Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Venture Corporation Limited

Stock code: V03

Meeting details:
Date: 28 April 2022
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As shown in the annual report, the group's mission is to be a leading global provider of technology services, products and solutions. The group is looking to seize opportunities in Industrial IoT, Life Science & Healthcare and various new technology domains such as EV supply equipment, autonomous vehicle etc.

For the financial year ended 31 December 2021, the group reported revenue of $3.1 billion. Net profit attributable to owners of the company was higher by 5% at $312.1 million in FY 2021.

Despite the challenges of the pandemic and the headwinds from component shortages, the group's net profit margin was 10.0% in FY 2021.

(i) **Can management help shareholders understand the size of the opportunities in the Life Science domain (new analytical instruments in next-generation sequencing and molecular diagnostics), Instrumentation, Test & Measurement, Networking & Communications, Advanced Industrials, and Semiconductor-related Equipment?**

(ii) **For the group's new products, how much market risk does the group take on?**

(iii) From the consolidated statement of profit or loss, it is shown that research and development expenses decreased from $36.0 million in FY2020 to $19.3 million in FY2021. **How does the group determine its R&D budget and its allocation?**

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Q2. As noted in the chairman's statement, cash generated from operations was substantially lower at $158.2 million compared to $498.6 million last year.

This was primarily due to the build-up in inventories to support customer orders in the coming quarters. As disclosed in Note 10 (page 148 – Inventories), the group held 80% more raw materials as at 31 December 2021 amounting to $755.6 million.

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.

(i) **How much of the build-up in inventories (specifically raw materials) could be attributed to higher prices?**

(ii) As shown in Note 10, provisions and write-offs of aged inventory increased from $2.0 million in FY2020 to $7.9 million in FY2021. **Is there a heightened risk of inventory obsolescence as the group stocks up on raw materials?**

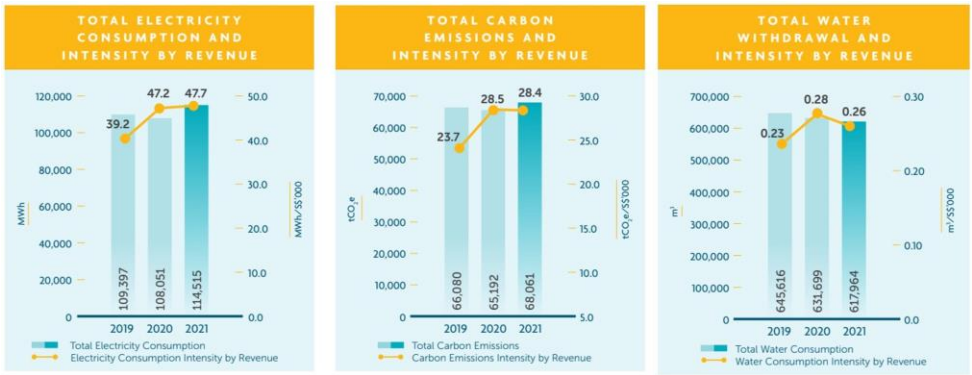
(iii) The chairman has stated that the group expects to face headwinds from the "unabating component shortages". **Can management help shareholders better understand how it dealt with component shortages?**

(iv) **In addition, is the group also affected by increasingly high freight rates?**

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Q3. The group's sustainability report can be found on pages 24 to 46 of the annual report. In particular, the material factors can be seen on pages 32 and 33, and the targets on pages 34 and 35.

In terms of electricity consumption and carbon emission, the total consumption/emission has generally increased from 2019 to 2021. The consumption/emission intensity by revenue similarly increased over the same period. The total water consumption saw a slight decrease although the consumption intensity by revenue increased from 0.23 to 0.26 from 2019 to 2021.



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.

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 Maintain zero fatalities across all sites under coverage	Incident rate at 1.29 in 2021 Zero fatalities across all sites under coverage in 2021

(Adapted from company annual report)

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(i) The group has yet to set any GHG emissions and water usage targets but it has stated its intention to set quantifiable targets in 2022 (see above). Some of the first movers have been disclosing their Scope 1, 2 and 3 GHG emissions of their core operations since 2015. **What guidance is the board giving to management to ensure that the group meets or exceeds the market's expectations on the sustainability?**

(ii) **Will the board be benchmarking itself against global leaders in sustainability and push the group to achieve its fair share, or more, in sustainability?**

(iii) **How will the board calibrate and set the targets such that the group makes reasonably meaningful reductions in emissions and usage?**

(iv) **Has the board considered setting a net zero operational carbon target?**

(v) **What are some of the low-hanging fruits that can be quickly implemented?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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