

**ANNUAL GENERAL MEETING TO BE HELD ON 3 JUNE 2020  
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Venture Corporation Limited would like to thank shareholders for submitting their questions in advance of our Annual General Meeting (“AGM”) to be held by electronic means on Wednesday, 3 June 2020 at 10.30 a.m.

The questions received pertained mainly to the Group’s FY2019 financials and the impact of Covid-19 on the Group’s operations and outlook. Accordingly, we have set out our responses to the questions under the following themes:

- A. Financials Related Questions; and
- B. Outlook and Covid-19 Related Questions.

**A. FINANCIALS RELATED QUESTIONS**

- 1. I refer to page 158 of the Annual Report 2019 on Trade Receivables. It is noted that there was S\$898.910 million trade receivables as at 31 December 2019. How much of this S\$898.910 million trade receivables have been collected so far?**

Trade receivables as at 31 December 2019 have been substantially collected as at 1Q 2020 (31 March 2020). The Group proactively follows up on its trade receivables collection, with a few receivables paid shortly after its credit period due to payment cycles practised by our customers.

- 2. I refer to page 160 of the Annual Report 2019 on Trade Receivables. It is noted that S\$4.902 million of trade receivables had been written off during 2019, while there was none written off during 2018. Which companies did these S\$4.902 million trade receivables belong to?**

The trade receivables written off were related to doubtful debt provision recorded in FY2017. Over the past two years, the Group made sustained efforts to recover the doubtful debt and successfully collected S\$1.077 million by end of FY2019. The balance amount of S\$4.902 million was fully written off against the provision.

- 3. I refer to page 168 of the Annual Report 2019 on Other Financial Assets. It is noted there are S\$21.036 million of Quoted equity shares. What are these Quoted equity shares?**

The Group’s quoted equity shares as at 31 December 2019 comprised investments in listed equities and fixed income funds based on the investment mandate and guidelines prescribed by the Investment Committee of the Company (Annual Report 2019, page 79). These low-risk investment products are held for medium to long term periods. In FY2019, these investments turned in a total return of 9.8%.

- 4. I refer to page 189 of the Annual Report 2019 on Segment Information. Why was the segment profit margin for Technology Products & Design Solutions segment (9.8%) generally lower than that for Advanced Manufacturing & Design Solutions segment (11.6%)?**

As a leading global provider of technology services, products and solutions, Venture takes pride in creating deep and impactful value for its global partners in several technology domains. These domains are listed in detail on page 192 of the Annual Report 2019. As part of its reporting obligations, the Group consolidates its over 100 customers that are spread across the diverse domains that Venture participates in, into two main reporting segments, i.e. Technology Products & Design Solutions and Advanced Manufacturing & Design Solutions. Given that margins vary across domains, the segment profit margin for each reporting segment would reflect the diverse range of customers' product mix and requirements.

- a. Furthermore, why did the segment profit margin for Advanced Manufacturing & Design Solutions segment decrease by 1.7% from 13.3% in 2018 to 11.6% in 2019?**

One of the factors supporting Venture's sustainable profitable business model is its diversified portfolio of businesses and customers. Both of the Group's reporting segments can record variation in its reported profit margins, driven by changes in the sales mix and contributions from the Group's diversified portfolio of businesses and customers.

- 5. I refer to page 192 of the Annual Report 2019 on Segment Information, in particular the Group's revenue by Technology Domains Segments. For Portfolio A and Portfolio B, which portfolio has a higher segment profit margin?**

To protect market-sensitive information and preserve our competitiveness, the Group does not disclose profit margin by technology domains.

- 6. What is the budgeted capex in the next two to three years? How will this budgeted capex be funded?**

Venture has a stringent process to evaluate its capital investments to ensure its return-on-investment remains attractive and continues to add value to the Group's profitability in the long run. Through prudent use of its funds, the Group has been self-funding its capital investment. Excluding the Group's investments in factory buildings, Venture's annual capital investment is generally in-line with its annual depreciation costs.

## **B. OUTLOOK AND COVID-19 RELATED QUESTIONS**

- 1. What is the Group's outlook in the light of Covid-19 impact? Are there any bright spots for Venture, e.g. opportunities in the medical segment of the business in relation to Covid-19?**
- 2. In view of the Covid-19 situation, what is likely to happen to the revenue & segment profit margin of Advanced Manufacturing & Design Solutions segment and Technology Products & Design Solutions segment respectively?**
- 3. Can you give a brief presentation of the financial results and the challenges going forward, especially with the trade war and Covid-19?**

Please refer to our 1Q 2020 Executive Summary and General Comments SGX announcement, published on 8 May 2020.

Venture sees continued strengths in demand for services/products/devices/modules in technology domains such as: -

- Life Science,
- Medical and Wellness,
- Semiconductor-related Equipment,
- Communications and Networking modules and products,
- Diagnostic and Research equipment,
- Instrumentation for Test & Measurement.

The Group manufactures products that are being used to help Covid-19-infected individuals, such as ventilators and high throughput qPCR and dPCR equipment for testing, monitoring and automating workflow processes, including those used for sample prep, library prep, next-gen sequencing and the related supply chains. These products are in strong demand.

More details will be shared during the Group's 1H 2020 results announcement in August 2020.

**4. Has Covid-19 impacted company operations and if so, what measures have been taken to mitigate the impact?**

Please refer to our 1Q 2020 Executive Summary and General Comments SGX announcement, published on 8 May 2020.

In the 1Q 2020 financial update, the Group explained that its 1Q 2020 revenue performance was gated by disruptions to the global supply chain in China, Malaysia and Singapore, as well as factory lockdowns in China, Spain, US and Malaysia, which mainly impacted the second half of 1Q 2020. These were caused by lockdown measures implemented in several countries to control the Covid-19 outbreak.

The Group further elaborated that in collaboration with its global partners, business associations such as The American Chamber of Commerce and local authorities including MIDA and EDB, Venture obtained exemption approvals for the manufacturing of some “essential products” and its related supply chain.

With a challenging 1Q 2020 behind us, Venture is looking forward to the eventual complete lifting of the lockdown of its global supply chain as well as all its operating entities in China, Malaysia, Singapore, Spain and US.

**5. Has the company seen any significant order cancellations from customers due to Covid-19 and the supply chain disruption?**

To-date, Venture has not seen any significant order cancellations from customers that arose from Covid-19 and the supply chain disruption.

Venture sees continued strengths in demand for services/products/devices/modules in technology domains such as: -

- Life Science,
- Medical Devices and Wellness,
- Semiconductor-related Equipment,
- Communications and Networking modules and products,
- Diagnostic and Research equipment,
- Instrumentation for Test & Measurement.

**6. Does management see any exposure to credit issues arising from the economic lockdown due to Covid-19?**

Most of Venture’s customers are multi-national conglomerates, Fortune 500 companies, or upcoming leaders in niche fast-growing industries. Customers are onboarded only after robust assessment of their financial health to ensure that customers have sound financial fundamentals, with necessary safeguards put in place to mitigate risk of default. The Group monitors their payment records and financial standing closely and regularly to keep long outstanding debts to a minimum. With a quality pool of customers and vigilant monitoring, the Group aims to keep the risk of default as low as possible and does not have any significant credit issues currently.

**7. Has the Covid-19 pandemic led to an increase in cost in running the factories and operations, in view of the standard operating procedures mandated by the government and authorities?**

Venture is committed to fully comply with social distancing measures mandated by government and authorities to ensure the safety and well-being of our employees as well as business partners. The Group has to re-layout production lines and re-train our production workforce to comply with safety measures at Venture's factories. All these additional expenses are being managed judiciously.

**8. Does Venture expect to be able to sustain its dividend pay-outs in next two years?**

The Board of Directors has recommended a final one-tier tax-exempt dividend of 50 cents per ordinary share for FY2019. Including the interim dividend of 20 cents per share paid in September 2019, total dividend for FY2019 totalled 70 cents per share, the same level as FY2018. While the Company does not have a formal dividend policy, it aims to pay dividends that are on par or higher than the previous year. On a cumulative basis, Venture has paid out over S\$2 billion in dividends since its public listing in 1992.

Venture is prudent in its use of cash. This has enabled the Group to build a strong net cash position to support its various uses of cash such as dividend payment, capital investments as well as investing in the Group's growth. Such requirements will be considered by the Board alongside the impact of Covid-19 in determining the Board's proposals on dividends in FY2020.

By Order of the Board

**Devika Rani Davar**  
Company Secretary

2 June 2020

This announcement is also available at [www.venture.com.sg](http://www.venture.com.sg).

For more information, please contact:-

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#### **ABOUT VENTURE ([www.venture.com.sg](http://www.venture.com.sg))**

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

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

The Group has built know-how and intellectual property with expertise in several technology domains. These include life science, genomics, molecular diagnostics, medical devices and equipment, healthcare and wellness technology, lifestyle consumer technology, health improvement products, instrumentation, test and measurement technology, networking and communications, fintech, as well as computing, printing and imaging technology. The Group manages a portfolio of more than 5,000 products and solutions and continues to expand into new technology domains through its collaborations with customers and partners in selected ecosystem 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 ecosystem of interests. It stands poised to provide the leading edge and remain relevant in a constantly changing and evolving world.