs | | | | (423) |
| Share of profit of associate | | | | 199 |
| Profit before income tax | | | | 359,588 |
| Income tax expense | | | | (47,266) |
| Profit for the year | | | | 312,322 |
| 2020 (1) | | | | |
| Revenue: | | | | |
| External sales | 1,662,662 | 1,350,232 | – | 3,012,894 |
| Inter-segment sales | 12,691 | 12,006 | (24,697) | – |
| Total revenue | 1,675,353 | 1,362,238 | (24,697) | 3,012,894 |
| Results: | | | | |
| Segment profit | 190,872 | 144,323 | – | 335,195 |
| Foreign currency exchange gain | | | | 1,907 |
| Investment revenue | | | | 6,230 |
| Finance costs | | | | (470) |
| Share of loss of associate | | | | (32) |
| Profit before income tax | | | | 342,830 |
| Income tax expense | | | | (45,426) |
| Profit for the year | | | | 297,404 |

(1) Reclassifications have been made between reportable segments arising from business reorganisation. Comparative figures have been adjusted for better comparability.

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 foreign currency exchange gain, investment revenue, finance cost, share of profit of associate 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.

## 32 SEGMENT INFORMATION (CONT'D)

Segment assets

| | Advanced Manufacturing & Design Solutions $'000 | Technology Products & Design Solutions $'000 | Group $'000 |
|---|---|---|---|
| 31 December 2021 | | | |
| Segment assets | 1,482,367 | 2,123,098 | 3,605,465 |
| Investment in associate | | | 628 |
| Other financial assets | | | 25,454 |
| Income tax recoverable/deferred tax assets | | | 3,714 |
| Consolidated total assets | | | 3,635,261 |
| 31 December 2020 [1] | | | |
| Segment assets | 1,366,578 | 1,843,602 | 3,210,180 |
| Investment in associate | | | 729 |
| Other financial assets | | | 25,050 |
| Income tax recoverable/deferred tax assets | | | 3,608 |
| Consolidated total assets | | | 3,239,567 |

(1) Reclassifications have been made between reportable segments arising from business reorganisation. Comparative figures have been adjusted for better comparability.

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 investment in associate, other financial assets (Note 12) and income tax assets. Goodwill has been allocated to reportable segments as described in Note 16.

## 32 SEGMENT INFORMATION (CONT'D)

Other segment information

| | Advanced Manufacturing & Design Solutions $'000 | Technology Products & Design Solutions $'000 | Group $'000 |
|---|---|---|---|
| 2021 | | | |
| Additions to non-current assets [2] | 10,373 | 3,888 | 14,261 |
| Depreciation and amortisation | 16,727 | 20,152 | 36,879 |
| Allowance for inventories | 2,927 | 5,021 | 7,948 |
| Net re-measurement of ECL allowance (reversal) | 167 | (5) | 162 |
| Gain on disposal of plant and equipment, net | (59) | (56) | (115) |
| Foreign currency exchange adjustment gain | (2,961) | (1,254) | (4,215) |
| 2020 [1] | | | |
| Additions to non-current assets [2] | 14,541 | 18,250 | 32,791 |
| Depreciation and amortisation | 19,380 | 22,227 | 41,607 |
| Allowance for inventories | (1,012) | 3,021 | 2,009 |
| Net re-measurement of ECL allowance | 453 | – | 453 |
| Loss on disposal of plant and equipment, net | 1,414 | 498 | 1,912 |
| Foreign currency exchange adjustment gain | (1,435) | (472) | (1,907) |

(1) Reclassifications have been made between reportable segments arising from business reorganisation. Comparative figures have been adjusted for better comparability.

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

***Group's revenue by Technology Domains Segments***

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Portfolio A [3] | 1,288,392 | 1,253,891 |
| Portfolio B [4] | 1,819,065 | 1,759,003 |
| Consolidated revenue | 3,017,457 | 3,012,894 |

(3) 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.

(4) 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.

## 32 SEGMENT INFORMATION (CONT'D)

***Geographical information***

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

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investment in associate, deferred tax assets and financial assets) by geographical locations are detailed below:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Singapore | 753,212 | 623,006 | 683,485 | 693,248 |
| Asia-Pacific (excluding Singapore) | 2,176,658 | 2,225,959 | 123,788 | 132,480 |
| Others | 177,587 | 163,929 | 60,671 | 61,123 |
| Total | 3,107,457 | 3,012,894 | 867,944 | 886,851 |

***Information about major customers***

The total revenue for the AMDS segment includes revenue from one customer (2020 : one customer) which individually makes up more than 10% of the Group's total revenue.

## 33 DIVIDENDS

In the financial year ended 31 December 2021, the Company declared and paid:

(i) a final one-tier tax-exempt dividend of $0.50 per ordinary share on the ordinary shares of the Company totalling $145,182,000 in respect of the financial year ended 31 December 2020; and

(ii) an interim one-tier tax-exempt dividend of $0.25 per ordinary share on the ordinary shares of the Company totalling $72,640,000 in respect of the financial year ended 31 December 2021.

In respect of the financial year ended 31 December 2021, the Directors of the Company propose that a final one-tier tax-exempt dividend of $0.50 per ordinary share be paid to all shareholders. The total estimated dividend to be paid is $145,284,000.

This proposed dividend has not been included as a liability in these financial statements as it is subject to approval by shareholders at the Annual General Meeting to be held in 2022.

In the financial year ended 31 December 2020, the Company declared and paid:

(i) a final one-tier tax-exempt dividend of $0.50 per ordinary share on the ordinary shares of the Company totalling $144,446,000 in respect of the financial year ended 31 December 2019; and

(ii) an interim one-tier tax exempt dividend of $0.25 per ordinary share on the ordinary shares of the Company totalling $72,454,000 in respect of the financial year ended 31 December 2020.

## 34 EVENT AFTER THE REPORTING PERIOD

On 20 January 2022, one of the subsidiaries of the Group entered into a contract of approximately S$45 million for construction of a building and related renovation works.

## 35 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022

| | | |
|---|---|---|
| Number of issued and paid-up shares | : | 291,624,577 |
| Number of treasury shares | : | 1,053,000 |
| Number of issued and paid-up shares (excluding treasury shares) | : | 290,571,577 |
| Class of shares | : | Ordinary |
| Voting rights | : | One vote per share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 35 | 0.27 | 678 | 0.00 |
| 100 – 1,000 | 6,667 | 51.56 | 4,657,459 | 1.60 |
| 1,001 – 10,000 | 5,603 | 43.33 | 19,034,748 | 6.55 |
| 10,001 – 1,000,000 | 613 | 4.74 | 22,604,358 | 7.78 |
| 1,000,001 and above | 13 | 0.10 | 244,274,334 | 84.07 |
| | 12,931 | 100.00 | 290,571,577 | 100.00 |

Note:

As at 9 March 2022, the Company has no subsidiary holdings.

## TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares held | % [(1)] |
|---|---|---|---|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 77,277,410 | 26.60 |
| 2 | DBSN SERVICES PTE LTD | 49,586,238 | 17.07 |
| 3 | RAFFLES NOMINEES (PTE) LIMITED | 36,444,957 | 12.54 |
| 4 | DBS NOMINEES PTE LTD | 33,639,443 | 11.58 |
| 5 | HSBC (SINGAPORE) NOMINEES PTE LTD | 29,515,476 | 10.16 |
| 6 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 6,986,617 | 2.40 |
| 7 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 3,339,569 | 1.15 |
| 8 | PHILLIP SECURITIES PTE LTD | 1,785,289 | 0.61 |
| 9 | WONG NGIT LIONG | 1,181,619 | 0.41 |
| 10 | UOB KAY HIAN PTE LTD | 1,163,515 | 0.40 |
| 11 | OCBC SECURITIES PRIVATE LTD | 1,150,701 | 0.40 |
| 12 | TAN CHOON HUAT | 1,103,500 | 0.38 |
| 13 | YONG YING-I | 1,100,000 | 0.38 |
| 14 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 898,317 | 0.31 |
| 15 | IFAST FINANCIAL PTE LTD | 740,111 | 0.25 |
| 16 | YONG WEI-WOO NEE CHEANG WEI-WOO | 650,000 | 0.22 |
| 17 | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 582,786 | 0.20 |
| 18 | SOO ENG HIONG | 534,518 | 0.18 |
| 19 | MAYBANK SECURITIES PTE. LTD. | 454,912 | 0.16 |
| 20 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 444,122 | 0.15 |
| | | 248,579,100 | 85.55 |

Note:

(1) Based on 290,571,577 Shares in issue as at 9 March 2022 (being 291,624,577 Shares in issue and disregarding 1,053,000 Shares held in treasury).

# ANALYSIS OF SHAREHOLDINGS

AS AT 9 MARCH 2022

## SUBSTANTIAL SHAREHOLDERS

Based on information received by the Company as at 9 March 2022

| Name | Direct Interest | % [1] | Deemed Interest [2] | % [1] |
|---|---|---|---|---|
| BlackRock, Inc. [3] | – | – | 17,231,970 | 5.93 |
| Schroders PLC | – | – | 19,827,969 | 6.82 |
| Wong Ngit Liong | 20,645,219 | 7.11 | – | – |

Notes:

(1) Based on 290,571,577 Shares in issue as at 9 March 2022 (being 291,624,577 Shares in issue and disregarding 1,053,000 Shares held in treasury).

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

(3) BlackRock, Inc. is deemed to have an interest in 17,231,970 Shares of the Company held by its various subsidiaries.

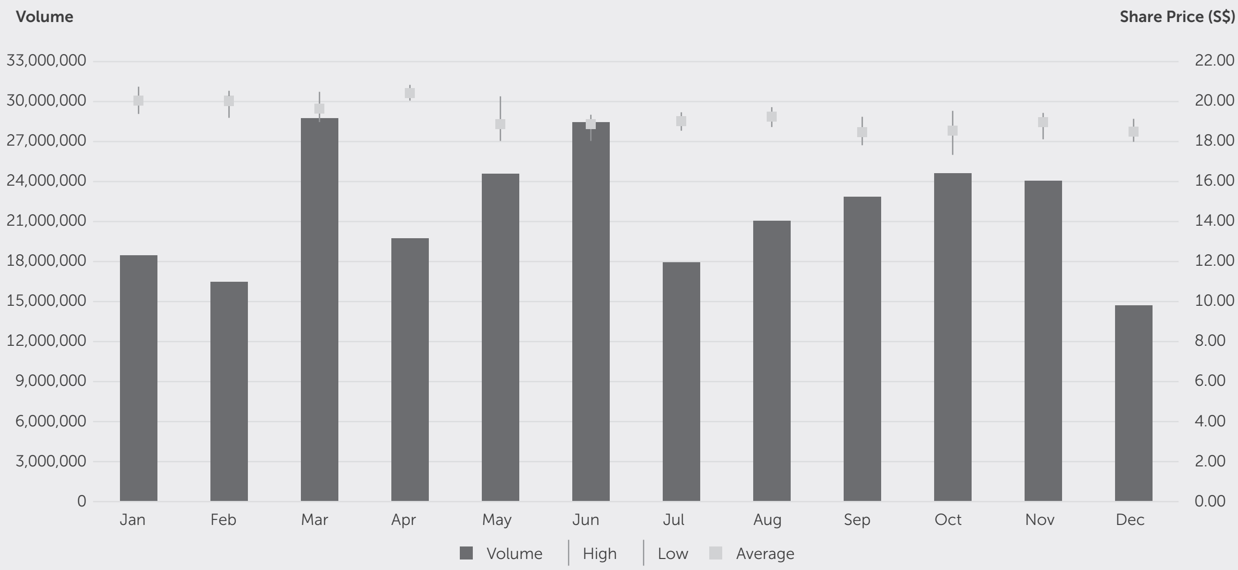
## SHARES HELD IN THE HANDS OF THE PUBLIC

Based on information received by the Company as at 9 March 2022, approximately 80.12% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

# SHARE PERFORMANCE

## YEAR ENDED 31 DECEMBER 2021

| Share Prices | 2021 (S$) |
|---|---|
| Last Transacted | 18.31 |
| High | 20.79 |
| Low | 17.37 |
| Average | 19.20 |
| Total Volume for 2021 | 261,530,266 |



# INTERNATIONAL NETWORK

## SINGAPORE

**Venture Corporation Limited**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Venture International Pte. Ltd.**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Advanced Instrument Pte. Ltd.**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Advanced Products Corporation Pte Ltd**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Cebelian Holdings Pte Ltd**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**GES International Limited**
28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**GES Investment Pte. Ltd.**
28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**GES (Singapore) Pte Ltd**
28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**Innovative Trek Technology Pte Ltd**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Scinetic Engineering Pte Ltd**
28 Marsiling Lane
Singapore 739152
T : +65 6732 9898
F : +65 6368 6225

**Univac Design & Engineering Pte Ltd**
211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6854 3388

**Univac Precision Engineering Pte Ltd**
211 Woodlands Avenue 9
#01-86
Singapore 738960
T : +65 6854 3333
F : +65 6854 3388

**Multitech Systems Pte. Ltd.**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Venture Electronics Solutions Pte Ltd**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**VIPColor Technologies Pte Ltd**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

**Winza Pte. Ltd.**
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873
T : +65 6482 1755
F : +65 6482 0122

# INTERNATIONAL NETWORK

## MALAYSIA

**GES Manufacturing Services (M) Sdn. Bhd.**
PLO 34, Fasa 2
Kawasan Perindustrian Senai
81400 Senai
Johor, Malaysia
T : +60 (07) 599 2511
F : +60 (07) 599 2521

**Munivac Sdn. Bhd.**
No. 51 & 53
Jalan Riang 21
Taman Gembira
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 335 6333
F : +60 (07) 335 0088

**Pintarmas Sdn. Bhd.**
No. 6
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

**Technocom Systems Sdn. Bhd.**
No. 2 & 4
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

**V-Design Services (M) Sdn. Bhd.**
No. 2 & 4
Jalan Kempas 5/2
Tampoi Industrial Area
81200 Johor Bahru
Johor, Malaysia
T : +60 (07) 231 2100
F : +60 (07) 236 4146

**Venture Electronics Services (Malaysia) Sdn. Bhd.**
Plot 44
Bayan Lepas Industrial Park IV
11900 Bayan Lepas
Pulau Pinang, Malaysia
T : +60 (04) 642 8000
F : +60 (04) 642 9000

## UNITED STATES OF AMERICA

**Univac Precision, Inc.**
1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (408) 503 7000
F : +1 (408) 240 6886

**Venture Design Services Inc.**
1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (408) 503 7000
F : +1 (408) 240 6886

**Venture Electronics International, Inc.**
1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (408) 503 7000
F : +1 (408) 240 6886

**Venture Enterprise Innovation, Inc.**
1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (408) 503 7000
F : +1 (408) 240 6886

**VIPColor Technologies USA, Inc.**
1621 Barber Lane Milpitas CA 95035
California
United States of America
T : +1 (408) 715 4080
F : +1 (408) 240 6886

**VM Services, Inc.**
1621 Barber Lane Milpitas CA95035
California
United States of America
T : +1 (408) 503 7000
F : +1 (408) 240 6886

# INTERNATIONAL NETWORK

## CHINA

**Shanghai GES Information Technology Co., Ltd**
668 Li Shi Zhen Road
Shanghai Zhangjiang Hi-Tech Park
Pudong Shanghai 201203
People's Republic of China
T : +86 (21) 3898 4898
F : +86 (21) 5080 6968

**Univac Precision Plastics (Suzhou) Co., Ltd**
No. 18 Chun Yao Road
No. 2 3E Industrial Park
Xiang Cheng District
Suzhou 215131
People's Republic of China
T : +86 (512) 6282 8828
F : +86 (512) 6282 3318

**Univac Precision Plastics (Shanghai) Co., Ltd**
No. 18 Chun Yao Road
No. 2 3E Industrial Park
Xiang Cheng District
Suzhou 215131
People's Republic of China
T : +86 (512) 6282 8828
F : +86 (512) 6282 3318

**Venture Electronics (Shanghai) Co., Ltd**
T52-5, No. 1201, Guiqiao Road
China (Shanghai) Pilot Free Trade Zone
Pudong New Area
Shanghai 201206
People's Republic of China
T : +86 (21) 5899 8086
F : +86 (21) 5899 7682

**Venture Electronics (Shenzhen) Co., Ltd**
3832 Chang Ping Business Building
Shihua Road, Free Trade Zone
Futian Shenzhen 518038
People's Republic of China
T : +86 (755) 2395 0126
F : +86 (755) 2395 0115

## EUROPE

**Venture Electronics (Europe) B.V.**
Schiphol Boulevard 359
1118 BJ Schiphol
The Netherlands
T : +31 (20) 238 2400

**Venture Electronics Spain S.L.U.**
Carrer Pagesia, 22-24 1B
08191 Rubí, Barcelona
Spain
T : +34 (93) 588 3018

**Ventech Investments Ltd**
Portcullis Chambers
4th Floor, Ellen Skelton Building
3076 Sir Francis Drake Highway
Road Town, Tortola
British Virgin Islands VG1110
T : +1 (284) 494-5296
F : +1 (284) 494-5283

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following information relating to Mr Wong Ngit Liong, Ms Tan Seok Hoong @ Mrs Audrey Liow and Mr Chua Kee Lock, each of whom is standing for re-election as a Director at the Company's Annual General Meeting ("**AGM**") to be held on Thursday, 28 April 2022 at 10.30 a.m. (Singapore Time) via electronic means, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

| | |
|---|---|
| **Name of Director** | **Mr Wong Ngit Liong** |
| **Date of Appointment** | 20 January 1989 |
| **Date of Last Re-Appointment (if applicable)** | 24 April 2019 |
| **Age** | 80 |
| **Country of Principal Residence** | Singapore |
| **The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)** | The Board has considered the Nominating Committee's recommendation and assessments of Mr Wong's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills, and experience to the Board. |
| **Whether the appointment is executive, and if so the area of responsibility** | Executive<br>– Board Chairman |
| **Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)** | Executive Chairman<br>Chairman, Investment Committee<br>Member, Nominating Committee |
| **Professional qualifications** | • 1st Class (Honours) in Electrical Engineering, University of Malaya<br>• Master of Science in Electronics Engineering, University of California, Berkeley<br>• Master of Business Administration with distinction, McGill University |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Ms Tan Seok Hoong @ Mrs Audrey Liow | Mr Chua Kee Lock |
|---|---|
| 1 November 2018 | 1 October 2021 |
| 24 April 2019 | Not applicable |
| 62 | 60 |
| Singapore | Singapore |
| The Board has considered the Nominating Committee's recommendation and assessments of Mrs Liow's qualifications and experiences and is satisfied that she will continue to contribute relevant knowledge, skills, and experience to the Board. | The Board has considered the Nominating Committee's recommendation and assessments of Mr Chua's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills, and experience to the Board. |
| No | No |
| Independent Non-Executive Director<br>Lead Independent Director (wef 1 January 2022)<br>Chairperson, Audit & Risk Committee<br>Member, Remuneration Committee | Independent Non-Executive Director<br>Member, Audit & Risk Committee<br>Member, Investment Committee |
| • Bachelor of Science, National University of Singapore<br>• Leadership Program at London Business School<br>• Berkeley-Nanyang Advanced Management Program, National Technological University | • Bachelor of Science in Mechanical Engineering, University of Wisconsin<br>• Master of Science in Engineering, Stanford University<br>• Member, Singapore Institute of Directors |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | |
|---|---|
| **Name of Director** | **Mr Wong Ngit Liong** |
| **Working Experience and occupation(s) during the past 10 years** | Mr Wong Ngit Liong is the Chairman and Chief Executive Officer (CEO) of the Venture Group of companies. At the close of FY2021, he relinquished the office of CEO, and remains an Executive Chairman of the Board.<br><br>Mr Wong was the Chairman of the Board of Trustees at National University of Singapore (NUS) from 2004 to 2016 and was appointed a member of the Constitutional Commission in 2016. |
| **Shareholding interest in the listed issuer and its subsidiaries** | • 20,645,219 ordinary shares<br>• 65,000 share options pursuant to the Venture Corporation Executives Share Option Scheme 2015<br>• 102,000 Unvested Restricted Shares pursuant to the Venture Corporation Restricted Share Plan 2011 |
| **Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries** | NIL |
| **Conflict of Interest (including any competing business)** | NIL |
| **Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer** | Yes |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| **Ms Tan Seok Hoong @ Mrs Audrey Liow** | **Mr Chua Kee Lock** |
|---|---|
| Ms Tan Seok Hoong @Mrs Audrey Liow has strong experience and background in consumer marketing, general management, R&D and operations in the food, 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 South East Asia. Mrs Liow previously served as a Director on the Board of Nestlé ROH (Thailand) Ltd and on the Tanjong Katong Girls' School Advisory Committee. She is currently a Director of Hyphens Pharma International Limited, Heliconia Capital Management Pte Ltd and C-Quest Capital SGT Asia Stoves Pte Ltd. | Mr Chua Kee Lock is currently the President & Chief Executive Officer of Vertex Venture Holdings Ltd (VH), a Singapore-headquartered venture capital investment holding company and a wholly-owned subsidiary of Temasek Holdings. Vertex Group is a global venture capital network comprising 4 early-stage technology-focused funds, an early-stage healthcare-focused fund and a growth stage fund. Each of these funds is managed by independent and separate General Partnerships and investment teams, with VH providing anchor funding alongside significant third party capital commitments. Mr Chua is concurrently Managing Partner of Vertex Ventures SE Asia & India as well as Chairman of Vertex Growth Fund.<br><br>Prior to this, Mr Chua held senior positions in Biosensors International Group, Ltd., a developer/manufacturer of medical devices; Walden International, a US-headquartered venture capital firm; NatSteel Ltd., a Singapore industrial products company; and Intraco Ltd., a Singapore-listed trading/distribution company. Mr Chua also co-founded MediaRing, a voice-over internet provider, which later listed on the Singapore Stock Exchange.<br><br>Mr Chua serves on the boards of several companies including Credit Bureau Asia Limited and Yongmao Holdings Limited, both listed on the Singapore Stock Exchange. Mr Chua also previously served on the boards of Shenzhen Chipscreen Biosciences (listed on Shanghai STAR Board) and Logitech International (listed on the Swiss Exchange and NASDAQ). |
| 3,000 ordinary shares | NIL |
| NIL | NIL |
| NIL | NIL |
| Yes | Yes |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | |
|---|---|
| **Name of Director** | **Mr Wong Ngit Liong** |
| **Other Principal Commitments Including Directorships** | |
| **Past (for the last 5 years)** | • GES Manufacturing Services (M) Sdn. Bhd.<br>• GES Manufacturing Services (M) Sdn. Bhd. Singapore Branch<br>• Munivac Sdn. Bhd.<br>• V-Design Services (M) Sdn. Bhd.<br>• Venture Electronics International, Inc. |
| **Present** | • Venture Corporation Limited<br>• Advanced Instrument Pte. Ltd.<br>• Advanced Products Corporation Pte Ltd<br>• Cebelian Holdings Pte Ltd<br>• GES (Singapore) Pte Ltd<br>• Pintarmas Sdn. Bhd.<br>• Technocom Systems Sdn. Bhd.<br>• Univac Precision Engineering Pte Ltd<br>• Venture Electronics Services (Malaysia) Sdn. Bhd.<br>• Venture Electronics (Shanghai) Co., Ltd<br>• Venture Electronics Solutions Pte Ltd<br>• Venture Enterprise Innovation, Inc.<br>• VM Services Inc. |

**Information required**

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. **If the answer to any question is "yes", full details must be given.**

| | | |
|---|---|---|
| (a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Ms Tan Seok Hoong @ Mrs Audrey Liow | Mr Chua Kee Lock |
|---|---|
| • Nestlé ROH (Thailand) Ltd. | • Director, Binance Asia Services Pte. Ltd.<br>• Director, Sunday Ins Holdings Pte. Ltd.<br>• Director, Shenzhen Chipscreen Biosciences Limited |
| • Hyphens Pharma International Limited<br>• Heliconia Capital Management Pte Ltd.<br>• C-Quest Capital SGT Asia Stoves Pte Ltd | • Group President & CEO / Executive Director, Vertex Venture Holdings Ltd<br>• Chairman / President & CEO, Vertex Venture Management Pte. Ltd.<br>• Lead Independent Director, Yongmao Holdings Limited<br>• Lead Independent Director, Credit Bureau Asia Limited<br>• Director, Vertex Ventures Sea Management Pte. Ltd.<br>• Director, Vertex Growth Management Pte. Ltd.<br>• Non-Executive Chairman, Vertex Technology Acquisition Corporation Ltd |
| No | No |
| No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | | Mr Wong Ngit Liong |
|---|---|---|
| (c) | Whether there is any unsatisfied judgment against him? | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| (e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Ms Tan Seok Hoong @ Mrs Audrey Liow | Mr Chua Kee Lock |
| --- | --- |
| No | No |
| No | No |
| No | No |
| No | No |
| No | No |
| No | No |
| No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Mr Wong Ngit Liong |
|---|---|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Ms Tan Seok Hoong @ Mrs Audrey Liow | Mr Chua Kee Lock |
| --- | --- |
| No | No |
| No | No |
| No | No |
| No | No |
| No | No |

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VENTURE CORPORATION LIMITED

Company Registration No.: 198402886H
5006 Ang Mo Kio Avenue 5
#05-01/12 TECHplace II
Singapore 569873

www.venture.com.sg