

**36 YEARS OF  
VEHICLE TESTING  
EXPERIENCE**



**OVER 11 MILLION  
VEHICLES INSPECTED**



**MORE THAN 50 YEARS OF  
TESTING, INSPECTION  
AND CERTIFICATION  
EXPERIENCE ACROSS  
MAJOR INDUSTRIES**



## OUR VISION

**We Aspire To Be The Preferred Provider  
Of Inspection And Testing Services**

---

## OUR MISSION

**To Enable Safer And Greener Motoring  
And Provide Professional Testing  
Services To Our Customers**

---

## OUR CORE VALUES

### VERSATILITY

To be able to adapt to changing environments, always staying ahead of the curve and inspiring creativity.

### INTEGRITY

To uphold the values of integrity and honesty, conducting our affairs in a manner consistent with the highest ethical and professional standards.

### CARE

#### **For all our stakeholders:**

- Our customers by putting their needs and requirements first
- Our business partners and regulators by keeping lines of communication open at all times
- Our staff by fostering a safe and conducive environment for growth and development
- Our community by enhancing the welfare of those in need

### OWNERSHIP

Of all that we do – by pursuing professionalism, excellence and ensuring responsibility for all our actions.

### MERITOCRACY

To be fair and objective, always recognising and rewarding good performance.

# CONTENTS

<b>02</b>	<b>Chairman's Statement</b>	<b>55</b>	<b>Statements of Financial Position</b>
<b>06</b>	<b>Group Financial Highlights</b>	<b>56</b>	<b>Group Income Statement</b>
<b>08</b>	<b>Corporate Information</b>	<b>57</b>	<b>Group Comprehensive Income Statement</b>
<b>09</b>	<b>Board of Directors</b>	<b>58</b>	<b>Statements of Changes in Equity</b>
<b>14</b>	<b>Key Management</b>	<b>60</b>	<b>Group Cash Flow Statement</b>
<b>17</b>	<b>Operations Review</b>	<b>61</b>	<b>Notes to the Financial Statements</b>
<b>20</b>	<b>Sustainability Report</b>	<b>88</b>	<b>Share Price Movement Chart</b>
<b>22</b>	<b>Corporate Governance</b>	<b>89</b>	<b>Shareholding Statistics</b>
<b>42</b>	<b>Directors' Particulars</b>	<b>90</b>	<b>Notice of Annual General Meeting</b>
<b>44</b>	<b>Risk Management</b>	<b>94</b>	<b>Additional Information on Directors Seeking Re-Election</b>
<b>47</b>	<b>Financial Calendar</b>		
<b>48</b>	<b>Financial Statements</b>		
<b>49</b>	<b>Directors' Statement</b>		
<b>52</b>	<b>Independent Auditor's Report</b>		
			Proxy Form



## CHAIRMAN'S STATEMENT

Over

# 50 Years

of Technical Testing  
Experience

**Group total revenue in  
2018 hit the  
\$100-million mark.  
The figure of \$100.1  
million represents an  
increase of 3.1% over 2017**

### INTRODUCTION

2018 was a comparatively good year for VICOM Ltd. We had an exceptional gain of \$7.7 million arising out of the surrender of the lease of our present premises at 18 Teban Gardens Crescent to JTC Corporation for redevelopment by the Government.

We have since acquired a new property at Bukit Batok as a replacement site. The new property has a good balance of 36 years lease remaining and a gross floor area of 18,843 square metres. This is about 54% bigger than the 12,200 square metres at the existing place. The long tenure and larger space will allow us to plan for expansion for the longer term. The drawback of this scenario is that future depreciation will be higher unless our expansion plans can match the increased depreciation. This is a challenge for Management.

### OUR BUSINESSES

As the Government continued its push towards a car-lite and more environmentally friendly society, several new policies were introduced in 2018. This included the "zero-growth" policy for passenger cars and motorcycles which took effect from February 2018 as well as various schemes to encourage early scrapping of older and more pollutive vehicles. With these measures in place, the total number of vehicles in Singapore due for inspection during the year hit a three-year low of 625,940 compared to 629,106 in 2017.

VICOM inspected 461,088 vehicles in 2018 across our seven centres, about 7,700 fewer compared to 2017. Though there was a drop in inspection volume, this was made up for by the successful implementation of the new High/Low Idle test in April 2018. This new test was part of the wider regulatory plan to tighten

**Lim  
Jit Poh**  
Chairman





## \$ 100.1 million Total Revenue

the exhaust emission standards for in-use petrol vehicles and motorcycles. Under this test, carbon monoxide limits were lowered for newer petrol vehicles and motorcycles, and hydrocarbon limits were introduced for all in-use petrol vehicles and most motorcycles.

In addition, Phase II of the new Vehicle Emission Scheme was implemented on 1 July 2018. Under this Scheme, the levels of the pollutant known as Particulate Matter (PM) affect how much rebates or surcharges vehicle owners enjoy or pay during registration. The requirement to measure PM has brought additional business to the VICOM Emission Test Laboratory (VETL).

New services that were launched in 2017 continued to help boost our overall performance in 2018. For example, the VICOM Solution for Inspection Requirements or V-SIR, a service which triggers inspection reminders to both walk-in customers as well as corporate fleet owners, has proven to be very popular with over 12,000 vehicles listed in our database to-date. Complementing the V-SIR is the cashless and paperless e-Pay service, which customers can make through our Automated Payment Machines. In doing so, this service has helped to reduce administrative work and speed up inspection times.

The strategic partnership with Diners Club Singapore has grown from strength to strength with over 35,000 card members

holding the Diners Club/VICOM Cobrand Credit Card or the "V" Card, solidifying its position as a unique motoring credit card. With a suite of motoring benefits including fuel discounts of up to 21.27% at all Esso stations, members of the "V" card also enjoy \$26 off their vehicle inspection fees across VICOM's Inspection Centres, paid for by the Diners Club.

VICOM's pre-owned car evaluation service, VFIT, struck a strategic partnership with DBS Car Marketplace where we were able to tap into the broad customer base of DBS to market our services.

The Group's Non-Vehicle Inspection and Testing division, SetSCO Services Pte Ltd (SETSCO), secured several notable jobs in 2018. These included the Building and Construction Authority's contract to test essential building materials prior to use at construction sites in Singapore; the North South Corridor Project to test concrete and steel materials; the Changi Terminal 5 Package 2 project to conduct soil testing; several turnaround jobs from Petrochemical plants as well as projects involving testing of water for clients such as the Public Utilities Board and Micron Technology, Inc.

SETSCO also introduced several new test services in the year under review including a new radiographic test known as Small Area for Exposure Radiography (SAFERAD), which enables testers to conduct radiographic work during the day – as opposed to conventional

radiography which could only be conducted at night due to radiation levels. It also rolled out a 3D mapping technique using laser technology to check for possible deformation of in-service equipment, and a Pulsed Eddy Current Technique to monitor corrosion of piping in refineries and chemical plants.

Besides Inspection and Testing services, SETSCO has also broadened its scope in the Certification space. SETSCO was one of the three assessment bodies appointed by the Infocomm Media Development Authority and the Personal Data Protection Commission to conduct independent audit of firms which wished to apply for the Data Protection Trustmark Certification.

As an industry leader in Inspection and Testing services, VICOM takes it upon itself to ensure the sustainability of this generation and the next. In making our contributions to society at large, we are guided by our values and principles. A separate section on Sustainability appears in this Annual Report while a fuller one on the ComfortDelGro Group's activities appears as a separate Group Sustainability Report that accompanies the Group's Annual Report.

### FINANCIAL RESULTS

Group total revenue in 2018 hit the \$100-million mark. The figure of \$100.1 million represents an increase of 3.1% over 2017. Net profit attributable to shareholders increased by 30.9% or \$8.2

## CHAIRMAN'S STATEMENT

million to \$34.7 million. Without the exceptional item mentioned above, the increase would be about \$0.5 million or 2.1%. Earnings per share was 39.15 cents, a rise of 9.25 cents or 30.9%.

Net asset value per ordinary share was 170.16 cents compared to 167.34 cents a year ago.

Though the present dividend policy is to distribute 90% of our profits, the Board of Directors decided to maintain its 2017's practice of paying out 120% of its profits for 2018. Accordingly, the Board has recommended that a one-tier tax-exempt final dividend of 23.17 cents per share be paid. Together with the one-tier tax-exempt interim dividend of 13.46 cents per share paid earlier, the total dividend for the year 2018 would be 36.63 cents per share (2017: 36.00 cents). The Board also decided that with the exceptional gain mentioned above, a special dividend of 8.62 cents per share would also be recommended for Shareholders' approval at its Annual General Meeting (AGM) to be held on 24 April 2019. In all, the combined dividend for 2018 would be 45.25 cents per share. This is 9.25 cents or 25.7% higher than 2017. This dividend payout reflects my earlier remarks in the past AGMs that so long as we do not need the extra cash, we shall return it to the Shareholders. Viewed against the year's end closing price of \$6.00, the 2018 dividends, ordinary and special, will give a dividend yield of 7.5% (2017: 6.2%).

## RANKING

VICOM continued to perform creditably in the Singapore Governance and Transparency Index. In 2018, out of 589 companies covered, VICOM was ranked 17th with a score of 100. Although our ranking dropped from the 16th place previously, our score was higher than the 95 attained in 2017. The overall average score of all the companies in 2018 was 56.3.

Based on the ASEAN Corporate Governance Scorecard 2018, VICOM was ranked 32nd out of the 100 largest listed companies in Singapore by market capitalisation. We were unplaced a year ago.

At the Securities Investors Association Singapore (SIAS) Investors' Choice Award 2018, VICOM won two awards, winning the Singapore Corporate Governance Award in the Mid-Cap Category and finishing Runner-Up in the Most Transparent Company Award, Services Category.

In a challenging year, VICOM outperformed the FTSE ST All-Share Index and FTSE ST Mid-Cap Index by 13.8% and 14.1% points respectively.

## CODE OF CORPORATE GOVERNANCE ('CODE')

The revised Code or Code 2018 was announced in August 2018. As expected, the significant changes touch on shifting some of the guidance points from 'Comply or Explain' to 'Listing Rules'. In other words, these are now mandatory. I see no difficulty in us adopting them.

The other major issue is the Nine-Year Rule for independent directors, which I think we should also have no difficulty complying with.

Our female Director participation rate is high at 22%. We have already achieved the target set by the Diversity Action Committee of 20% by 2020.

Our non-executive Directors constitute a majority in the composition of our Board, in contrast with the 23.2% revealed by the Singapore Directorship Report 2018. While close to 51% of the surveyed companies have an Executive Chairman, we belong to the minority group. We also belong to the category of 33.2% of companies which release their directors' remuneration on a named basis. While more than three-quarters of directors attended 75% or more of board meetings, our percentage



**Another area of focus in 2019 will be the smooth execution of renovation works of the new SETSCO property with targeted completion in mid-2020. Management will be retrofitting the six-storey building to house different test laboratories and offices, including adding a dormitory for our laboratory technicians.**



is 100%. On gender diversity, we are way ahead when 50% of the boards surveyed continue not to have any female representation and another 34.9% have one female director only.

## THE YEAR AHEAD

Management is looking to upgrade the VETL to test emissions under the Worldwide Harmonised Light Duty Vehicles Test Procedure which has already been adopted by Japan and the European Union.

Another area of focus in 2019 will be the smooth execution of renovation works of the new SETSCO property with targeted completion in mid-2020. Management will be retrofitting the six-storey building to house different test laboratories and offices, including adding a dormitory for our laboratory technicians. It is also a

good opportunity to streamline workflow and processes to derive better efficiency and raise productivity.

The Group will continue to look for opportunities to grow the businesses.

## BOARD RENEWAL

At the AGM in 2018, we saw the retirement of two long time Directors, Mr Ong Teong Wan and Mr Sim Cheok Lim, who were first appointed to the Board in 1983 and 1984 respectively. The Group is very grateful for their exemplary and dedicated services over more than three decades of tenure.

In 2018, we welcomed two new independent Directors in Dr Tan Kim Siew and Mr Soh Chung Hian. Dr Tan, a retired Permanent Secretary of the Singapore Civil Service, is presently a Senior Consultant in the Ministry of Finance and Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore while Mr Soh was a partner of Ernst & Young LLP, Singapore with 35 years of experience in auditing many publicly listed companies and working on many Initial Public Offerings of listed companies. Since joining the Board, they have made many valuable contributions and we look forward to their continued contributions. Dr Tan and Mr Soh will present themselves for election as Directors at the upcoming AGM, and I look forward to your support.

## APPRECIATION

I wish to thank Mr Sim Wing Yew, the Executive Director and Chief Executive Officer for his leadership in managing the Group. I also wish to express my appreciation to Management and Staff for their fortitude and tenacity in the face of challenges.

To my fellow Directors, I am very thankful for your efforts in guiding the Board and Management.

To our Clients, thank you for your continued support. We will continue to work hard to serve you better.

To our Business Associates, Union Leaders and the Authorities, thank you for your partnership and support.

And finally, to our Shareholders, thank you for your continued confidence and trust in us.

---

### Lim Jit Poh

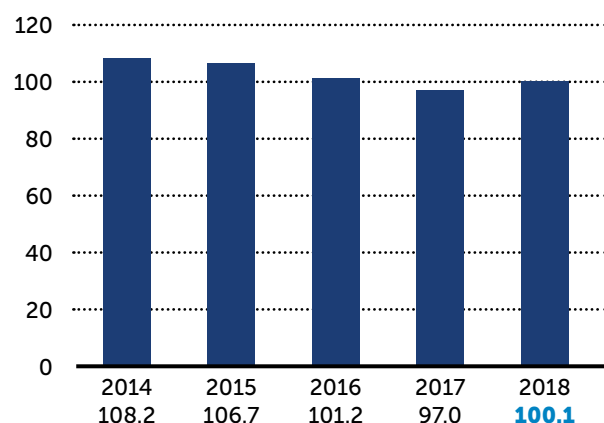
Chairman  
March 2019



## GROUP FINANCIAL HIGHLIGHTS

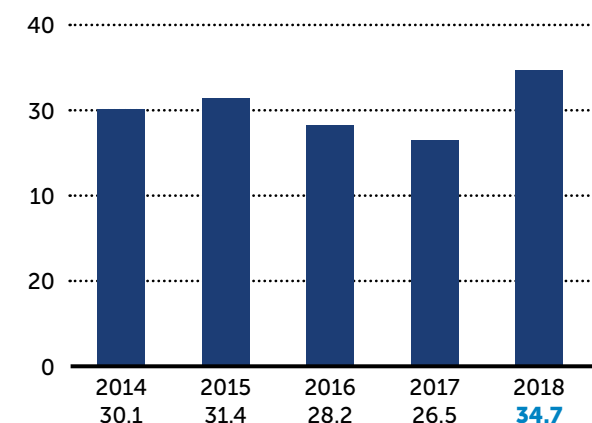
### Revenue

(\$'mil)



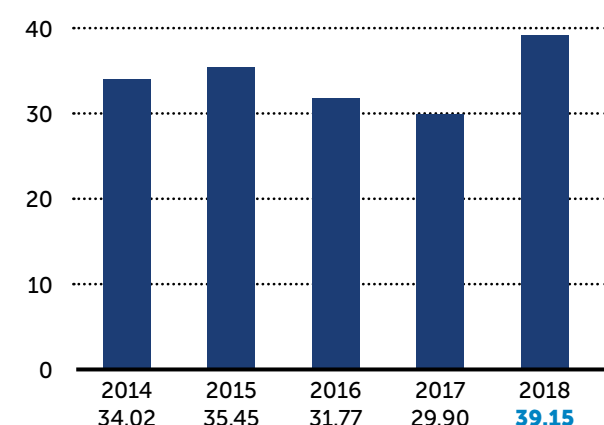
### Profit Attributable to Shareholders

(\$'mil)



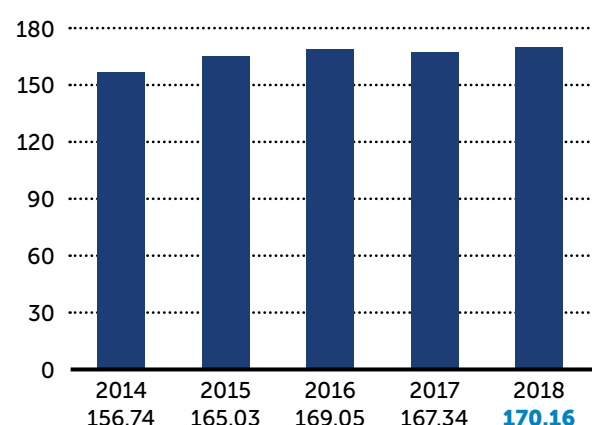
### Earnings Per Ordinary Share

(cents)



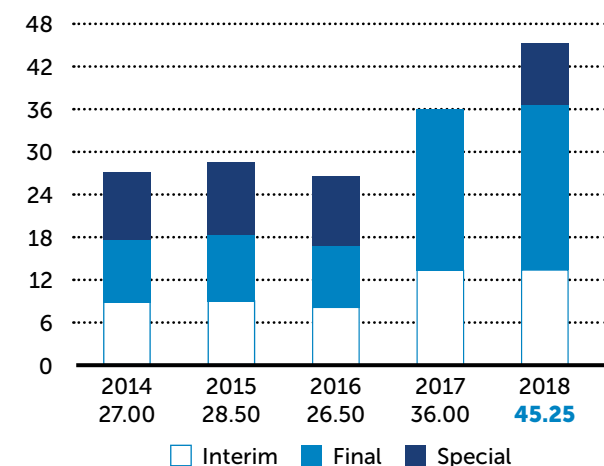
### Net Asset Value Per Ordinary Share

(cents)



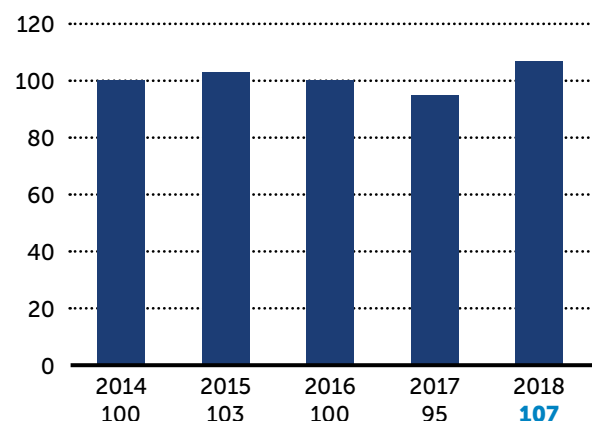
### Total Dividend Per Ordinary Share

(cents)



### Value-Added Per Employee

(\$'000)



## Financial Summary

	2014	2015	2016	2017	2018
Revenue (\$'mil)	108.2	106.7	101.2	97.0	100.1
Other Income (\$'mil)	–	–	–	–	7.7
Operating Costs (\$'mil)	72.6	70.3	68.8	66.5	68.1
Operating Profit (\$'mil)	35.6	36.4	32.4	30.5	39.7
Profit Attributable to Shareholders (\$'mil)	30.1	31.4	28.2	26.5	34.7
EBITDA (\$'mil)	41.6	42.5	38.9	36.7	46.1
Issued capital (\$'mil)	36.2	36.2	36.3	36.3	36.3
Capital and reserves (\$'mil)	138.9	146.3	149.9	148.3	150.8
Capital disbursement (\$'mil)	5.1	3.7	4.0	4.4	26.2
Return on shareholders' equity (%)	22.5	22.0	19.0	17.8	23.2
Earnings per ordinary share (cents)	34.02	35.45	31.77	29.90	39.15
Net asset value per ordinary share (cents)	156.74	165.03	169.05	167.34	170.16
Interim dividend per ordinary share (cents)	8.75	8.75	8.00	13.12	13.46
Final dividend per ordinary share (cents)	8.75	9.50	8.50	22.88	23.17
Special dividend per ordinary share (cents)	9.50	10.25	10.00	–	8.62
Total dividend per ordinary share (cents)	27.00	28.50	26.50	36.00	45.25
Dividend cover (number of times)	1.3	1.2	1.2	0.8	0.9

## Value-Added for the Group

	2014		2015		2016		2017		2018	
	S\$'mil	%	S\$'mil	%	S\$'mil	%	S\$'mil	%	S\$'mil	%
Suppliers of capital dividends	21,055	23.5	24,379	27.1	25,061	29.6	28,454	35.1	32,677	35.5
Taxation to the government	6,255	7.0	6,291	7.0	5,958	7.0	5,621	6.9	6,589	7.1
Retained earnings	15,164	16.9	13,255	14.8	9,255	10.9	3,522	4.3	8,022	8.7
Employees - salaries and other staff costs	47,078	52.6	45,916	51.1	44,453	52.5	43,558	53.7	44,857	48.7
Total value-added	89,552	100.0	89,841	100.0	84,727	100.0	81,155	100.0	92,145	100.0
Number of employees	893		870		848		855		865	
<b>Value-added per employee (\$'000)</b>	<b>100</b>		<b>103</b>		<b>100</b>		<b>95</b>		<b>107</b>	

## CORPORATE INFORMATION

### Board of Directors

**Lim Jit Poh**  
Chairman

**Yang Ban Seng**  
Deputy Chairman

**Sim Wing Yew**  
Chief Executive Officer

**Goh Yeow Tin**  
Lead Independent Director

**Seah Lee Kiang, June**  
**Shim Phiau Wui, Victor**  
**Soh Chung Hian** (Appointed on 1 May 2018)  
**Tan Kim Siew** (Appointed on 1 May 2018)  
**Teo Geok Har, Nancy**  
**Ong Teong Wan** (Retired on 24 April 2018)  
**Sim Cheok Lim** (Retired on 24 April 2018)

### Audit and Risk Committee

**Soh Chung Hian**  
Chairman  
(Appointed as a Member on 1 May 2018  
and as Chairman on 1 January 2019)

**Shim Phiau Wui, Victor**  
**Goh Yeow Tin** (Chairman until 31 December 2018)  
**Teo Geok Har, Nancy**  
**Ong Teong Wan** (Stepped down on 24 April 2018)

### Remuneration Committee

**Teo Geok Har, Nancy**  
Chairman

**Lim Jit Poh**  
**Seah Lee Kiang, June**  
**Shim Phiau Wui, Victor**  
**Tan Kim Siew** (Appointed on 1 May 2018)  
**Sim Cheok Lim** (Stepped down on 24 April 2018)

### Nominating Committee

**Goh Yeow Tin**  
Chairman

**Lim Jit Poh**  
**Seah Lee Kiang, June**  
**Soh Chung Hian** (Appointed on 1 May 2018)  
**Tan Kim Siew** (Appointed on 1 May 2018)  
**Ong Teong Wan** (Stepped down on 24 April 2018)  
**Sim Cheok Lim** (Stepped down on 24 April 2018)

### Corporate Directory

**Registered Office**  
205 Braddell Road  
Singapore 579701  
Mainline: (65) 6383 8833  
Facsimile: (65) 6287 0311  
Email: customerservice@vicom.com.sg  
Website: www.vicom.com.sg  
Company Registration Number:  
198100320K

**Joint Company Secretaries**  
Chan Wan Tak, Wendy  
Yeo Tee Yeok, Edwin

**Share Registrar**  
B.A.C.S. Private Limited  
8 Robinson Road #03-00  
ASO Building  
Singapore 048544

**Auditors**  
Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
6 Shenton Way,  
OUE Downtown 2  
#33-00  
Singapore 068809

Partner-in-Charge:  
Tsia Chee Wah

Date of Appointment:  
24 April 2017

## BOARD OF DIRECTORS



- CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT DIRECTOR)
- DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
21 JANUARY 1981
- DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:  
26 APRIL 2016

Mr Lim Jit Poh is the Chairman and a non-executive and non-independent Director of VICOM Ltd. He is a member of both the Nominating Committee and the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited and SBS Transit Ltd. These are listed companies with business interest in land transport. The Company and SBS Transit Ltd are subsidiaries of ComfortDelGro Corporation Limited. Mr Lim is also the Chairman of several non-listed companies owned by the Singapore Labour Foundation and the National Trades Union Congress (NTUC) and CapitalLand Limited Group.

Mr Lim was a former top civil servant and a Fulbright Scholar. He was awarded the Public Administration Medal in 1972 and the Public Service Star (BBM) in 2015 by the President of the Republic of Singapore, as well as four awards by NTUC, namely the Friend of Labour Award in 1986, the Meritorious Service Award in 1990, the Distinguished Service Award in 2000 and the Distinguished Service (Star) Award in 2014. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore.

In his previous employment as Executive Director of two public-listed companies, Mr Lim had been directly involved in negotiations with business partners and relevant authorities on various joint venture projects in the ASEAN region, as well as in China, Hong Kong, United Kingdom, Australia and Mauritius. He was also involved in the management of these operations. Mr Lim was a Council Member of the Singapore Chinese Chamber of Commerce and Industry and the National University of Singapore, and a Member of the Singapore British Business Council. He was also very active in community work being Chairman of a community centre management committee. Presently, he is a Trustee of the Singapore National Employers' Federation and a Member of the Board of Management of Pei Chun Public School.

Mr Lim holds a Bachelor of Science (Hons) in Physics from the University of Singapore and a Master of Education from the University of Oregon, USA.

- DEPUTY CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT DIRECTOR)
- DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 MAY 2017
- DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:  
24 APRIL 2018

Mr Yang Ban Seng is the Deputy Chairman of VICOM Ltd. He is a non-independent Director of the Company. He is also the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited as well as Executive Deputy Chairman and Chief Executive Officer of SBS Transit Ltd.

Prior to his current appointment, Mr Yang was the Chief Executive Officer of Taxi Business in Singapore where he oversaw the operations of Comfort Transportation Pte Ltd and CityCab Pte Ltd. Prior to joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy Director of the Ministry of Home Affairs and the National Trades Union Congress' (NTUC) Secretary for Co-operatives. At the NTUC's May Day Awards in 2013, he was awarded the Medal of Commendation.

He holds a Bachelor of Science (Operations Research and Statistics) (Hons) from the University of Manchester and a Master of Business Administration from the National University of Singapore.

## BOARD OF DIRECTORS



- ▶ CHIEF EXECUTIVE OFFICER (EXECUTIVE & NON-INDEPENDENT DIRECTOR)
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 MAY 2012
- ▶ DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:  
26 APRIL 2016

Mr Sim Wing Yew is the Chief Executive Officer and an executive and non-independent Director of VICOM Ltd. Prior to this appointment, he was Chief Operating Officer of ComfortDelGro Engineering Pte Ltd since August 2008 before assuming the role as Chief Executive Officer on 1 March 2011. Mr Sim first joined the Group in September 2002 as a General Manager in charge of two maintenance workshops in SBS Transit Ltd's Fleet Management Department. In June 2006, he assumed responsibility as the General Manager for all five SBS Transit's workshops.

Mr Sim holds a Bachelor of Engineering (Hons) in Mechanical and Production Engineering from the Nanyang Technological University and a Master of Business Administration from the University of Hull, United Kingdom.



- ▶ NON-EXECUTIVE & LEAD INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 SEPTEMBER 2010
- ▶ DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
24 APRIL 2017

Mr Goh Yeow Tin is a non-executive and lead independent Director of VICOM Ltd. Mr Goh is the Chairman of the Nominating Committee and a Member of the Audit and Risk Committee. Mr Goh is also a Member of the Singapore Institute of Directors and an independent Director of KTMG Limited (formerly known as Lereno Bio-Chem Ltd), Sheng Siong Group Ltd, AsiaPhos Limited and TLV Holdings Limited. Prior to that, Mr Goh was the Vice President of Times Publishing Ltd and was responsible for the Group's Retail and Distribution businesses. Mr Goh began his career with the Economic Development Board (EDB) where he headed the Local Industries Unit and was subsequently appointed as a Director of EDB's Automation Applications Centre located in the Singapore Science Park. Mr Goh was the founding member of the Association of Small and Medium Enterprise (ASME) and founded International Franchise Pte Ltd, a pioneer in franchising business in Singapore. Mr Goh was previously the Deputy Managing Director of Tonhow Industries Ltd, the first SESDAQ listed plastic injection moulding company.

Mr Goh was appointed a Justice of the Peace in September 2015 and was awarded the Public Service Star (Bar) the same year by the President of the Republic of Singapore.

Mr Goh holds a Bachelor of Engineering (Mechanical) (Hons) from the University of Singapore and a Master of Engineering (Industrial Engineering & Management) from the Asian Institute of Technology.



**Seah**  
Lee Kiang,  
June

- NON-EXECUTIVE & INDEPENDENT DIRECTOR
- DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 OCTOBER 2017
- DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:  
24 APRIL 2018

Ms Seah Lee Kiang, June is a non-executive and independent Director of VICOM Ltd. She is a member of both the Remuneration Committee and the Nominating Committee.

Ms Seah is currently the Head of Business Development of Omise Co, a payment processor registered in Singapore with operations in Thailand, Indonesia, Singapore and Japan. She is also a partner of a restaurant called The Peranakan at Claymore Connect.

Ms Seah is a veteran banker with extensive experience in the cards and payments industry. She was formerly General Manager of UOB Card Center before joining VISA International. She was a member of VISA's Asia Pacific Management Committee and headed up Merchant and Acquirer Partnerships for Asia Pacific, Central Europe, Middle East and Africa.

Ms Seah holds a Bachelor of Social Science Degree with Second Upper Honours in Economics from the University of Singapore.



**him**  
Phyau Wui,  
Victor

- NON-EXECUTIVE & INDEPENDENT DIRECTOR
- DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 JUNE 2017
- DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:  
24 APRIL 2018

Professor Shim Phyau Wui, Victor is a non-executive and independent Director of VICOM Ltd. Prof Shim is a member of both the Audit and Risk Committee and the Remuneration Committee.

He has worked with the National University of Singapore (NUS) since 1980, and is a professor of Mechanical Engineering. He is also currently an Associate Vice-President for Global Relations at NUS. Prof Shim has previously held a number of management appointments at NUS including being the founding Director of the NUS Office Corporate Relations and a Vice-Dean (External Relations & Outreach) at the Faculty of Engineering. He was also a Visiting Scientist at the Tokyo Institute of Technology, and a Visiting Scholar at the University of California, San Diego. As part of his research and technical work, Prof Shim established the Impact Mechanics Laboratory at NUS to facilitate work on Dynamic Material Behaviour and Impact Engineering. His research interests include dynamic material behavior, cellular materials, penetration of high-strength fabrics and protective materials, as well as the response of components and products to impact and shock loads. He is also an Associate Editor of the International Journal of Impact Engineering.

Prof Shim was a Colombo Plan Scholar. He holds a Bachelor of Mechanical Engineering (First Class Honours) from the University of Auckland, New Zealand, a Master of Engineering from the National University of Singapore, and a Doctor of Philosophy from the University of Cambridge, UK. He is a registered Professional Engineer and a Senior Member of the Institution of Engineers, Singapore. He has received numerous awards for Teaching Excellence and Innovative Teaching at NUS, and was conferred the Long Service Medal in 2006 and the Public Administration Medal (Silver) in 2012.

## BOARD OF DIRECTORS



- ▶ NON-EXECUTIVE & INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 MAY 2018

Mr Soh Chung Hian is a non-executive and independent Director of VICOM Ltd. He is the Chairman of the Audit and Risk Committee and a Member of the Nominating Committee.

A fellow member of the Institute of Singapore Chartered Accountants, Mr Soh began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in December 2012. His 35 years of experience saw him auditing many publicly listed companies and working on many IPOs of listed companies.

Mr Soh also serves as an independent Director of the following companies namely: Lum Chang Holdings Ltd, Agency for Integrated Care Pte Ltd, British and Malayan Trustees Limited, British and Malayan Holdings Ltd, JDJ Investment Pte Ltd and Sunright Limited. He is also a member of the Board of Governors of Raffles Girls' School and a Board Member of the Baptist Theological Seminary.

Mr Soh holds a Bachelor of Accountancy from the then University of Singapore and a Master of Business Administration from International Centre of Management in the United Kingdom.



- ▶ NON-EXECUTIVE & INDEPENDENT DIRECTOR
- ▶ DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
1 MAY 2018

Dr Tan Kim Siew is a non-executive and independent Director of VICOM Ltd. He is a member of both the Remuneration Committee and the Nominating Committee.

Dr Tan is presently a Senior Consultant in the Ministry of Finance and Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore. From 2012 to 2014, Dr Tan served as Commissioner of Inland Revenue. Prior to this appointment, Dr Tan was the Permanent Secretary (Defence Development) of the Ministry of Defence from 2003 to 2012. He had also held other appointments in the public service, including CEO of the Urban Redevelopment Authority, Deputy Secretary in the Ministry of Finance and in the Ministry of National Development, Chairman of the Defence Science and Technology Agency, and Chairman of the DSO National Laboratories.

Dr Tan was awarded the Public Administration Medal (Silver) (Military) in 1990, the Public Administration Medal (Silver) in 1996, the Public Administration Medal (Gold) in 2001 and the Long Service Medal in 2003 by the President of the Republic of Singapore.

Dr Tan holds a Bachelor of Arts (Honours) (Engineering Tripos) with Distinction in Electronics Engineering and Doctor of Philosophy (Engineering) from the University of Cambridge.



- ▶ **NON-EXECUTIVE & INDEPENDENT DIRECTOR**
- ▶ **DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:**  
31 MARCH 1995
- ▶ **DATE OF LAST RE-APPOINTMENT AS DIRECTOR OF THE COMPANY:**  
24 April 2017

---

Ms Teo Geok Har, Nancy is a non-executive and independent Director of VICOM Ltd. Ms Teo is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. She was formerly the Chief Executive Officer of the Singapore Labour Foundation, a position she held from 1 July 1994 to 31 December 2006. Ms Teo was the Head of Accreditation and Programme Director of the Singapore Association of Social Workers from 1 February 2009 to 31 March 2018. She is also a Director of Dashmesh Singapore Pte Ltd.

Ms Teo holds a Bachelor of Social Science (Hons) and a Bachelor of Arts, both from the University of Singapore. She attended the Advanced Management Programme at the Wharton School of Business, University of Pennsylvania, USA in 2004.

## KEY MANAGEMENT



### 1) Sze Thiam Siong

**CHIEF EXECUTIVE OFFICER  
SETSCO SERVICES PTE LTD**

Mr Sze Thiam Siong is the Chief Executive Officer of Setsco Services Pte Ltd (SETSCO). He is responsible for the overall management of SETSCO. Prior to this appointment, he was Senior Vice President/Director of SETSCO. Mr Sze joined the former Singapore Institute of Standards and Research (SISIR) in 1980 and was appointed Technical Manager of one of its subsidiary firms, Setsco Services Pte Ltd, in 1985. Mr Sze holds a Bachelor of Engineering (Mechanical) from the University of Strathclyde (UK), and a Diploma in Management Studies from the Singapore Institute of Management. He also sits in various committees in the governmental and non-governmental as well as professional bodies.

### 2) Lee Peck Kim, Mary

**CHIEF FINANCIAL OFFICER**

Ms Lee Peck Kim, Mary is Chief Financial Officer of VICOM Ltd and is responsible for the Group's finance and accounting functions. She is an ACCA qualified accountant and holds an MBA in Finance from the University of Hull, United Kingdom. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants. Prior to her appointment, Ms Lee was the Head of Finance at ComfortDelGro Engineering Pte Ltd. She brings with her many years of experience in the Group as well as experience in other listed and multinational companies.

### 3) Yusoof Aynuddin

**VICE PRESIDENT (SPECIAL GRADE)  
MECHANICAL TECHNOLOGY DIVISION  
SETSCO SERVICES PTE LTD**

Mr Yusoof Aynuddin joined Setsco Services Pte Ltd in 1988 and is responsible for the overall management of the Mechanical Technology Division. He brings with him experience in a variety of testing services, including stress & strain analysis steel structures, calibration of instruments and metallographic examination. He graduated from Singapore Polytechnic with a Diploma in Mechanical Engineering and an Advanced Diploma in Industrial Engineering.

### 4) Chung Tying Chun

**VICE PRESIDENT (SPECIAL GRADE)  
ANCILLARY OPERATIONS DIVISION, VICOM LTD  
BIOLOGICAL AND CHEMICAL TECHNOLOGY  
DIVISION, SETSCO SERVICES PTE LTD**

Mr Chung Tying Chun joined VICOM Ltd in 2013 and is responsible for the overall management of the Ancillary Operations Division comprising the VICOM Vehicle Emission Test Laboratory (VETL), VICOM Assessment Centre (VAC), as well as motor insurance and advertising. He also manages various organisation development, quality assurance and process improvement projects for the Group. In October 2017, he took on the additional portfolio of managing the Biological & Chemical Technology Division of Setsco Services Pte Ltd. Mr Chung started his career with the Singapore Armed Forces (SAF) where he held several senior command and staff appointments. He holds a Master of Chemical Engineering (Hons) from University College, London and a Master of Business Administration (Strategy) from the National University of Singapore.

### 5) Yip Chun Wah

**VICE PRESIDENT  
OPERATIONS**

Mr Yip Chun Wah is responsible for the vehicle inspection business. He joined the Group in 1998 as a Project Engineer and was appointed Manager (Operations) in 2003. He was subsequently promoted to his current position in 2007. Mr Yip graduated from the Nanyang Technological University with a Bachelor of Mechanical Engineering and holds a Master of Science in Industrial & Systems Engineering from the National University of Singapore.



### 6) Tan Li Koon, Ann

**ASSISTANT VICE PRESIDENT  
SALES & MARKETING**

Ms Tan Li Koon, Ann is responsible for the Group's sales & marketing, motor insurance and customer service. She joined the Group in 1998 as a Customer Service and Public Relations Officer and was promoted to her present position in 2009. Ms Tan holds an Advanced Diploma in Business from the University of Cambridge and has Certificates in General and Life Insurance.

### 7) Cheng Tuck Wah, Johnson

**ASSISTANT VICE PRESIDENT  
INFORMATION TECHNOLOGY**

Mr Cheng Tuck Wah, Johnson is responsible for overseeing the Group's information technology functions. After graduating from Australia in 1994, he worked for a Japanese software company as a Senior Programmer specialising in accounting software for Japanese firms and banks in Singapore. He then moved on to become a System Analyst at ECO Industrial Environmental Engineering Pte Ltd before joining Setsco Services Pte Ltd in 1998 as an IT Manager. Mr Cheng was promoted to his current position in 2012. Mr Cheng holds a Bachelor of Information Technology from the University of Southern Queensland, Australia.

### 8) Kee Chuen Beng

**ASSISTANT VICE PRESIDENT  
HUMAN RESOURCE**

Mr Kee Chuen Beng joined VICOM Ltd in 2018 and is responsible for the human resource functions for the Group. Prior to joining the Group, he was Senior Human Resource Manager at Hong Leong Asia Ltd and brings with him many years of experience in several listed and multinational companies from various industries such as construction, semi-conductor and manufacturing. He holds a Bachelor of Arts in Psychology from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Management. Mr Kee has also been certified by the Institute for Human Resource Professionals-Senior Professional (IHRP-SP).

### 9) Samy Samugam

**ASSISTANT MANAGER (OPERATIONS) &  
HEAD, VICOM EMISSION TEST LABORATORY**

Mr Samy Samugam joined VICOM Ltd in 2011 as an Engineer for inspection operations and is now Assistant Manager (Operations) and Head of the VICOM Emission Test Laboratory (VETL). Mr Samy holds a Bachelor of Engineering in Mechanical Engineering from the Nanyang Technological University.

### 10) Tan I-Lin, Tammy

**GROUP CHIEF CORPORATE  
COMMUNICATIONS OFFICER  
COMFORTDELGRO GROUP**

Ms Tan I-Lin, Tammy is ComfortDelGro Corporation's Group Chief Corporate Communications Officer and Spokesperson for the Group, including VICOM Ltd. She is responsible for all corporate communications functions, including promoting the Group's image, overseeing its various publications, coordinating requests for sponsorship and donations, and liaising with the media community. Ms Tan started her career with Singapore Press Holdings in 1995 and held several positions in The Straits Times, including Deputy Money Editor and Deputy News Editor. She holds a Bachelor of Social Sciences (Hons) from the National University of Singapore.

## KEY MANAGEMENT



### 11) Jackson Chia

**GROUP CHIEF RISK & SUSTAINABILITY OFFICER  
COMFORTDELGRO GROUP**

Mr Jackson Chia was appointed the Group Chief Risk & Sustainability Officer on 5 November 2018. He is concurrently Senior Vice President of Group Transformation Office. Mr Chia joined the Group in 2017 after a 28-year career with the Singapore Armed Forces, where he held various senior appointments in the Republic of Singapore Navy. He holds a Bachelor of Social Science (First Class) degree in Economics and Statistics from the University of Birmingham, and a Master of Arts from the Fletcher School of Law and Diplomacy. Mr Chia also attended the International Executive Programme at INSEAD, France in 2008.

### 12) Choo Peng Yen

**GROUP CHIEF TRANSFORMATION OFFICER  
GROUP CHIEF INVESTOR RELATIONS OFFICER  
COMFORTDELGRO GROUP**

Mr Choo Peng Yen was appointed as ComfortDelGro Corporation's Group Chief Investor Relations Officer in 2010. He is in charge of the investor relations function of the Group, including VICOM Ltd's.

He is also concurrently the Group Chief Transformation Officer since May 2018.

He was the General Manager of the North East China Business Unit. Mr Choo joined the Group in 1978 and was the Senior Vice President (Group Business Development) prior to his appointment in China. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD (France).

### 13) Chong Yew Fui, Adrian

**GROUP CHIEF INTERNAL AUDIT OFFICER  
COMFORTDELGRO GROUP**

Mr Chong Yew Fui, Adrian is the Group Chief Internal Audit Officer of ComfortDelGro Corporation Limited. He is responsible for the internal audit functions of the Group, including VICOM Ltd's. Prior to joining the Group, he was Senior Vice President of Hyflux Ltd. Mr Chong has spent many years in the audit profession with extensive commercial, operations and overseas experience, particularly in corporate governance, systems risks and process controls. Mr Chong holds a Bachelor of Commerce (Accounting and Finance) from Murdoch University. He is a member of CPA Australia and is a Certified Information Systems Auditor. Mr Chong is also an ISACA Member.

### 14) Chan Wan Tak, Wendy

**JOINT COMPANY SECRETARY**

Ms Chan Wan Tak, Wendy is the Joint Company Secretary of VICOM Ltd. She also holds a similar appointment in ComfortDelGro Corporation Limited which is VICOM's parent company. She joined ComfortDelGro in September 2007 as Vice President of Group Finance. She is currently Senior Vice President of Group Finance of ComfortDelGro. Prior to this, Ms Chan was Vice President of Finance and Operations at k1 Ventures Limited. She had also been with Deloitte & Touche LLP as Senior Audit Manager. Ms Chan holds a Bachelor of Accounting & Finance (Hons) from the University of Glamorgan, United Kingdom. She is a non-practising Member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Chartered Association of Certified Accountants.

### 15) Yeo Tee Yeok, Edwin

**JOINT COMPANY SECRETARY**

Mr Yeo Tee Yeok, Edwin is the Joint Company Secretary of VICOM Ltd. He also holds a similar appointment in ComfortDelGro Corporation Limited, which is VICOM's parent company. He joined ComfortDelGro in September 2014 as Vice President of Group Legal and was appointed Joint Company Secretary in May 2017. Prior to joining the Group, Mr Yeo was Senior Legal Counsel at Oracle Corporation Singapore Pte Ltd where he was responsible for legal matters across the ASEAN business region. Mr Yeo is a member of the Chartered Secretaries Institute of Singapore. He holds a Bachelor of Laws and a Bachelor of Commerce from the Australian National University.

## OPERATIONS REVIEW

# SERVICES

SINGAPORE / KUALA LUMPUR (MALAYSIA)



**Malaysia**

● KUALA LUMPUR

Revenue (\$'million)

**100.1**

Total Number of Employees

**865**

### Vehicle Testing Business

When one door closes, another opens. That sort of sums up 2018 for the Group's vehicle inspection business.

With the Government's continued push for a car-lite society, many policies have been put in place to curtail the relentless growth of private cars. But even as this happened, new tests and more stringent testing requirements have been put in place for a cleaner and greener vehicle population, and this has certainly helped boost demand for inspection services – albeit in a different form.

Since February 2018, there has been a "zero-growth" policy for private cars and motorcycles. The growth rate for commercial vehicles will remain unchanged at 0.25% per annum till the first quarter of 2021 to provide businesses more time to improve the efficiency of their logistics operations and reduce the number of commercial vehicles that they require.

Concurrently, several schemes were introduced and enhanced to reduce the number of older and consequently, less environmentally friendly vehicles on the road. For example, the National Environment Agency (NEA) announced in April 2018 that all motorcycles registered before 1



● Vehicle Testing Business

● Non-Vehicle Testing Business

## OPERATIONS REVIEW

July 2003 (pre-Euro motorcycles) will be banned from roads in Singapore after 30 June 2028. The rationale for the policy was that while motorcycles make up only 15% of the local vehicle population, they contribute around 53% of carbon monoxide (CO) emitted from vehicles. In addition, pre-Euro motorcycles emit up to 10 times more CO – and 30 times more hydrocarbon (HC) – than Euro 4 motorcycles, and account for about 40% of CO emitted by the motorcycle fleet in Singapore. These pollutants are known to impair respiratory functions. NEA said then that it estimated that 27,000 motorcycles representing 20% of the motorcycle fleet will be affected.

Similarly, in an effort to encourage the earlier de-registration of older diesel vehicles, the Government has further enhanced the Early Turnover Scheme from 1 August 2017 till 31 July 2019 by upping the discounted Prevailing Quota Premium to include a bonus Certificate of Entitlement or COE period of 35% instead of 13%.

These measures have had an immediate impact on inspection volume as a whole, with the total number of vehicles inspected in Singapore falling from 702,716 in 2015 to 625,940 in 2018.

But the move towards a cleaner, greener environment has also generated demand for new and existing services.

For example, all petrol and diesel vehicles had to be Euro 6-compliant by 1 September 2017 and 1 January 2018 respectively. In addition, the introduction of the Vehicular Emission Scheme means four previously unconsidered pollutants – HC, CO, nitrogen oxide and particulate matter – now need to come under scrutiny. As a result, our VICOM Emission Test Laboratory (VETL), which provides emission testing services, experienced an increase in business volume from both Parallel Importers and Authorised Agents. VETL conducted 35% more emission tests in 2018, as compared to the previous year.

Following the successful introduction of the Chassis Dynamometer Smoke Test for diesel vehicles in 2007, NEA further tightened exhaust emission standards for in-use petrol vehicles and motorcycles

in April 2018. Under the new policy, the CO limits were lowered for newer petrol vehicles and motorcycles. In addition, HC limits were introduced for all in-use petrol vehicles and most motorcycles. A new high idle test and lambda measurement was also introduced for newer in-use petrol vehicles (excluding motorcycles) to detect defective components such as sensors and catalysts which could result in higher emissions. The new test was introduced in April 2018 across VICOM's Inspection Centres which gave a boost to our inspection business.

The Vehicle Assessment Centre (VAC), located at Sin Ming, Bukit Batok and Kaki Bukit continued to serve motorists who had an accident. VAC assisted 824 motorists with the repair of their vehicles at approved workshops and filed 13,004 accident reports altogether in the year.

### Non-Vehicle Testing Business

Our non-vehicular testing subsidiary, SetSCO Services Pte Ltd (SETSCO) continued to face fierce competition but managed to grow the business as some of the sectors it serves staged a recovery during the year. In particular, SETSCO managed to secure several prestigious projects in Singapore including the Building and Construction Authority's term contract for testing essential construction materials.

SETSCO also extended its involvement in the soil testing works from Package 1 to Package 2 for the Changi Terminal 5 Project and secured a two-year contract to conduct water testing, industrial hygiene and indoor air quality for one of our semiconductor clients.

In the area of non-destructive testing, SETSCO won a major contract related to the construction of a floating production unit by a local shipyard.

Besides being strong in the area of Inspection and Testing, SETSCO also made inroads to the Certification area. SETSCO was appointed one of three assessment bodies by the Infocomm Media Development Authority to conduct independent audit of firms who wish to apply for the Data Protection Trustmark Certification.

### Innovation

VICOM's Solution for Inspection Requirements system or V-SIR, the opt-in system that sends automated inspection reminders to customers via email and/or SMSes, experienced an uptick in 2018. To-date, about 40 vehicle fleet owners with a total fleet size of more than 5,000 vehicles have signed up for this service.

Complementing the V-SIR is the e-Pay service that allows for automatic billing for fleet owners. This meant that they no longer need to make cash payments before inspection. This not only helped to reduce administrative work for both VICOM and the fleet owners, but also sped up inspection times.

To encourage V-SIR sign-ups amongst walk-in customers, a lucky draw was organised in which customers had a chance of winning up to \$22,000 in grand and weekly draw prizes. Through the campaign, which ended in January 2019, over 6,000 vehicle owners signed up for the V-SIR programme.

The Diners/VICOM Cobrand Credit Card continued to make its mark in the motoring industry, with the number of card members surpassing 35,000. The card provides a slew of motoring benefits, including up to 21.27% in fuel discounts at Esso petrol stations, car grooming discounts and emergency breakdown services.

To boost our pre-owned car evaluation service, VICOM Fit or VFIT, we teamed up with DBS Bank Ltd to offer a special rate of \$188 to visitors of the Car Marketplace – DBS' car platform where visitors can view second-hand vehicles. In return, VFIT was featured on all vehicle listing pages. This partnership gave VFIT brand exposure to all Car Marketplace visitors.

To entice customers to purchase their motor insurance at VICOM, we partnered several insurance companies to roll out attractive promotions. Such campaigns included free or discounted vehicle inspection and discounts on insurance policies that were purchased at VICOM.

In an ever increasingly competitive environment, SETSCO continued to

introduce new testing services to grow its businesses. One of the new services launched was SAFERAD (Small Area For Exposure Radiography), or sometimes referred to as close-proximity radiography. Typically used only at night due to radiation levels, SAFERAD can be performed during the day due to the lower levels of radiation emitted. This greatly improved operational efficiency. SETSCO also rolled out three-dimensional mapping services to check for possible deformation of in-service equipment due to abnormal operating conditions as well as the Pulsed Eddy Current technique to monitor the safety of equipment and piping in chemical plants and refineries.

## Recognition

VICOM bagged two awards at the 19th Securities Investors Association Singapore (SIAS) Investor's Choice Awards – winning the Singapore Corporate Governance Award, in the Mid-Cap Category and also finishing Runner-Up in the Most Transparent Company Award, Services Category.

VICOM was also recognised for good corporate governance and was placed on the Singapore Exchange Fast Track programme in April 2018. SETSCO received recognition for its operational safety from ExxonMobil Asia Pacific for 'Zero Recordable Injuries in 2017' and a 'Safety Excellence and Bonus Award' from Petrochemical Corporation of Singapore (Private) Limited. One of SETSCO's staff also won the "Young Professional Award" from Enterprise Singapore, which honours outstanding young professionals who have participated actively in the National Standardisation Programme.

## Customer Experience

Customer service plays an integral part of VICOM's product offering and is woven deeply in our culture. At VICOM, we strive towards inculcating the concept of "PPC" (Professionalism, Productivity and Customer Service) in all our staff.

In 2018, 3,624 compliments were received for our vehicle inspectors, an 11% increase as compared to 2017 and a reflection of the growing influence of the "PPC" culture amongst VICOM employees. As a form of motivation and encouragement, top customer service-oriented inspectors were

featured on special digital panels across selected Inspection Centres. In total, over two-thirds of vehicle inspectors received at least one compliment for 2018, up from 54% the previous year.

VICOM also kept its vehicle inspectors abreast of the latest testing developments by holding regular training sessions throughout the year and keeping communication channels open with ground staff. Members of the Management team also regularly attended courses, such as the Worldwide Harmonised Light Vehicle Test Procedure or WLTP course in Taiwan which prepared our staff for changes in emission testing requirements.

In February 2018, 20 of VICOM's most senior vehicle inspectors attended a course titled 'Automotive Systems and Development' that was arranged by Ngee Ann Polytechnic. The course highlighted the changes in engine technology throughout the years and also featured a sub-topic on Hybrid technology, which is becoming increasingly more popular amongst Singaporean drivers.

The makeover and retro-fitting of VICOM's Sin Ming Inspection Centre was completed in early 2018, boasting fresh and updated livery and fittings. Understanding our customers' most basic needs, we also embarked on upgrading our public facing lavatories in stages, beginning with Changi Inspection Centre in 2018.

To better serve customers, all road tax payments across the Inspection Centres were shifted and merged with inspection payment counters for greater efficiency and ease of payment.

## Operational Efficiency

VICOM continued to put in place new systems and processes to improve efficiency and reduce costs. In 2018, the Information Technology team rolled out a new Point of Sales system which was more secure, robust and faster in terms of receipt printing. Such improvements in system speed would help provide faster service to our customers and reduce overall inspection time. The issuance of cheques was also streamlined with the adoption of CitiDirect Paylink Cheque process, reducing administrative time in processing such cheques by the Finance team.

An upgrade to SETSCO's SAP (Systeme, Anwendungen und Produkte in der Datenverarbeitung) software enabled the Operations team to view and retrieve required information more efficiently – thus providing clients with more timely updates and information, improving the customer experience.

VICOM's Human Resources Department eliminated hardcopy timesheets in favour of digital ones, greatly improving efficiency and accuracy in addition to reducing administrative work and paper.

## Relocation of SETSCO

SETSCO had accepted an offer from the JTC Corporation (JTC) for the surrender of lease of its Property located at 18 Teban Gardens Crescent, Singapore 608925, following the Government's decision to earmark the Property for redevelopment. The Property was on a 30-year lease commencing 1 February 2009 and had a land area and Gross Floor Area of 9,829.7 and 12,199 square metres respectively. The transaction was completed on 31 December 2018.

As a replacement site, SETSCO purchased a new property located at 531 Bukit Batok Street 23, Singapore 659547, from the open market in October 2018. The new property has a 30+30 years lease from 1 October 1995 and a Land and Gross Floor Area of 7,554 and 18,843 square metres respectively. Comparing to the Property at Teban Gardens Crescent, the new premises has a much longer tenure as well as larger space to cater to testing activities. Work has begun for the planning and design for the necessary "Additions and Alterations" (A&A) to suit the future needs of SETSCO. The A&A is expected to commence in the second quarter of 2019 and complete by the second quarter of 2020.

Meanwhile, SETSCO will continue to rent the Property at Teban Garden Crescent from JTC until it completes its move to the new property at Bukit Batok Street 23.

## SUSTAINABILITY REPORT



Over 2.1 Million Man Hours  
Worked With

**ZERO  
ACCIDENTS**



Reached Out To  
More Than

**600**  
Beneficiaries



More Than

**500**

Volunteer  
Hours



Distributed

**10,000**

'Drive Safe, Work  
Safe' Decals

As a leader in the Inspection and Testing services industry, VICOM Ltd takes great pride in being at the forefront of creating a safer and greener tomorrow. We embarked on various initiatives and activities in 2018 for a safer, greener and more caring society.

We are guided by our values and principles. It is a wholesome commitment in which strides are taken to engage various communities, reach out to them and understand the hardships that they face and tailor activities to better improve their living conditions. To us, Corporate Social Responsibility (CSR) is engrained in our institution.

### Environmental

In keeping with our mission to make the environment greener, VICOM has put in place various internal measures and procedures to ensure our very own usage of energy and resources are in line.

In 2018, VICOM and Setesco Services Pte Ltd (SETSCO) continued to drive numerous green initiatives to promote the three 'Rs' – Reduce, Reuse and Recycle. Staff were reminded to practise the three 'Rs' for office equipment such as paper, obsolete computers, printers and cartridges, as well as to practise energy-saving and water-saving habits.

These measures proved effective with the Group's electricity consumption reduced by 7.34% to 51,470kWh per million revenue, as compared to 55,545kWh per million revenue in the previous year.

During the year, VICOM and SETSCO converted traditional lighting lamps to more energy-efficient Light Emitting Diodes or LEDs. For example, the perimeter and high-bay lights for most of our Inspection Centres are now using LEDs and by 2019, all remaining Centres will switch over.

As a result of our conscious effort to practise the three 'Rs', VICOM's water consumption for the year decreased marginally from 432CuM per million revenue in 2017 to 424CuM per million revenue in 2018, a decrease of 1.8%.

SETSCO also collaborated with the Singapore Environment Council (SEC) for Project 'Rethink Plastic' to promote the three 'Rs' by creating 350 bookmarks made from recycled plastic and sponsoring them as door gifts for the Singapore Environment Achievement Awards 2018.

To spread further the message on Environment, we continued to provide talks and demonstrations to international delegates from countries such as Brunei and Japan. Such talks play a role in sharing knowledge and expertise with these delegates on how they can play a role in ensuring vehicle road worthiness – keeping roads safer and the environment greener. At the local level, we played our role by allowing 100 students pursuing Environmental Studies from the Republic Polytechnic to have a hands-on tour to our Inspection Centre at Yishun as part of their 'Pollution Control and Monitoring' module.

### Safety and Security

The safety of our customers is of utmost importance to VICOM, and several upgrades were completed in 2018 across the Inspection Centres.

Arm barriers were installed at the Bukit Batok Inspection Centre to act as a deterrent for unauthorised access into the inspection lanes which could cause potentially severe or fatal injuries. This is part of a pilot project by VICOM, and should it be successful, arm barriers will be implemented across all Inspection Centres progressively.

As terrorism and acts of violence became increasingly prevalent, VICOM increased its surveillance capabilities to provide more comprehensive coverage at our Inspection Centres to ensure secure and precise monitoring of the daily operations or during after-office hours.

We also worked with various partners such as the Workplace Safety and Health Council (WSHC) and Lingjack Engineering Pte Ltd (Lingjack) to bring various safety programmes to the public. VICOM supported WSHC by distributing 10,000 'Drive Safe, Work Safe' car decals to motorists. We also teamed up with Lingjack to organise Singapore's very first vehicle fire training point at the Sin Ming Inspection Centre. Motorists got a chance to learn about the dangers of car fires and try their hand at putting out a real car fire.

The Safety Committees in VICOM and SETSCO worked very hard to walk the ground, improve safe work practices and educate all our employees. As a result, we achieved zero accidents and zero loss time injury over 2.1 million man hours worked in 2018.

### Health

We believe that employees' wellness is important and critical to the success of the Group. In addition to ensuring a safe and conducive workplace for our employees to work in, we participated in ComforDelGro's Cross-Country Run at MacRitchie Reservoir. We also partnered with the Health Promotion Board to organise Yoga, Bokwa, Zumba and Piloxing classes to not only build a healthy mind and body but to foster strong camaraderie amongst staff.

### Social: Human Rights and Labour Practices

VICOM Group continued to leverage on ComfortDelGro's talent management programmes to develop and strengthen the talent pipeline. We aligned closely with ComfortDelGro's robust processes and policies in human capital, leadership development and rewards, thus ensuring a high quality and sustainable talent pipeline in VICOM Group.

### Society

For more than a decade, the word 'Care & Share' has always been embedded in the hearts of VICOM's volunteers. During the year, the Committee and volunteers reached out to many more elderly and the underprivileged, thanks to the monthly contributions from staff and 'dollar for dollar' contributions matched by the Company.

During the Lunar New Year, 220 elderly folks from the Thye Hwa Kwan @ Indus Moral Centre were treated to a sit-down eight course lunch, song performances, table games, lucky draws as well as a sing-along session with Dr Lily Neo, Member of Parliament representing the Kreta Ayer-Kim Seng Constituency of the Jalan Besar Group Representation Constituency. The elderly also received 'red packets' from VICOM. Another outing was organised in October 2018, where 30 elderly enjoyed an evening walk at the Gardens by the Bay after a sumptuous buffet dinner. The walk ended beautifully with good weather and healthier hearts.

In July 2018, the Care & Share team invited 13 HCA (Hospice Care) patients from the Kang Le Care (Marsiling) to join us for a day of Baking & Painting session at SASCO Senior Citizens' Home (SASCO), Khatib. Lunch was prepared directly from the SASCO kitchen and patients got to bake and sample their hard work during tea. Besides the freshly baked bread, patients

got to keep their paintings at the end of the day. They enjoyed the event so much that they had requested the Care & Share team to continue its support on a monthly basis. The team has since been arranging afternoon teas and more sing-along Karaoke sessions with the patients, bringing much cheer to them.

To cap the year, VICOM organised a Christmas Party for the children of Star PALS (Paediatric Advanced Life Support) – a palliative home care service for children and youth with life-threatening or life-limiting conditions. Parents of the children and youths were also invited to join in. Together with our volunteers, they had a wonderful time participating in a fun-filled mini laser quest competition. Besides being treated to a hearty buffet, each child was gifted with a \$20 NTUC voucher sponsored by staff of VICOM as part of the Christmas goodie bag. The party ended with a magic show, a sculptured balloon session and fond memories for all.

To expand the reach of our CSR activities to the public, donation boxes have been placed at all seven Inspection Centres to help raise funds for Star PALS. VICOM also continued to donate taxi vouchers to help patients defray the costs of their commute to their medical appointments.

Besides taking care of the less privileged, VICOM sponsored under the auspice of the SPOT Pocket Opera Theatre, a non-profit organisation formed by a group of young musicians to promote opera in Singapore.

VICOM also pledged to contribute to the Lee Kuan Yew Fitzwilliam-National University of Singapore (NUS) PhD Scholarship so that recipients will have the opportunity to leverage and grow the academic and research collaborations between Cambridge and NUS.

SETSCO, on the other hand, spent a day distributing daily necessities and cash donations to the beneficiaries of the Sunshine Welfare Action Mission (SWAMI) home – a shelter providing nursing care and rehabilitative services to the needy aged, aged sick and the handicapped.

SETSCO also continued with the yearly blood donation drive jointly held with the Singapore Red Cross Society. The blood collected will go a long way to save lives in times of emergencies and to sustain the lives of patients who have undergone major surgeries or those with medical conditions like leukaemia, thalassaemia and bleeding disorders. A total of 42 units of blood were collected from SETSCO staff in 2018.

# CORPORATE GOVERNANCE

We, at VICOM Ltd (VICOM or Company, and together with its subsidiaries, the Group), believe that a fundamental measure of our success is the shareholder value we create over the long-term.

We will continue to:

- Focus relentlessly on our customers;
- Make corporate decisions to build long-term value rather than short-term considerations;
- Maintain our lean culture as we understand the importance of being cost conscious;
- Hire and retain skilled and dedicated Employees; and
- Look for sustainable ways to protect the environment.

## CORPORATE GOVERNANCE STATEMENT

VICOM strongly believes that good Corporate Governance makes good business sense. To this end, we maintain the highest standards of Corporate Governance, professionalism and integrity as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of.

We adhere to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 2 May 2012 (Code) and ensure that it is upheld throughout the Group<sup>1</sup>. We have also adopted a Code of Business Conduct, which sets out the principles and policies upon which our businesses are to be conducted, and implemented a Whistle Blowing Policy which provides a mechanism for Employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst protecting the whistleblowers from reprisal within the limits of the law.

This Report sets out the Corporate Governance practices that were in place during the year, with specific references to the Code. For the Financial Year 2018, we are pleased to report that the Company complied in all material aspects with the principles and guidelines set out in the Code.

## 1. BOARD MATTERS

In choosing directors, the Company seeks individuals who have integrity, expertise, business acumen, shareholder orientation and a genuine interest in the Group.

### Principle 1: The Board's Conduct of Affairs

#### Board's Role

At the helm of the decision-making process of the Company is the Board of Directors. The Board is headed by the non-executive and non-independent Chairman, Mr Lim Jit Poh, and is responsible for:

- Providing entrepreneurial leadership and guidance, setting strategic directions and objectives of the Group (which include appropriate focus on value creation, innovation and sustainability) and ensuring that adequate financial and human resources are in place to achieve the objectives;
- Ensuring that appropriate and adequate systems of internal controls, risk management processes and Financial Authority Limits are in place to safeguard Shareholders' interests and the Group's assets, and to achieve an appropriate balance between risks and company performance;
- Challenging Management constructively and monitoring its performance;
- Identifying the key Stakeholder groups and guiding Management in the Company's strategy and approach in addressing the concerns of these key Stakeholder groups, and ensuring transparency and accountability to all Stakeholders;
- Instilling ethical corporate culture and ensuring the Company's values, standards, policies and practices are consistent with the culture; and
- Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

#### Reserved Matters

VICOM has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/associates, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.

The Board periodically reviews the adequacy of internal controls and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

#### Independent Judgement

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Group.

#### Delegation by the Board

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, three Board Committees are formed, namely, the Audit and Risk Committee (ARC), the Nominating Committee (NC) and the Remuneration

<sup>1</sup> The revised Code of Corporate Governance which was issued on 6 August 2018 ("2018 Code") will apply to Annual Reports covering financial years from 1 January 2019.

Committee (RC). Ad hoc committees are also formed to look at specific issues from time to time.

Each Board Committee is governed and regulated by its own terms of reference, which sets out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken.

Although the Board Committees are empowered to make their own decisions, the Board is ultimately responsible for all decisions made by the Board Committees.

### Directors' Attendance at Board and Board Committee Meetings

At least four scheduled Board Meetings are held every year for the purpose of approving the release of the Financial Results

every quarter and the Annual Budget. The Board Meetings to approve the Financial Results are held within 45 days after the end of each quarter and the financial year. The Annual Budget is approved at the Board Meeting convened to consider the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. For instance, in 2018, the NC also held additional meetings to review the appointment of new Directors.

Directors who are unable to attend meetings in person can still participate in the discussions through tele-conferencing. Decisions of the Board and Board Committees may also be obtained via circular Resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

### Attendance of Directors at Annual General Meeting, Board and Board Committee Meetings in 2018

Name	Annual General Meeting	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	Attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	✓	4	4	–	–	3	3	2	2
Yang Ban Seng	✓	4	4	1	1 <sup>a</sup>	3	3 <sup>a</sup>	2	2 <sup>a</sup>
Sim Wing Yew	✓	4	4	5	5 <sup>a</sup>	2	2 <sup>a</sup>	2	2 <sup>a</sup>
Goh Yeow Tin	✓	4	4	5	5	3	3	–	–
June Seah Lee Kiang	✓	4	4	–	–	3	3	2	2
Shim Phiau Wui, Victor	✓	4	4	5	5	–	–	2	2
Soh Chung Hian <sup>c</sup>	✓ <sup>d</sup>	3	3	3	3	1	1	–	–
Tan Kim Siew <sup>c</sup>		3	3	–	–	1	1	1	1
Teo Geok Har, Nancy	✓	4	4	5	5	–	–	2	2
Ong Teong Wan <sup>b</sup>	✓	1	1	2	2	2	2	–	–
Sim Cheok Lim <sup>b</sup>	✓	1	1	–	–	2	2	1	1

**Notes:**

(a) Attended meetings by invitation of the Committee

(b) Retired on 24 April 2018

(c) Appointed on 1 May 2018

(d) Attended by invitation of the Company prior to appointment as a Director

## CORPORATE GOVERNANCE

### Induction and Training of Directors

Upon appointment as a Director, the Board Chairman will send an official letter of appointment to the Director, which clearly explains his/her role, duties and responsibilities.

Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and Corporate Governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.

Directors are encouraged to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors. The fees for the courses are paid for by the Company. The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and other professional bodies and arranging for the Directors to attend such courses when requested.

The Company Secretaries also update the Board on Corporate Governance practices and circulate articles relating to changes in laws relevant to the Group's businesses. During the year, the Directors attended several training programmes. Details of the training sessions are as follows:

Training Provider	Topic
Deloitte & Touche LLP	International Financial Reporting Standards (IFRS) convergence and the new/revised accounting standards
WongPartnership LLP	Corporate Governance briefing: Understanding the revised Code
Singapore Institute of Directors	Singapore Directorship Report and CG Guides
Singapore Institute of Directors	Audit Committee Seminar for 2018
Singapore Institute of Directors	SID Directors' Conference
Singapore Institute of Directors	AC Chapter Pit-Stop

Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised to enable Directors to learn more about the Group's operations. During such visits, Directors spend time with Management to discuss key strategies and policies pertaining not just to the specific operation, but also to the Group in general. Such meetings help Directors become better equipped to make informed decisions relating to the future direction of the Group.

### Principle 2: Board Composition and Guidance

#### Board Independence

The Board comprises nine Directors and there is a strong element of independence in the Board. Except for the Chief Executive Officer (CEO) who is an executive Director, six of the remaining eight non-executive Directors (NED) are considered by the NC to be independent. Thus, independent Directors make up 67% of the Board. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors, where the Chairman is not an independent Director. The Chairman is a nominee of ComfortDelGro Corporation Limited (ComfortDelGro), a 10% Shareholder\*, and is therefore non-independent. As such, a Lead Independent Director has been appointed with effect from 1 January 2013. The Chairman, Deputy Chairman and CEO are not the same person and are not immediate family members. The Chairman and Deputy Chairman are also not part of the Management team. No person will be able to influence the decisions of the Board as the over-whelming majority of the Directors are independent NEDs.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist which is drawn up in accordance with the guidelines provided in the Code and requires each Director to assess his/her own independence. The Director is required to declare any circumstances in which he/she may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is associated to a 10% Shareholder in the current and immediate past financial year (as defined in the Code) as non-independent. Mr Lim Jit Poh and Mr Yang Ban Seng are deemed as non-independent as they are the Chairman and Managing Director/Group Chief Executive Officer respectively of ComfortDelGro, a 10% Shareholder.

As at 31 December 2018, one out of six independent Directors has served on the Board for more than nine years. She is Ms Teo Geok Har, Nancy. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of service. A Director's contributions in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining his/her independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. In taking a holistic approach, the Board and the NC exercise due and careful review, taking into consideration all other factors, in assessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. The Board is of the view that all independent Directors remain independent in the exercise of their judgement on Board matters.

\* As defined under the Code

## Board Size, Composition and Competency

The NC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, experiences and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors.

The bulk of the Group's businesses is regulated. Having considered the scope and nature of the operations of the Group and the requirements of its businesses, the NC and the Board are of the view that the current size of nine Directors is appropriate.

The Group is committed to building an open, inclusive and collaborative culture and recognises the importance of all aspects of diversity in supporting the achievement of its strategic objectives, growth and sustainable development.

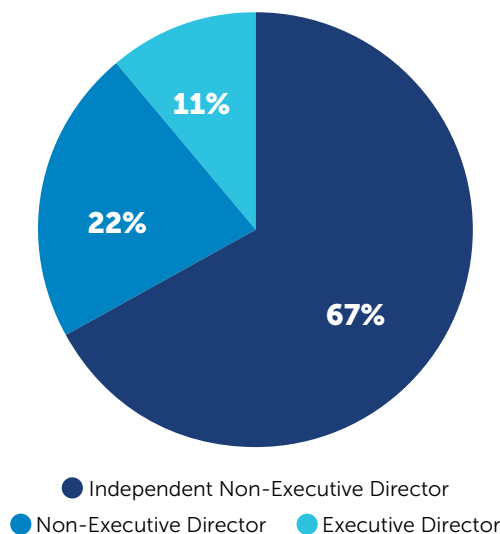
The Board recognises the merits of gender diversity in relation to composition of the Board and in identifying suitable candidates for new appointments to the Board would ensure that female candidates are included for consideration. In this respect, out of the nine directors on the Board two of them or 22% are females. It is the intention to increase the number of female directors on the Board in the future.

The Directors are individuals with leadership experiences in business, government and the labour movement and with a broad diversity of expertise and experience including accounting, finance, technical testing, engineering, regulatory and business management, both domestically and internationally. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

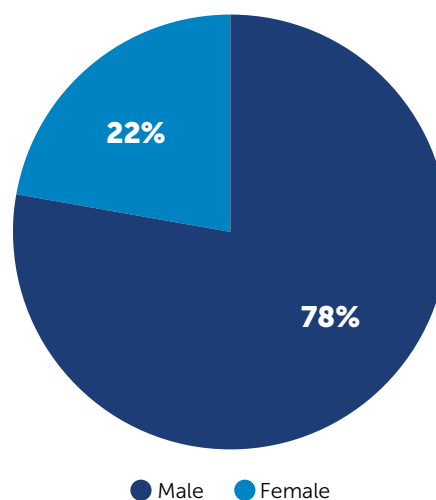
The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively and ensure that the Group continues to be able to meet the challenges and demands of the markets in which it operates. The current makeup of the Board and Board Committees reflects our commitment to all aspects of diversity.

The individual profile of the Directors, their principal directorships and chairmanships held currently and their directorships and chairmanships held in listed and unlisted companies in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 9 to 13 and pages 42 to 43 of this Annual Report.

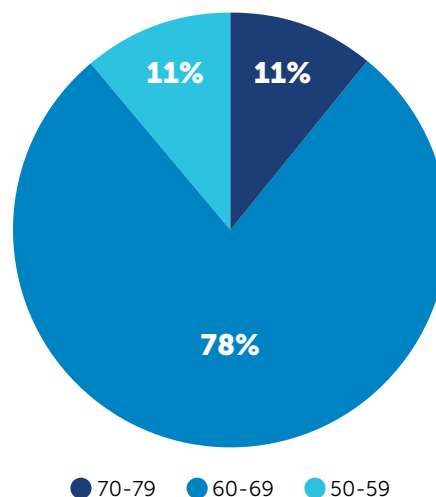
### Independence



### Gender



### Age



## CORPORATE GOVERNANCE

### Non-Executive Directors' Participation

All NEDs have unrestricted access to the Management and are well supported by accurate, complete and timely information, including monthly and quarterly performance reports. They participate actively at Board and Board Committee Meetings to constructively challenge Management and help develop proposals on business strategy and other business and governance issues and also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

All the members of the ARC, RC and NC are NEDs. There is no Executive Director on these Committees.

The non-executive Chairman meets with the Chairman of the ARC and External Auditors annually in the absence of Management. From time to time when required, the NEDs meet without the presence of Management before or after Board Meetings.

### Principle 3: Chairman and CEO

#### Roles of Chairman and CEO

The roles of the Chairman and the CEO are kept separate and distinct to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. This is a deliberate policy agreed by the Board and one that is strictly adhered to. This ensures Management accountability and Board independence. The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses. The CEO reports to the Deputy Chairman. The Chairman, Deputy Chairman and CEO are not related.

The Chairman:

- (i) Leads the Board, facilitates effective contribution of all Directors, sets the agenda and promotes comprehensive, rigorous and open discussions at Board Meetings among the Directors, as well as between the Board and Management;
- (ii) Oversees the translation of the Board's decisions into executive actions;
- (iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with Shareholders and other Stakeholders;
- (iv) Encourages constructive relations within the Board and between the Board and Management; and
- (v) Promotes high standards of Corporate Governance and transparency.

The CEO is given full executive responsibility for the management of the Group's businesses and the implementation of the Group's strategies and policies as decided by the Board and reports to the Board on a regular basis.

The Chairman, Deputy Chairman and CEO represent the Board at official functions and meetings with Shareholders and other Stakeholders such as employees, regulators and customers. A detailed description of our engagements with Stakeholders can be found in the 'Sustainability Report' section on pages 20 to 21 of this Annual Report.

### Lead Independent Director

Consistent with the Code, as the Chairman is deemed non-independent, the Board unanimously appointed Mr Goh Yeow Tin as the Lead Independent Director with effect from 1 January 2013.

### Principle 4: Board Membership

There is a formal and transparent process for the appointment and reappointment of Directors to the Board.

#### Nominating Committee

The NC comprises five NEDs, of whom four including the chairman is independent. The chairman of the NC is also the Lead Independent Director and he is not associated with a 10% Shareholder. The NC is responsible for regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place. The renewal of Board membership is an ongoing process to ensure good governance and to maintain relevance in a changing business environment. All decisions by the NC are made by a majority of votes of the NC members who are present and voting. The key terms of reference of the NC include the following:

- (i) Review the Board's succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;
- (ii) Assess the effectiveness of the Board and Board Committees and contribution by each individual Director;
- (iii) Develop a process for evaluation of the Board's performance, including comparison with industry peers; and
- (iv) Make recommendations to the Board on the review of training and professional development programmes for the Board.

### Multiple Board Representations

The NC subscribes to the view that it is important for Directors to devote sufficient time and attention to the affairs of the Group. Consistent with the guidelines in the Code, the NC and the Board have adopted the following as a proactive step in ensuring this:

- A Director who is in full-time employment should not serve as a Director on the Board of more than three listed companies; and
- A Director who is not in full-time employment should not serve as a Director on the Board of more than six listed companies.

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold more board representations than the maximum stated in the guidelines, a request must be made to the Chairman of the Board for approval. As a policy, the Chairman himself should not hold more than six directorships in listed companies if he is not in full-time employment and not more than three directorships in listed companies if he is in full-time employment.

In assessing a Director's contribution, the NC takes a holistic approach. Focusing solely on Directors' attendance at Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their abilities to provide valuable insights and strategic networking to enhance the businesses of the Group, availability for guidance and advice outside the scope of formal Board and Board Committee Meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors.

As a policy, the CEO, being an executive of the Company, besides adhering to the guidelines set on the maximum number of board representations on listed companies, will also have to seek the approval of the Chairman before accepting any directorships of companies not within the Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the CEO and whether the new external directorships will provide strategic fit and networking for the businesses of the Group. The Chairman will also ensure that the CEO will not accept appointments to the boards of competitors.

As at 31 December 2018, all Directors comply with the guideline on multiple board representation.

### Alternate Director

Consistent with the Code, there is no alternate Director on the Board.

### Process for Selection, Appointment and Re-appointment of Directors

As part of the Board Succession Plan, new Directors may be identified from time to time for appointment to the Board after the NC evaluates and assesses their suitability in strengthening the diversity of skills, experience, gender, knowledge and core competencies of the Board relevant to the businesses of the Group.

The process for selection of new Directors is as follows:

- (i) The NC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.
- (ii) The NC then assesses the competencies and attributes to include into the current representation to achieve the desired mix. This forms the basis for selection of new Directors.
- (iii) New Directors are sourced through various channels, including recommendations of Directors and Management.
- (iv) Potential candidates are interviewed by the NC to assess suitability and commitment.
- (v) The NC makes recommendations to the Board for approval.

The Constitution of the Company provides that one-third of the Directors are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however, not automatic, and all Directors are assessed by the NC on their past performance and contributions before

being recommended to Shareholders for re-election. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. At the forthcoming AGM, Mr Lim Jit Poh, Mr Sim Wing Yew and Mr Goh Yeow Tin are due for re-election pursuant to Regulation 98(b) of the Constitution, while Dr Tan Kim Siew and Mr Soh Chung Hian are due for re-election pursuant to Regulation 99 of the Constitution.

### Principle 5: Board Performance

Each year, the NC undertakes a process to assess the effectiveness of the Board in terms of overall performance and growth of the Group, achieving an adequate return for Shareholders, preventing conflicts of interest and balancing the competing demands of the Group. In evaluating the contributions and performance of each individual Director, factors taken into consideration include attendance at AGM, Board and Board Committee Meetings and corporate activities, contributions in specialist areas and maintenance of independence. The performance criterion is determined by the NC and does not change from year to year.

In the last quarter of 2018, the NC conducted an evaluation of Board Performance which included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness. Chairman of the Board had evaluated the individual Directors and confirmed that they are effective.

### Principle 6: Access to Information

#### Complete, Adequate and Timely Information

Prior to each Board and Board Committee Meeting, and where needed, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts, updates on key performance indicators and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' and investors' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group. As a general rule, reports to the Board and Board Committees are disseminated to Directors prior to meetings to provide sufficient time for review and consideration, so that discussions at the meetings are productive and effective. All information is encrypted if distributed electronically.

Directors can request for additional information and the Board has full access to Management. Should there be a need to obtain independent professional advice on matters relating to the businesses of the Group or issues affecting the duties of the Directors, the Company will arrange for the appointment of relevant professional advisers at its own cost.

## CORPORATE GOVERNANCE

### Company Secretaries

The Company Secretaries assist in scheduling Board and Board Committee Meetings and prepare the agenda in consultation with the Chairman and CEO. The Company Secretaries attend the Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including compliance with all relevant rules and regulations. The Directors have separate and independent access to the Company Secretaries. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

## 2. REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

VICOM recognises the importance of having a skilled and dedicated workforce to manage and grow the businesses in an increasingly competitive and challenging environment. It therefore places great emphasis on motivating staff through engagement, recognition and an alignment of rewards to the performance and long-term interests of the Group.

### Remuneration Committee

The RC plays an important role in the Group's remuneration policies, as well as oversees the talent management and succession planning for Senior Management staff. Besides providing the Board with an independent review and assessment of Directors' remuneration, it also reviews the remuneration framework and strategy for executive compensation, with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success.

As at 31 December 2018, the RC comprised five NEDs, of whom four including the chairman are independent. This is in accordance with the Code. Members of RC are independent of Management and also free from any business or other relationships which may materially interfere with the exercise of independent judgement.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations that would affect the decisions of the RC. The CEO is not present at any RC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of Senior Management staff is discussed.

The key terms of reference of the RC include the following:

- (i) Oversee the talent management and succession planning for Senior Management staff;
- (ii) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution;

- (iii) Review and approve the remuneration of Key Executives that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate Key Executives; and
- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Executives' services in a fair, reasonable and equitable manner, including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The RC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external expert advice on such matters where needed. In 2018, the Group engaged the services of an external consulting firm, Willis Towers Watson, to conduct an Executive Compensation Benchmarking exercise for an independent review of the compensation packages of its senior executives.

### Principle 8: Level and Mix of Remuneration

#### Performance-related Remuneration

The remuneration packages of the CEO and Key Executives of the Group comprise fixed and variable components. The variable component in the form of year end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the employees with those of Shareholders and contributes to sustainable performance in the long-term.

#### Short-term and Long-term Incentive Schemes

The 2001 VICOM Share Option Scheme expired in April 2011 and hence no option had been granted since then. Eligible VICOM employees shall be eligible to participate in the ComfortDelGro Executive Share Award Scheme to be introduced in 2019.

#### Remuneration of Non-Executive Directors

The structure for the payment of fees to NEDs is based on a framework comprising basic fees and additional fees for serving on Board Committees and also for undertaking additional services for the Group. The fees are subject to the approval of Shareholders at the AGM.

The CEO, being an executive of the Group, does not retain any fees paid by the subsidiaries. Instead, fees due to him are paid by the subsidiaries to the Company. The CEO does not receive Director's fees for his Board Directorship with the Company.

The Directors' fee structure for 2018 is set out below:

Board		Basic Fee (Per Annum)
		\$
Chairman		60,000
Deputy Chairman		45,000
Lead Independent Director		36,000
Member		30,000

		Additional Fees (Per Annum) As	
		Chairman	Member
Board Committee		\$	\$
Audit and Risk Committee		20,000	14,000
Nominating Committee		10,000	7,000
Remuneration Committee		10,000	7,000

The attendance fees payable to non-executive Directors for attendance at each Board and Board Committee Meeting are as follows:

Meetings	Attendance Fee (Per Meeting)*	
	In-person	Dial-in
	\$	\$
Board	1,000	500
Board Committee	1,000	500

\* Directors are only paid one attendance fee when two or more meetings are held on the same day.

## Principle 9: Disclosure on Remuneration

### Remuneration of Directors and Executives

CEO's remuneration:

Remuneration	The Group			Total Compensation
	Salary	Bonus	Others	
	\$	\$	\$	\$
2018				
Sim Wing Yew	276,000	276,000	41,340	593,340

The remuneration of the non-executive Directors comprised entirely Directors' fees as follows:

	The Group 2018
	\$
Lim Jit Poh	74,000
Yang Ban Seng <sup>1</sup>	45,000
Goh Yeow Tin	66,000
Seah Lee Kiang, June	44,000
Shim Phayau Wui, Victor	51,000
Soh Chung Hian <sup>2</sup>	34,233
Tan Kim Siew <sup>3</sup>	29,535
Teo Geok Har, Nancy	54,000
Ong Teong Wan <sup>4</sup>	15,929
Sim Cheek Lim <sup>5</sup>	13,742

#### Notes:

1. Mr Yang's Directors' fees are paid to the Company's holding company, ComfortDelGro Corporation Limited.
2. Amount constitutes Mr Soh Chung Hian's Directors' fees for the period from 1 May 2018 to 31 December 2018. Mr Soh was appointed a Director as well as a Member of the Audit and Risk Committee and the Nominating Committee on 1 May 2018.
3. Amount constitutes Dr Tan Kim Siew's Directors' fees for the period from 1 May 2018 to 31 December 2018. Dr Tan was appointed a Director as well as a Member of the Remuneration Committee and the Nominating Committee on 1 May 2018.
4. Amount constitutes Mr Ong Teong Wan's Directors' fees from 1 January 2018 to 24 April 2018. Mr Ong retired as a Director at the conclusion of the Company's AGM on 24 April 2018.
5. Amount constitutes Mr Sim Cheek Lim's Directors' fees from 1 January 2018 to 24 April 2018. Mr Sim retired as a Director at the conclusion of the Company's AGM on 24 April 2018.

## CORPORATE GOVERNANCE

The remuneration of the Executives in the five key portfolios having regard to the performance of the individuals and the Group, are as follows:

Remuneration band	The Group			Total Compensation %
	Salary %	Bonus %	Others %	
2018				
\$500,000 to \$749,999				
Sze Thiam Siong	54.0	38.3	7.7	100
\$250,000 to \$499,999				
Chung Tying Chun	60.8	32.9	6.3	100
Yusoof Aynuddin	52.1	34.7	13.2	100
Below \$250,000				
Lee Peck Kim, Mary	59.7	34.8	5.5	100
Yip Chun Wah	58.1	33.9	8.0	100

The total remuneration paid to these five Executives holding the key portfolios (who are not Directors or the CEO) amounts to S\$1,566,850.

### Remuneration of Certain Related Employees

During the Financial Year 2018, no key executive was an immediate family member of a Director or the CEO and whose remuneration exceeds \$50,000. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

## 3. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible to provide a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The Financial Results are reported each quarter via SGXNet with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

VICOM has formalised a Policy on Securities – Restrictions Against Dealings to provide guidance to Directors and executives of the Group in relation to dealings in the securities of the Company, ComfortDelGro and SBS Transit Ltd (SBS Transit). Directors and executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and SBS Transit during the period commencing two weeks before the announcement of the Company's and its listed subsidiaries' first, second and third quarter results, and one month before the announcement of the full-year results and ending on the date of the announcement of the relevant results. All Directors and executives are notified of the trading blackout periods before the start of the financial year and are given reminders prior to each trading blackout period.

All Directors and executives of the Group are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and SBS Transit on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the Employees' Share Option Scheme which expired on 26 April 2011.

In line with the changes to the SGX-ST Listing Manual, the Group has put in place a Standard Operating Procedure (SOP) on compilation of information on privy persons who have access to material information of transactions that have yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

### Principle 11: Risk Management and Internal Controls

Risk management is an important and integral part of VICOM's strategic planning and decision making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the risk governance, risk policy and internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management can be found from pages 44 to 46 of this Annual Report.

The Internal and External Auditors conduct reviews in accordance with their audit plans. Any material non-compliance and recommendations for improvements on the internal controls are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

For the Financial Year 2018, the Board has received assurance from the CEO and the Chief Financial Officer (CFO) that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International) and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by the ARC and the Board. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks and to provide reasonable assurance against material financial misstatements or loss.

## Principle 12: Audit and Risk Committee

The ARC comprises four independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 12 months and none of the ARC members hold any financial interest in the External Auditors. The Chairman and Members of the ARC are rotated periodically. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

The members collectively bring with them recent and relevant managerial and professional expertise in accounting and related financial management domains, as follows:

- (i) Mr Soh Chung Hian, Chairman of the ARC, is a fellow member of the Institute of Singapore Chartered Accountants. Mr Soh was a partner of Ernst & Young LLP, Singapore. His 35 years of experience saw him auditing many publicly listed companies and working on many Initial Public Offerings of listed companies.
- (ii) Mr Goh Yeow Tin, Member of the ARC, is currently a Member of the Singapore Institute of Directors and an independent Director of KTMG Limited (formerly known as Lereno Bio-Chem Ltd), Sheng Siong Group Ltd, AsiaPhos Limited and TLV Holdings Limited. Prior to that, Mr Goh was the Vice President of Times Publishing Ltd and was responsible for the Group's Retail and Distribution businesses.
- (iii) Prof Shim Phay Wui, Victor, Member of the ARC, is a Professor of Mechanical Engineering, and Associate Vice-President for Global Relations at the National University of Singapore (NUS).
- (iv) Ms Teo Geok Har, Nancy, Member of the ARC, is a Director of Dashmesh Singapore Pte Ltd. She was formerly the Chief Executive Officer of the Singapore Labour Foundation.

Members of the ARC keep abreast of relevant changes to accounting standards and issues through attendance at relevant seminars/talks, articles and news circulated by the Company Secretaries and regular updates by the External Auditors at ARC Meetings.

The roles of the ARC are aligned with the provisions of Section 201B(5) of the Companies Act, Cap. 50 and include the following:

- (i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;
- (ii) Review the effectiveness of the Group's internal audit function;
- (iii) Review the quarterly and annual financial statements and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
- (v) Review Interested Person Transactions;
- (vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
- (vii) Review and approve the annual audit plans of the External Auditors;
- (viii) Review and approve the Internal Auditor's annual and three-year rolling work plans; and
- (ix) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on page 46 of this Annual Report.

## Audit and Risk Committee's Activities

The ARC held five meetings during the financial year under review. The CEO, CFO, Group Chief Internal Audit Officer (GCIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

- (i) Overall scope of both internal and external audits and results of their respective audits;
- (ii) Significant internal and external audit observations and Management's responses;
- (iii) Quarterly and full year results announcements and the financial statements and recommendation to the Board;
- (iv) Adoption of the Singapore Financial Reporting Standards (International);
- (v) Interested Person Transactions;
- (vi) Corporate Service Charges for 2018;
- (vii) Risk management and internal controls;
- (viii) Independence of the External Auditors; and
- (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

## CORPORATE GOVERNANCE

In the performance of its duties, the ARC has explicit authority to investigate the affairs falling within its terms of reference, with full access to and cooperation from Management, discretion to invite any Director to attend its meetings and reasonable resources to enable it to discharge its duties properly.

The ARC meets with the Internal and External Auditors annually in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the ARC.

### Significant Financial Reporting Matters

In the review of the financial statements of the Group, the ARC considered the following key audit matters:

Significant matters	Review of significant matters by the ARC
Goodwill impairment review	<p>Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually, or more frequently if there are indicators that goodwill might be impaired. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates.</p> <p>Our audit procedures included critically challenging the key assumptions on growth rate and discount rate used by Management in conducting the impairment review. We performed sensitivity analysis around the key assumptions on growth rate and discount rate used in cash flow forecasts. We compared the growth rate to recent business performance, trend analysis and growth rate for the relevant country. For the discount rate, we compared it to the weighted average cost of capital. We found Management's key assumptions to be within the reasonable range of our expectations.</p>
Allowance for expected credit losses for trade receivables	<p>The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.</p> <p>Our audit procedures included critically challenging Management's assessment review for the allowance for expected credit losses. We have evaluated the design and implementation of key controls over the allowance for expected credit losses; assessed Management's assumptions about risk of default and expected credit loss rate; and assessed movement in the allowance for expected credit losses, write-off and recoveries of receivables. We found Management's key assumptions to be within the reasonable range of our expectations.</p>

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for the financial year ended 31 December 2018.

### Review of Independence of External Auditor

Prior to the re-appointment of the External Auditors, the ARC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority. Having satisfied itself that the independence of the External Auditors, Deloitte & Touche LLP, is not impaired by their provision of non-audit services to the Group and that Rules 712, 715 and 716 of the SGX-ST Listing Manual have been complied with, the ARC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as the Company's External Auditors at the next AGM.

As a further safeguard of Deloitte & Touche LLP's independence, the Deloitte & Touche LLP's partner in-charge of auditing the Company is changed every five years.

### Principle 13: Internal Audit

The internal audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising six suitably qualified and experienced Internal Audit staff including

the GCIAO. The ComfortDelGro Group Internal Audit staff have professional qualifications and are members of the Institute of Singapore Chartered Accountants, Information Systems Audit and Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairman of the ARC. The ComfortDelGro Group ARC approves the hiring, removal, evaluation and compensation of the GCIAO.

The ComfortDelGro Group Internal Audit Division adopts a risk based approach in its continuous audit work with focus on material internal control systems including financial, operational, information technology and compliance controls. It provides an independent and objective evaluation of the internal control systems and Corporate Governance processes of the Group. The annual and three year rolling audit plans are developed by the GCIAO in consultation with, but independent of, Management and are subject to the ARC's approval before the start of each financial year. Quarterly internal audit summary reports are also prepared and submitted to the ARC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC has full access to the GCIAO and the independence of the internal audit function is ensured as the ARC meets with the GCIAO at least once a year in the absence of Management. The ComfortDelGro Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

The activities and organisational structure of the ComfortDelGro Group Internal Audit Division are monitored and reviewed by the ARC periodically to ensure that it has the necessary resources to adequately perform its functions and that there are no unjustified restrictions and limitations placed on the performance of its duties. The ComfortDelGro Group Internal Audit Division has adopted the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The ComfortDelGro Group Internal Audit Division successfully completed its external Quality Assurance Review in 2018 by PricewaterhouseCoopers LLP and continues to meet or exceed the IIA Standards in all key aspects. The next Quality Assurance Review is scheduled for 2023.

The ARC finds the ComfortDelGro Group Internal Audit Division independent, effective and adequately resourced.

## 4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholders Rights

#### Disclosure of Information to Shareholders

The Company notifies Shareholders in advance of the dates of release of its Financial Results through the Company's website as well as SGXNet. Communications with Shareholders is conducted through announcements to the SGXNet, media and analyst briefings after the announcement of the Financial Results, as well as the posting of announcements and press releases on the Company's website. The Group has formalised a Policy on Securities – Drafting and Releasing SGX Announcements to provide guidance on preparation of SGX announcements.

Shareholders may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's IR team is accessible throughout the year to address Shareholders' queries. The contact details of the ComfortDelGro Group Chief Investor Relations Officer (GCIRO) can be found on the website.

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, Cap. 50, the Company has also taken various additional measures to enhance Corporate Governance and improve transparency, including:

- (i) The Notice of AGM is released publicly at least 28 days before the AGM is held; and
- (ii) The Annual Report is available to all Shareholders at the Company's website at least 28 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The electronic documentation demonstrates the Group's commitment towards Green and sustainable efforts. Upon request, hard copies are provided to Shareholders.

### Principle 15: Communication with Shareholders

#### Regular, Effective and Fair Communications with Shareholders

It is our policy to disseminate accurate and pertinent information to the market in a timely manner as part of good Corporate Governance. We have put in place an ComfortDelGro IR programme to promote regular, effective and fair communications with Shareholders and the investment community. The dedicated ComfortDelGro IR team works with Senior Management to proactively carry out this engagement programme.

Communications with the SGX-ST is handled by the Company Secretaries, while communications with Shareholders, analysts and fund managers is handled by the GCIRO. Specific guidelines have been laid down for compliance in respect of all public communications. The Company does not practise selective disclosure in the communication of material information.

In addition, the Company has put in place operational procedures to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities and to clear all announcements to the SGXNet with the Board.

The Sustainability Report section found in this Annual Report highlights the economic, environmental and social aspects of our developments and operations.

#### Dividend Policy

The Company's dividend policy is to pay out at least 90% of profit attributable to Shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividend semi-annually and informs its Shareholders of the dividend payments via announcements in the SGX-Net. Dividends are paid to Shareholders in an equitable and timely manner.

### Principle 16: Conduct of Shareholder Meeting

The Company views the AGM as a good opportunity for Shareholders to meet the Board and Senior Management. The top criterion for selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed Resolutions.

All Directors including the Chairman of the Board, CEO and the Chairmen of the various Board Committees together with Senior Management and the Company Secretaries are present to address any question or feedback raised by the Shareholders at the AGM and thereafter, including those pertaining to the proposed Resolutions before they are voted on. The External Auditors are also present to address Shareholders' queries about the conduct of audit and the preparation and contents of the Auditor's Report.

## CORPORATE GOVERNANCE

The Board had since 2009 removed and stopped seeking the general authority to issue shares to address concerns from the Shareholders that if this general authority to share issue was mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

The Constitution of the Company provides for voting in person and by proxy at the AGM of the Company. Each Shareholder is allowed to appoint up to two proxies to vote on his behalf at Shareholders' Meetings through proxy forms sent in advance. Relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend, speak and vote at Shareholders' Meetings. Shareholders who hold shares through these relevant intermediaries will be allowed to attend, speak and vote at the AGM subject to being appointed a proxy by their respective relevant intermediaries.

Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct Resolution. All the Resolutions at the Shareholders' Meetings are single item Resolutions. The Company will consider implementing absentia voting methods such as voting via mail, e-mail or fax when security, integrity and other pertinent issues are satisfactorily resolved.

The Company prepares Minutes of General Meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management. The Minutes are available to Shareholders upon their request.

The Company has adopted electronic poll voting for General Meetings since 2013 to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the Resolutions by poll, using an electronic voting system. The results of all votes cast for or against each Resolution or abstentions if any and the respective percentages (Voting Results) and the names of the independent scrutineers for the AGM are presented during the AGM and are announced via the SGXNet after the AGM. The Company is committed to high standards of Corporate Governance and transparency.

### 5. Additional Measures to Enhance Corporate Governance

The Company has also undertaken various additional measures to enhance Corporate Governance as follows:

#### Corporate Gifts/Entertainment Policy

Whilst business gifts and entertainment are courtesies that build goodwill and sound working relationships among Business Partners, the Group does not tolerate the improper use of gifts or entertainment to gain any special advantage in a business relationship.

The Group discourages the receipt of gifts or acceptance of entertainment, loans or other favours as these may compromise an employee's ability to make objective, independent and fair business decisions. Offering excessive gifts in whatever form or entertainment to others can also be opened to misinterpretation.

Employees are therefore not permitted to offer or accept any gifts or entertainment without first seeking their supervisor's authorisation. Employees who receive gifts directly or indirectly in relation to their employment with the Group are expected to notify their supervisors and declare such gifts to the Group Human Resource Department. All gifts declared are processed through structured corporate procedures to ensure proper accountability.

Business gifts presented and entertainment on the Group's behalf are consistent with generally Corporate Governance accepted business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country we operate in or company in which we have dealings with.

#### Anti-Corruption Policy

The Group complies with all the laws of the jurisdictions in which it operates and conducts businesses in an open, transparent manner, and prohibits employees from directly or indirectly offering, promising to pay, or authorising the payment of money or anything of value for the purpose of gaining perceived personal advantage for the Group. All employees are responsible for following the Group's procedures, including audit controls, for carrying out and reporting business transactions.

#### Block Leave Policy

As a further risk mitigation measure and to enhance governance, the Group has a Block Leave Policy in place which applies to Employees holding key functions. This arrangement allows covering officers to fully step into the duties of the Employees on leave as an additional check and balance against any breaches.

#### Health and Safety Policy

Given the nature of the Group's businesses, the health and safety of the employees and customers are of paramount importance. We comply with statutory requirements and regulations and procedures are put in place to guide proper safe work practices for the well-being of all employees and customers. Employees are sent for training to equip them with the required competencies.

Employees are to observe safety rules and carry out safe work practices that apply to their jobs to ensure a safe work environment for everyone.

#### Information Protection Policy

The Group has also implemented an Information Protection Policy to ensure that all documents and data information of the Group are properly safeguarded.

Information is classified into secret, confidential, restricted and unrestricted use based on its nature, contents and implications. Processes and systems used to store, process or communicate the information provide protection from unauthorised disclosure and use.

#### Data Protection Policy

Business Units in Singapore have implemented data protection policies and practices to ensure compliance with the obligations under the Personal Data Protection Act and Do Not Call provisions that came into force in 2014.

## Cyber Security Policy

The Group has adopted the International Information Security Standard ISO 27000 in assessing and formulating our cyber security framework. The Group regularly reviews our cyber security measures to ensure effective protection of our information technology systems and databases. We have implemented multi-layered defence, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. We keep abreast of the evolving threats and the latest techniques, and actively collaborate with cyber security authorities and regulators to develop appropriate countermeasures.

We will continue to strengthen our capabilities in light of the way cyber security risks will evolve with the digital age. As and when necessary, we will take appropriate risk management decisions and implement security controls to secure our information infrastructure, systems and databases.

## Supplier Ethics Policy

The Group procures a wide range of goods and services from various businesses, companies, persons and entities and requires its suppliers to be in full compliance with all applicable laws and regulations and practice fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and the Group does not condone any corrupt and fraudulent practice.

Suppliers must have in place health and safety policies for its employees and be committed to good environmental, social and governance practices. Suppliers must not trade in the securities of the Group while in possession of confidential non-public information.

## Creditors' Payment Policy

The Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly.

## Interested Person Transactions

### Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transaction less than \$100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920)
ComfortDelGro and its associates	\$2,692,706

There is no Shareholders' mandate for Interested Party Transactions pursuant to Rule 920 of the Listing Manual.

## CORPORATE GOVERNANCE

### DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes, the Company has complied with all material aspects of the principles and guidelines of the Code.</p> <p>Not Applicable.</p>
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	VICOM has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/associates, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.
<b>Members of the Board</b>		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>The Board believes that it is important to have diversity of competencies including gender diversity to support the growth of the Group. The Nominating Committee (NC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board.</p> <p>Yes. The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively.</p> <p>In relation to gender diversity, approximately 22% of the Board, or two out of the nine Board Members are females. There is intention to increase the number of female directors in the future.</p> <p>The NC reviews the composition of the Board annually to ensure that the Board is of an adequate size with the right mix of skills and experience that facilitates effective decision making.</p>

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p><b>For new Directors</b> The NC annually reviews the size, effectiveness, diversity of skills and core competencies of the Board taking into consideration the current and future business needs of the Group.</p> <p>The NC considers the range of skills, knowledge, attributes and experience of the existing Directors, the retirement and re-election of Directors, each Director's contribution and commitment and whether new competencies are required to enhance the effectiveness of the Board. When the need for a new Director arises, the NC will shortlist and meet potential candidates and recommend the most suitable candidate to the Board for appointment as a Director.</p> <p><b>For incumbent Directors</b> Pursuant to the Company's Constitution, one-third of the Directors retire from office at the Company's Annual General Meeting (AGM). Newly appointed Directors are subject to retirement and re-election at the AGM immediately following their appointments.</p> <p>The NC reviewed each of the retiring Director's contribution and performance, such as attendance, preparedness, participation and candour, and made the relevant recommendations to the Board for subsequent Shareholders' approval at the AGM.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes.</p> <p>Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference.</p> <p>The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and arranging for the Directors to attend such courses when requested. The Company Secretaries organise in-house trainings for Directors where necessary. The Company Secretaries also update the Board on corporate governance practices and circulate articles relating to changes in laws relevant to the Group's businesses.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately. None of the Directors had exceeded the maximum number of listed board representations prescribed by the Board.</p> <p>Not applicable.</p> <p>The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.</p>

## CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Board Evaluation</b>		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	In the last quarter of 2018, the NC conducted an evaluation of Board Performance which included key points on the Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the NC Chairman to the Board during its Meeting for the Board to deliberate on the findings and discuss possible areas of improvement to enhance the Board's overall effectiveness.
	(b) Has the Board met its performance objectives?	Yes. The Board was effective as a whole based on the overall assessment for 2018.
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board comprises nine Directors and six of them are considered by the NC to be independent. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	<p>Ms Teo Geok Har, Nancy is the independent Director who has served on the Board for more than nine years as at 31 December 2018.</p> <p>The NC considered that she has demonstrated independent judgement at Board and Board Committee Meetings, and was of the firm view that she has at all times been exercising independent judgement in the best interests of the Company in the discharge of her duties as Director.</p>
<b>Disclosure on Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the provisions of the Code.

Guideline	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the provisions of the Code.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes, disclosure is made in accordance with the provisions of the Code.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds \$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Nil.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	<p>The Group advocates a performance-based remuneration system that aligns the remuneration of CEO and Senior Management to business results and shareholder returns. The total remuneration mix comprises fixed and variable components. The variable component, in the form of an annual performance incentive bonus, forms a significant proportion of the remuneration packages.</p> <p>The annual performance incentive is linked to the Group's and the individual's performance. The Performance Scorecard is used to measure both financial and non-financial performance of key executives. The individual's scorecard performance areas are linked to the overall strategic goals and objectives of the Group.</p>
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	<p>The amount and mix of reward incentives, which are developed with a focus on long-term shareholders' returns, are responsive to the operating environment and labour market.</p> <p>In awarding the incentives, the Group takes into account the key executive's performance in four key broad areas of the Performance Scorecard, namely</p> <ol style="list-style-type: none"> <li>Financial;</li> <li>Customers;</li> <li>Processes; and</li> <li>People Development.</li> </ol>
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes

## CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Prior to each Board and Board Committee Meeting, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes
Guideline 11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>Risk management is an important and integral part of VICOM's strategic planning and decision-making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee (ARC), that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group.</p> <p>For the Financial Year (FY) 2018, the Board has received assurance from the CEO and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards (International), and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.</p>
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>The audit and non-audit fees to the External Auditors of the Company and its subsidiaries for FY 2018 are \$64,140 and \$26,690 respectively.</p> <p>The ARC undertook a review of the independence and objectivity of the External Auditors by reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the External Auditors were not substantial and would not affect their independence.</p>

Guideline	Questions	How has the Company complied?
<b>Communication with Shareholders</b>		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated IR team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?</p>	<p>Yes, the Company is committed to disseminating accurate and pertinent information to the Shareholders in a timely manner. Communications with Shareholders and investors are handled centrally at the ComfortDelGro Group level. In FY 2018, over 170 meetings and conference calls were held with institutional investors and analysts and also participation in eight investor conferences in Singapore, Kuala Lumpur, Hong Kong, Tokyo and Taipei. These provided access to a wide cross-section of institutional investors from around the world.</p> <p>For the retail investors, the ComfortDelGro Group IR organised an investors presentation at the SGX Auditorium together with a local securities broker. Retail investors can also send in their queries through a link on the IR page of the Company's website. The telephone and email contact details of the ComfortDelGro Group Investor Relations Officer are also listed on the page.</p> <p>All Shareholders also have the opportunity to interact and speak with the Directors and Senior Management at the Company's AGMs and thereafter.</p> <p>Yes, there is a dedicated IR team, which works closely with Senior Management to carry out the investor engagement programme.</p> <p>All announcements to SGX-ST, news releases, financial results, financial calendar and the Annual Reports are posted on the IR page of the Company's website.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

## DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Lim Jit Poh</b> Chairman (Non-executive & Non-independent)	79	<p>Principal Directorship in the VICOM Group</p> <ul style="list-style-type: none"> <li>Setsco Services Pte Ltd</li> </ul> <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> <li>ComfortDelGro Corporation Limited</li> <li>Beijing Jin Jian Taxi Services Co., Ltd</li> <li>Comfort Transportation Pte Ltd</li> <li>CityCab Pte Ltd</li> <li>ComfortDelGro Engineering Pte Ltd</li> <li>CityFleet Networks Limited</li> <li>ComfortDelGro Corporation Australia Pty Ltd</li> <li>Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>Metroline Limited</li> <li>Swan Taxis Pty Ltd</li> </ul> <p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> <li>SBS Transit Ltd*</li> </ul> <p>Other Companies</p> <ul style="list-style-type: none"> <li>Family Leisure Pte Ltd</li> <li>NCI Golf Pte Ltd</li> <li>Pasir Ris Resort Pte Ltd</li> <li>SLF Leisure Enterprises (Pte) Ltd</li> <li>Surbana Property Investment Pte Ltd</li> <li>CapitaLand Township Development Fund Pte Ltd</li> <li>CapitaLand Township Development Fund II Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Ascott Residence Trust Management Ltd*</li> </ul>	Nil	Nil
<b>Yang Ban Seng</b> Deputy Chairman (Non-executive & Non-independent)	62	<p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> <li>Setsco Services Pte Ltd</li> <li>JIC Inspection Services Pte Ltd</li> </ul> <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> <li>ComfortDelGro Corporation Limited</li> <li>Beijing Jin Jian Taxi Services Co., Ltd</li> <li>Comfort Transportation Pte Ltd</li> <li>CityCab Pte Ltd</li> <li>ComfortDelGro Engineering Pte Ltd</li> <li>CityFleet Networks Limited</li> <li>ComfortDelGro Corporation Australia Pty Ltd</li> <li>Guangzhou Xin Tian Wei Transportation Development Co., Ltd</li> <li>Metroline Limited</li> <li>Swan Taxis Pty Ltd</li> </ul> <p>Directorships in the SBS Transit Group</p> <ul style="list-style-type: none"> <li>SBS Transit Ltd*</li> <li>SBS Transit DTL Pte Ltd</li> </ul>	Nil	<ul style="list-style-type: none"> <li>ComfortDelGro Corporation Limited* (Managing Director/Group Chief Executive Officer)</li> <li>SBS Transit Ltd* (Executive Deputy Chairman &amp; Chief Executive Officer)</li> </ul>	<ul style="list-style-type: none"> <li>Comfort Transportation Pte Ltd and CityCab Pte Ltd (Chief Executive Officer)</li> </ul>

\* Listed Company

Name	Age	Present Directorships / Chairmanships (as at 31 December 2018)	Past Directorships / Chairmanships held over the preceding five years (from 1 January 2014 to 31 December 2018)	Present Principal Commitments	Past Principal Commitments over the preceding five years
<b>Sim Wing Yew</b> Chief Executive Officer & Director	51	Directorship in the ComfortDelGro Group <ul style="list-style-type: none"> <li>ComfortDelGro Engineering Pte Ltd</li> </ul> Directorships in the VICOM Group <ul style="list-style-type: none"> <li>VICOM Inspection Centre Pte Ltd</li> <li>Setsco Services Pte Ltd</li> <li>JIC Inspection Services Pte Ltd</li> <li>Setsco Consultancy International Pte Ltd</li> <li>Setsco Services (M) Sdn Bhd</li> <li>Setsco Middle East Laboratory LLC</li> </ul>	Nil	Nil	Nil
<b>Goh Yeow Tin</b> Director (Non-executive & Lead Independent)	68	Other Companies <ul style="list-style-type: none"> <li>TLV Holdings Limited*</li> <li>KTMG Limited (formerly known as Lereno Bio-Chem Ltd.)</li> <li>Sheng Siong Group Ltd*</li> <li>AsiaPhos Limited*</li> <li>Edu-Community Pte Ltd</li> <li>Kiran Electronics B&amp;C Services Pte Ltd</li> <li>Seacare Manpower Services Pte Ltd</li> <li>Seacare Foundation Pte Ltd</li> <li>Seacare Medical Holdings Pte Ltd</li> <li>WaterTech Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>OEL (Holdings) Limited*</li> <li>Singapore Post Limited*</li> </ul>	Nil	Nil
<b>Seah Lee Kiang, June</b> Director (Non-executive & Independent)	65	Nil	Nil	<ul style="list-style-type: none"> <li>The Peranakan at Claymore Connect (Partner)</li> <li>Omise Co. (Head of Business Development)</li> </ul>	<ul style="list-style-type: none"> <li>Visa (Head of Merchant and Acquirer Partnerships)</li> </ul>
<b>Shim Phayau Wui, Victor</b> Director (Non-executive & Independent)	65	Nil	Nil	<ul style="list-style-type: none"> <li>Professor of Mechanical Engineering, and Associate Vice-President for Global Relations at the National University of Singapore</li> </ul>	Nil
<b>Soh Chung Hian</b> Director (Non-executive & Independent)	65	Other Companies <ul style="list-style-type: none"> <li>Lum Chang Holdings Limited*</li> <li>Agency for Integrated Care Pte Ltd</li> <li>British and Malayan Holdings Limited*</li> <li>British and Malayan Trustees Limited</li> <li>JDJ Investment Pte Ltd</li> <li>Sunright Limited*</li> </ul>	<ul style="list-style-type: none"> <li>Eu Yan Sang International Ltd*</li> <li>QAF Limited*</li> </ul>	Nil	Nil
<b>Tan Kim Siew</b> Director (Non-executive & Independent)	65	Nil	Nil	<ul style="list-style-type: none"> <li>Ministry of Finance (Senior Consultant)</li> <li>Mechanobiology Institute, Singapore (Chairman of the Governing Board)</li> </ul>	<ul style="list-style-type: none"> <li>Commissioner of Inland Revenue</li> </ul>
<b>Teo Geok Har, Nancy</b> Director (Non-executive & Independent)	64	Other Company <ul style="list-style-type: none"> <li>Dashmesh Singapore Pte Ltd</li> </ul>	Nil	Nil	Nil

\* Listed Company

## RISK MANAGEMENT

**Risk management is an important and integral part of the VICOM Group's strategic planning and decision making process. The Group's Risk Management Framework provides a systematic process for the Business Units to identify and review the nature and complexity of the risks involved in their business operations and prioritise resources to manage them. The Group is committed to enhance shareholder value through growth that is sustainable and profitable, while taking measured and well-considered risks.**

The Group's approach to risk management is underpinned by several key principles:

- The risk management process is a continuous and iterative one, as the Group's businesses and operating environments are dynamic. Risk identification, assessment and risk management practices are reviewed and updated regularly to manage risks proactively.
- We promote and inculcate risk awareness among all our employees by embedding risk management processes into day-to-day business operations and setting an appropriate tone at the top. Regular exercises, continuous education and training, as well as communications through various forums on risk management are carried out to sustain a risk-informed and risk-aware culture in the Group.
- Ownership of and accountability for the risk management process is clearly defined and assigned to the Business Units, departments and individuals. Managers at each level have intimate knowledge of their businesses and take ownership of risk management, with stewardship retained at Senior Management.

The Chief Executive Officer (CEO) works closely with the ComfortDelGro Group's Management Risk Committee and takes the lead to ensure that the Risk Management Framework is diligently implemented across the Group.

Key risks for the Group are identified and presented to the Audit and Risk Committee and the Board annually.

The different Business Units have different risk profiles and there are different programmes to manage the risks. The risk management programmes are regularly stress-tested to ensure that they remain relevant and that they meet changing business requirements. The key risks faced by the Group, the relevant mitigating factors and how they are managed are set out in the paragraphs below.

### FINANCIAL RISKS

The Group has established internal control systems to safeguard its assets and regularly reviews the effectiveness of these controls to improve and fortify financial discipline. All policies and procedures on financial matters, including approval limits and authority, are clearly defined in the Group's Financial Procedures Manual.

### Financial Authority Limits

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Board down to the CEO and the Heads of Business Units/Departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval. To ensure that the Group's assets continue to be managed prudently, the Board periodically reviews the mandate that it delegates to Management.

### Budgetary Control

A robust and comprehensive Annual Budget is prepared and approved by the Board prior to the commencement of each financial year. Material variations between actual and budgeted performance are reviewed on a monthly basis, with explanations provided. Specific approvals are required for unbudgeted expenditures exceeding a relevant threshold. The capital expenditure budget is approved in-principle by the Board as part of the Annual Budget. Each capital expenditure is subjected to rigorous justification and review before it is incurred in accordance with the Group's financial authority limits. Tight control on manpower is exercised through headcount budgets.

### Financial Risk Management

The Group recognises that prudent management of financial risks is an important aspect in the creation of shareholder value. The main areas of financial risks faced by the Group are foreign exchange/currency risk, interest rate risk, credit risk and liquidity risk. It is the Group's policy not to participate in financial derivative instruments. Sensitivity analysis and reviews of the Group's exposure to financial risks under changing market conditions are carried out regularly.

A detailed description of the financial risks and how the Group manages them are set out in the Notes to the Financial Statements on pages 61 to 87.

### Economic Cycle

Changes in economic conditions in the countries that the Group operates in may impact the businesses in terms of customer demand and the cost of providing the services. We manage these risks by continuously scanning and monitoring political and economic issues. We also monitor demand trends and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions and to drive improvements in cost structures. Where possible, revenue risks are mitigated by diversifying revenue streams.

### OPERATIONAL RISKS

Operational risks may arise from failures in internal controls, operational processes or the supporting systems. The Group has put in place operating manuals, standard operating procedures, authority guidelines and a regular reporting framework to manage these risks.

## Safety

Managing the safety of our customers, our staff and the public is the cornerstone of the Group's safety plan. We conduct safety briefings and drills regularly to instil a safety conscious culture in employees at all levels. Safety audits are conducted regularly to ensure that safety standards are maintained.

## Environmental

The Group is committed to being a socially responsible organisation through minimising the impact our business activities have on the environment. Our operations, accidents and natural events can result in pollution or other environmental risks. To limit these risks, we engage in active environmental risk management, ensuring that we target the problems that could arise and that preventive measures are put in-place. We comply with all relevant regulations in the countries that we operate in. Ways in which the Group works to protect the environment can be found in our Sustainability Report section of this Annual Report as well as in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

## Human Resource

The Group's ability to develop and grow the business depends on the quality of its employees, and it is committed to invest in building its resource pool to support this growth. We have in place various programmes and processes that focus on several key areas, including talent management and building management bench strength, succession planning, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. We ensure that our employees are selected based on merit, they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. We ensure that all terms and conditions of employment, along with policies and procedures, are in compliance with the relevant regulations.

## Property and Liability

The Group's exposure to property damage, business interruption and other liability risks is constantly monitored and reviewed with the Group's wholly-owned in-house insurance broking subsidiary. We ensure sufficiency of insurance coverage and maintain an optimal balance between risks that are retained internally and risks that are placed out with underwriters.

## Business Continuity

We have put in place Business Continuity Plans (BCPs) to mitigate the risks of disruption and catastrophic loss to our operations, people, information database and other assets. The BCPs include identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions and recovery of information database. We update and test the BCPs regularly. Drills and emergency response exercises are conducted to familiarise employees with the various incident management plans. The BCPs enhance the Group's operational readiness and resilience to potential business disruptions.

## INFORMATION TECHNOLOGY RISKS

Information technology system failures are key risks for the Group since almost all the businesses rely heavily on information technology. This can take the form of a major system failure which can result in disruption of the business, loss of data or a security breach of our information technology systems. Information security is about protecting information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. The Group's information technology security management framework complies with current industry standards. We have put in place various controls and data recovery measures to mitigate the risks, including the use of intrusion prevention systems, multi-level firewalls, server protection, software code hardening and data loss prevention controls to manage Internet security and Cyber threats. Penetration tests are carried out regularly to test the systems, identify potential vulnerabilities and to strengthen the security hardening of our websites. Information security policies and procedures, including education for all staff, are reviewed and enhanced regularly.

## COMPLIANCE RISKS

The Group keeps abreast and complies with all laws and regulations governing the conduct of business in the countries that it operates in. We work closely with regulatory Authorities in the respective countries as part of our risk management process to keep abreast of developments and policies that may affect our businesses and the competitive landscape. We manage our operations effectively to ensure that standards are met, thereby reducing significantly the risk of losing the business.

## STRATEGIC RISKS

We evaluate each new investment proposal to ensure that it is in line with the Group's strategy and investment objectives, and that it is able to meet the relevant hurdle rates of return. This assessment includes macro and project specific risks analysis covering feasibility study, due diligence, financial modelling and sensitivity analysis of key investment assumptions and variables. To ensure that the rate of return on any new investment or business opportunity commensurate with the risk exposure taken, the new investment opportunity is evaluated in terms of (a) profitability; (b) return on investment; (c) pay back period; (d) cash flow generation; (e) potential for internal and external growth; and (f) investment climate and political stability of the country. The investment proposal has to be approved according to the financial authority limits approved by the Board.

## AUDIT PROCESS

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Non-compliance and recommendations for improvements are reported to the Audit and Risk Committee (ARC), which reviews the effectiveness of the actions taken to mitigate the risks. In the course of their audits, the Internal and External Auditors will highlight to the Management and the ARC the areas where there are material deficiencies, weaknesses or where there are occurrences or potential occurrence of significant risk events. The auditors will also propose mitigating measures and treatment plans. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

---

## RISK MANAGEMENT

### CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Group has adopted a Code of Business Conduct which sets out the principles and policies upon which businesses are conducted. The Code of Business Conduct includes the anti-corruption and anti-bribery policies which stress on zero tolerance on fraud, improper use of monetary favours, gifts or entertainment. In addition, employees should not put themselves in a position of conflict of interest with the Group. If there is a conflict of interest, employees should declare to their immediate supervisors and should not participate in the decision process.

The Whistle Blowing Policy is to provide a mechanism for employees to raise concerns, through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. New employees are briefed on the channels they can go about raising their concerns. Incidents can also be reported through a direct link to the CEO, the ComfortDelGro Group Chief Human Resource Officer or the ComfortDelGro Group Chief Internal Audit Officer on the Group's Intranet. All cases are investigated and dealt with promptly and thoroughly.

### OPINION OF THE BOARD

Risk management is an important and integral part of VICOM's strategic planning and decision-making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional levels, with stewardship retained at the Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy and effectiveness of the risk governance, risk policy and internal controls in place are also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the ARC, that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems are in place within the Group.

## FINANCIAL CALENDAR

### 2018

Announcement of 2017 Full Year Results	9 February 2018
Annual General Meeting	24 April 2018
Announcement of 1st Quarter 2018 Results	9 May 2018
Payment of 2017 final dividend (22.88 cents/share)	10 May 2018
Announcement of 2nd Quarter 2018 Results	6 August 2018
Payment of 2018 interim dividend (13.46 cents/share)	24 August 2018
Announcement of 3rd Quarter 2018 Results	7 November 2018

### 2019

Announcement of 2018 Full Year Results	11 February 2019
Annual General Meeting	24 April 2019
Announcement of 1st Quarter 2019 Results	10 May 2019*
Payment of 2018 final dividend (23.17 cents/share) and special dividend (8.62 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	10 May 2019
Announcement of 2nd Quarter 2019 Results	7 August 2019*
Announcement of 3rd Quarter 2019 Results	11 November 2019*

\* Provisional – Updates will be posted on [www.vicom.com.sg](http://www.vicom.com.sg)

## CONTENTS

<b>49</b>	Directors' Statement
<b>52</b>	Independent Auditor's Report
<b>55</b>	Statements of Financial Position
<b>56</b>	Group Income Statement
<b>57</b>	Group Comprehensive Income Statement
<b>58</b>	Statements of Changes in Equity
<b>60</b>	Group Cash Flow Statement
<b>61</b>	Notes to the Financial Statements

## DIRECTORS' STATEMENT

The Directors present their statement together with the audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2018 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2018.

In the opinion of the Directors, the Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company as set out on pages 55 to 87 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

### 1 DIRECTORS

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

Lim Jit Poh	(Chairman)
Yang Ban Seng	(Deputy Chairman)
Sim Wing Yew	(Chief Executive Officer)
Goh Yeow Tin	(Lead Independent Director)
Seah Lee Kiang, June	
Shim Phyeau Wui, Victor	
Soh Chung Hian	(Appointed on 1 May 2018)
Tan Kim Siew	(Appointed on 1 May 2018)
Teo Geok Har, Nancy	

### 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.

## 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 its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

		Shareholdings registered in name of Directors		
		At 1 January 2018	At 31 December 2018	At 21 January 2019
<b>Interest in the Company</b>				
(a)	Ordinary shares			
	Lim Jit Poh	190,000	190,000	190,000
	Sim Wing Yew	10,000	10,000	10,000
	Shim Phiau Wui, Victor (Deemed Interest)	2,000	6,000	6,000
<b>Interest in related company, SBS Transit Ltd</b>				
(a)	Ordinary shares			
	Sim Wing Yew	230,000	230,000	230,000
<b>Interest in holding company, ComfortDelGro Corporation Limited</b>				
(a)	Ordinary shares			
	Lim Jit Poh	244,425	244,425	244,425
	Yang Ban Seng	157,168	157,168	157,168
	Yang Ban Seng (Deemed Interest)	18,185	18,185	18,185
	Sim Wing Yew	500,000	500,000	500,000
	Shim Phiau Wui, Victor (Deemed Interest)	19,000	19,000	19,000
(b)	Options to subscribe for ordinary shares			
	Yang Ban Seng	660,000	660,000	660,000
	Sim Wing Yew	70,000	—	—

### 4 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

### 5 OPTIONS EXERCISED

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

### 6 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 7 AUDIT AND RISK COMMITTEE

At the date of this report, the Audit and Risk Committee comprises four non-executive independent Directors:

Soh Chung Hian	(Appointed as a Member on 1 May 2018 and as Chairman on 1 January 2019)
Goh Yeow Tin	(Chairman until 31 December 2018)
Shim Phiau Wui, Victor	
Teo Geok Har, Nancy	

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 and the Code of Corporate Governance 2012.

In performing its functions, the Audit and Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors four times during the year to discuss the scope and results of their respective audits, and at least once annually without the presence of Management. The Audit and Risk Committee has reviewed the independence of the external auditors, Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

In addition, the Audit and Risk Committee has reviewed the Financial Statements of the Group and of the Company before their submission to the Board of Directors of the Company and provided assurance to the Board on the adequacy of financial, operational, compliance and information technology controls.

The Audit and Risk Committee has full access to and has the co-operation of the Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

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

## 8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

**Lim Jit Poh**

Chairman

**Sim Wing Yew**

Chief Executive Officer

Singapore

11 February 2019

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF VICOM LTD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying Financial Statements of VICOM Ltd (the "Company") and its subsidiaries (the "Group") which comprise the Statement of Financial Position of the Group and the Company as at 31 December 2018, and the Group Income Statement, Group Comprehensive Income Statement, Group Statement of Changes in Equity and Group Cash Flow Statement and 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 55 to 87.

In our opinion, the Consolidated Financial Statements of the Group and the Statement of Financial Position and the Statement of Changes in Equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the Financial Statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Goodwill impairment review

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually, or more frequently if there are indicators that goodwill might be impaired. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates. The details of goodwill are disclosed in Notes 3 and 12 to the Financial Statements.

Our audit procedures included critically challenging the key assumptions on growth rate and discount rate used by Management in conducting the impairment review as disclosed in Note 3 to the Financial Statements. We performed sensitivity analysis around the key assumptions on growth rate and discount rate used in cash flow forecasts. We compared the growth rate to recent business performance, trend analysis and growth rate for the relevant country. For the discount rate, we compared it to the weighted average cost of capital. We found Management's key assumptions to be within the reasonable range of our expectations.

### Allowance for expected credit losses for trade receivables

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation as disclosed in Note 3 to the Financial Statements.

Our audit procedures included critically challenging Management's assessment review for the allowance for expected credit losses. We have evaluated the design and implementation of key controls over the allowance for expected credit losses; assessed Management's assumptions about risk of default and expected credit loss rate; and assessed movement in the allowance for expected credit losses, write-off and recoveries of receivables. We found Management's key assumptions to be reasonable.

### **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. The Directors' Statement was obtained prior to the date of this auditor's report and the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not and will 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 identified above when it becomes available 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

### **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.

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF VICOM LTD****Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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 the 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 Tsia Chee Wah.

**DELOITTE & TOUCHE LLP**

Public Accountants and  
Chartered Accountants  
Singapore

11 February 2019

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2018

		The Group			The Company		
	Note	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	5	104,097	107,514	105,681	74,627	104,180	102,955
Trade receivables	6	16,857	13,417	13,259	2,334	2,294	2,125
Other receivables and prepayments	7	1,638	1,686	1,948	1,012	1,135	965
Inventories		28	20	21	–	–	–
Total current assets		122,620	122,637	120,909	77,973	107,609	106,045
<b>Non-current assets</b>							
Subsidiaries	8	–	–	–	25,941	25,941	25,941
Associate	9	25	25	25	–	–	–
Club memberships	10	155	187	219	155	187	219
Vehicles, premises and equipment	11	56,089	45,373	47,164	21,885	23,162	24,668
Goodwill	12	11,325	11,325	11,325	–	–	–
Total non-current assets		67,594	56,910	58,733	47,981	49,290	50,828
<b>Total assets</b>		<b>190,214</b>	<b>179,547</b>	<b>179,642</b>	<b>125,954</b>	<b>156,899</b>	<b>156,873</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Current liabilities</b>							
Trade and other payables	13	22,804	22,872	21,298	6,757	6,057	5,168
Due to subsidiaries	14	–	–	–	15,704	38,832	36,194
Income tax payable		6,890	5,449	5,752	3,676	3,331	3,029
Total current liabilities		29,694	28,321	27,050	26,137	48,220	44,391
<b>Non-current liabilities</b>							
Provision for relocation costs	15	7,053	–	–	–	–	–
Deferred tax liabilities	16	1,661	1,917	1,769	244	282	263
Total non-current liabilities		8,714	1,917	1,769	244	282	263
<b>Total liabilities</b>		<b>38,408</b>	<b>30,238</b>	<b>28,819</b>	<b>26,381</b>	<b>48,502</b>	<b>44,654</b>
<b>Capital, reserves and non-controlling interests</b>							
Share capital	17	36,284	36,284	36,284	36,284	36,284	36,284
Other reserves	18	3,073	3,073	3,073	3,073	3,073	3,073
Foreign currency translation reserve		21	6	–	–	–	–
Accumulated profits		111,456	108,969	110,495	60,216	69,040	72,862
Equity attributable to shareholders of the Company		150,834	148,332	149,852	99,573	108,397	112,219
Non-controlling interests		972	977	971	–	–	–
Total equity		151,806	149,309	150,823	99,573	108,397	112,219
<b>Total liabilities and equity</b>		<b>190,214</b>	<b>179,547</b>	<b>179,642</b>	<b>125,954</b>	<b>156,899</b>	<b>156,873</b>

See accompanying notes to the Financial Statements.

# GROUP INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2018

		The Group	
	Note	2018 \$'000	2017 \$'000
<b>Revenue</b>	19	100,063	97,034
<b>Other income</b>	20	7,743	–
Staff costs	21	(44,857)	(43,558)
Depreciation and amortisation	10, 11	(6,424)	(6,242)
Premises costs		(3,700)	(3,644)
Contract services		(3,395)	(3,541)
Materials and consumables		(2,461)	(2,515)
Repairs and maintenance costs		(1,669)	(1,699)
Utilities and communication costs		(1,507)	(1,405)
Other operating costs		(4,083)	(3,965)
Total operating costs		(68,096)	(66,569)
<b>Operating profit</b>		39,710	30,465
Interest income		1,427	1,511
<b>Profit before taxation</b>		41,137	31,976
Taxation	22	(5,978)	(5,042)
<b>Profit after taxation</b>	23	35,159	26,934
Attributable to:			
Shareholders of the Company		34,700	26,503
Non-controlling interests		459	431
		35,159	26,934
Earnings per share (in cents):			
Basic	24	39.15	29.90
Diluted	24	39.15	29.90

See accompanying notes to the Financial Statements.

# GROUP COMPREHENSIVE INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2018

	The Group	
	2018 \$'000	2017 \$'000
<b>Profit after taxation</b>	35,159	26,934
<b>Items that may be reclassified subsequently to Profit or Loss</b>		
Exchange differences arising on translation of foreign operations	15	6
<b>Other comprehensive income for the year</b>	15	6
<b>Total comprehensive income for the year</b>	35,174	26,940
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	34,715	26,509
Non-controlling interests	459	431
	35,174	26,940

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	The Group						
	Attributable to shareholders of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000			
<b>Balance at 1 January 2017 (as previously reported)</b>	<b>36,284</b>	<b>3,073</b>	<b>(265)</b>	<b>110,760</b>	<b>149,852</b>	<b>971</b>	<b>150,823</b>
Reclassification on adoption of SFRS(I) 1*	–	–	265	(265)	–	–	–
Balance at 1 January 2017	36,284	3,073	–	110,495	149,852	971	150,823
<b>Total comprehensive income for the year</b>							
Profit for the year	–	–	–	26,503	26,503	431	26,934
Other comprehensive income for the year	–	–	6	–	6	–	6
Total	–	–	6	26,503	26,509	431	26,940
<b>Transactions recognised directly in equity</b>							
Payment of dividends (Note 29)	–	–	–	(28,029)	(28,029)	–	(28,029)
Total	–	–	–	(28,029)	(28,029)	–	(28,029)
Payments to non-controlling interests	–	–	–	–	–	(425)	(425)
<b>Balance at 31 December 2017</b>	<b>36,284</b>	<b>3,073</b>	<b>6</b>	<b>108,969</b>	<b>148,332</b>	<b>977</b>	<b>149,309</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	–	–	–	34,700	34,700	459	35,159
Other comprehensive income for the year	–	–	15	–	15	–	15
Total	–	–	15	34,700	34,715	459	35,174
<b>Transactions recognised directly in equity</b>							
Payment of dividends (Note 29)	–	–	–	(32,213)	(32,213)	–	(32,213)
Total	–	–	–	(32,213)	(32,213)	–	(32,213)
Payments to non-controlling interests	–	–	–	–	–	(464)	(464)
<b>Balance at 31 December 2018</b>	<b>36,284</b>	<b>3,073</b>	<b>21</b>	<b>111,456</b>	<b>150,834</b>	<b>972</b>	<b>151,806</b>

\* The Group has adopted SFRS(I) 1 on 1 January 2018 and applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017 (see Note 30).

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	The Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
<b>Balance at 1 January 2017</b>	<b>36,284</b>	<b>3,073</b>	<b>72,862</b>	<b>112,219</b>
Profit for the year, representing total comprehensive income for the year	–	–	24,207	24,207
<b>Transactions recognised directly in equity</b>				
Payment of dividends (Note 29)	–	–	(28,029)	(28,029)
Total	–	–	(28,029)	(28,029)
<b>Balance at 31 December 2017</b>	<b>36,284</b>	<b>3,073</b>	<b>69,040</b>	<b>108,397</b>
Profit for the year, representing total comprehensive income for the year	–	–	23,389	23,389
<b>Transactions recognised directly in equity</b>				
Payment of dividends (Note 29)	–	–	(32,213)	(32,213)
Total	–	–	(32,213)	(32,213)
<b>Balance at 31 December 2018</b>	<b>36,284</b>	<b>3,073</b>	<b>60,216</b>	<b>99,573</b>

See accompanying notes to the Financial Statements.

# GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2018

	2018 \$'000	2017 \$'000
<b>Operating activities</b>		
Profit before taxation	41,137	31,976
Adjustments for:		
Depreciation and amortisation	6,424	6,242
Interest income	(1,427)	(1,511)
Gain on disposal of vehicles, premises and equipment and surrender of lease	(14,813)	(15)
Provision for relocation costs	7,053	–
Allowance for expected credit losses	305	272
Operating cash flows before movements in working capital	38,679	36,964
Trade receivables	(3,745)	(430)
Other receivables and prepayments	(3)	369
Inventories	(8)	1
Trade and other payables	(68)	1,574
Cash generated from operations	34,855	38,478
Income tax paid	(4,793)	(5,197)
Net cash from operating activities	30,062	33,281
<b>Investing activities</b>		
Purchase of vehicles, premises and equipment	(26,197)	(4,410)
Proceeds from disposal of vehicles, premises and equipment and surrender of lease	23,901	21
Interest received	1,478	1,404
Net cash used in investing activities	(818)	(2,985)
<b>Financing activities</b>		
Payments to non-controlling interests	(464)	(425)
Dividends paid (Note 29)	(32,213)	(28,029)
Net cash used in financing activities	(32,677)	(28,454)
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	16	(9)
Net (decrease) increase in cash and cash equivalents	(3,417)	1,833
Cash and cash equivalents at beginning of year	107,514	105,681
<b>Cash and cash equivalents at end of year (Note 5)</b>	<b>104,097</b>	<b>107,514</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 1 GENERAL

The Company (Registration No. 198100320K) is incorporated in the Republic of Singapore with its registered office at 205 Braddell Road, Singapore 579701. Its principal place of business is at 385 Sin Ming Drive, Singapore 575718. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of an investment holding company and the provision of motor vehicle evaluation and other related services. The principal activities of the companies in the Group are in the business of testing services which include the provision of motor vehicle inspection services and provision of non-vehicle testing, inspection and consultancy services, as described in Note 8.

The Financial Statements are expressed in Singapore dollars and all values are expressed in thousand (\$'000) except when otherwise indicated.

The Consolidated Financial Statements of the Group for the financial year ended 31 December 2018 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2018 were authorised for issue by the Board of Directors on 11 February 2019.

For all periods up to and including the year ended 31 December 2017, the Financial Statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These Financial Statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with SFRS(I). Details of first-time adoption of SFRS(I) are included in Note 30.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The 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, Cap. 50 and SFRS(I)s.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(1) 1-36 *Impairment of Assets*.

**NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED** – At the date of authorisation of these Financial Statements, the following SFRS(I) pronouncement was issued but not effective and is expected to have an impact to the Group and the Company in the periods of their initial application:

SFRS(I) 16 – *Leases*<sup>1</sup>

<sup>1</sup> Applies to annual periods beginning on or after 1 January 2019.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

#### SFRS(I) 16 Leases

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

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management has performed an analysis of the requirements of the initial application of SFRS(I) 16 and expects the adoption of SFRS(I) 16 will result in certain operating lease arrangements being recorded in the Statements of Financial Position.

**BASIS OF CONSOLIDATION** – The Consolidated Financial Statements incorporate the Financial Statements of the Company and 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.

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 Group Income Statement and Group Comprehensive Income Statement 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 those consistently by the Group.

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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the Statement of Financial Position of the Company, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in Profit or Loss.

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

**BUSINESS COMBINATIONS** – The acquisition of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group to the former owners of the acquiree in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date except for deferred tax assets or liabilities which are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes*. Acquisition-related costs are recognised in Profit or Loss as incurred.

The interest of the non-controlling shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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.

**FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

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.

### 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 less impairment loss:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impairment of financial assets

The Group applies the simplified approach permitted by SFRS(I) 9 for trade receivables. The expected credit losses ("ECL") on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors as well as current and forecast general economic conditions at the reporting date. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the rate of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where relevant.

A default on a financial asset is when the counterparty fails to make contractual payments within a specific period after the credit period granted.

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 include taking into consideration observable data about the significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Where receivables have been written off, the Group continues to recover the receivables due. Where recoveries are made, these are recognised in Profit or Loss.

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.

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.

**Financial liabilities and equity instruments**Classification as debt or equity

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

Equity instruments

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

Trade and other payables

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

Derecognition of financial liabilities

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

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

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

### The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### The Group as lessee

Rentals payable under operating leases (net of any incentive received from lessor) are charged to Profit or Loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

**INVENTORIES** – Inventories, comprise of spare parts for the testing services equipment, are stated at cost. Cost comprises cost of purchase and those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method.

**CLUB MEMBERSHIPS** – Club memberships acquired are recorded at cost less accumulated amortisation and any accumulated impairment losses.

**VEHICLES, PREMISES AND EQUIPMENT** – Vehicles, premises and equipment are stated at cost or valuation, less accumulated depreciation and any provision for impairment.

All vehicles, premises and equipment are initially recorded at cost. One leasehold land was revalued based on valuation by an external independent valuer. That leasehold land of the Company and of the Group was valued at open market value on the basis of existing use by a firm of professional valuers in March 1995. The Group and the Company have no fixed policy on the frequency of valuation of its leasehold land. As the valuation was carried out for the purpose of updating the carrying amount of the leasehold land at that time and was a one-off revaluation, the Group and the Company have opted for an exemption under FRS 16, *Property, Plant and Equipment* to revalue its leasehold land subsequently.

However, this option of allowing the one-off revaluation is not available under SFRS(I). The Group and the Company have since applied to adopt the transition exemption to recognise the fair value of the property as the deemed cost at the date of revaluation. With the adoption of this exemption option, there will be no significant changes to the accounting of the property as the entity continues to apply the cost model of accounting.

All other vehicles, premises and equipment are stated at historical cost less accumulated depreciation.

Capital projects in progress comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other vehicles, premises and equipment, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of the assets, other than capital projects in progress, over their estimated useful lives, using the straight-line method, on the following bases:

	<b><u>Number of years</u></b>
Leasehold land and buildings	Over the remaining lease period
Computers and automated equipment	3 to 5
Workshop machinery, tools and equipment	
– General workshop machinery, tools and equipment	3 to 10
– Specialised inspection and testing equipment	20
Motor vehicles	5 to 10
Furniture, fittings and equipment	5 to 7

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On disposal of an item of vehicles, premises and equipment, the difference between the sale proceeds and its carrying amount is recognised in Profit or Loss.

Fully depreciated vehicles, premises and equipment still in use are retained in the Financial Statements.

**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. 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in Profit or Loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

**GOODWILL** – Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognised immediately in Profit or Loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any provision for impairment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the provision for impairment 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. A provision for impairment recognised for goodwill is not reversed in a subsequent period.

On divestment of a subsidiary, the attributable amount of goodwill is included in the determination of the Profit or Loss on divestment.

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

**IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL** – At the end of each reporting year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the provision for impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. A provision for impairment is recognised immediately in Profit or Loss.

Where provision for impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 provision for impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of provision for impairment is recognised immediately in Profit or Loss.

**PROVISIONS** – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

**DEFERRED INCOME** – Deferred income arises from advance receipts from customers that are recognised to Profit or Loss when the services are rendered.

**SERVICE BENEFITS** – These comprise the following:

- (i) Retirement Benefits – The Company and some of the subsidiaries participate in defined contribution retirement benefit plan (Central Provident Fund for Singapore-incorporated subsidiaries and Employees Provident Fund for Malaysia-incorporated subsidiary). Payments made to the plan are charged as an expense as they fall due.
- (ii) 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.

**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 grant 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.

Government grants in relation to expenses incurred are recognised as other operating income in the period which they become receivable.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

**REVENUE RECOGNITION** – The Group recognises revenue from the following major sources:

- Vehicle inspection services; and
- Testing and inspection testing

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer or when services are rendered.

#### Vehicle inspection services

Revenue from vehicle inspection services is recognised upon completion of the inspection services.

#### Testing and inspection testing

Revenue from testing services for aerospace, marine and offshore, biotechnology, oil and petrochemical, building construction and electronics manufacturing industries is recognised upon completion of the final test report.

#### Interest income

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

#### Dividend income

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

#### Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

**INCOME TAX** – Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Current and deferred tax are recognised as an expense or income in 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), 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.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** – The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting year, monetary items denominated in foreign currencies are translated at rates prevailing at the end of each reporting year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translation of non-monetary items in respect of which gains and 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 accumulate in the Group's currency translation reserve. Such translation differences are recognised in Profit or Loss in the period in which the foreign operation is disposed of.

The Group has applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. As a result, the cumulative foreign currency translation loss was reclassified from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in Other Comprehensive Income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of a foreign operation and translated at the closing rate.

**CASH AND CASH EQUIVALENTS IN THE GROUP CASH FLOW STATEMENT** – Cash and cash equivalents in the Group Cash Flow Statement comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### ***Critical judgements in applying the Group's accounting policies***

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. Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the Financial Statements (apart from those involving estimations, which are dealt with below).

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.

#### ***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:

#### **Goodwill impairment review**

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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. No provision for impairment has been recognised. The carrying amount of goodwill at the end of the reporting period is disclosed in Note 12.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by Management for the next year and extrapolates cash flows for the following 4 years based on an estimated growth rates of approximately 2.5% (2017 : 2.6%). The estimated growth rate does not exceed the average long-term growth rate for the relevant country in which the CGU operates.

The discount rate applied to the forecast is 5.39% (2017 : 5.08%).

As at 31 December 2018 and 31 December 2017, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amount to be below the carrying amount of the CGU.

#### **Allowance for expected credit losses**

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the trade receivables and loss allowance in the period in which such estimate has been changed. The carrying amount of trade receivables is disclosed in Note 6.

#### 4 HOLDING COMPANY AND RELATED COMPANY/PARTY TRANSACTIONS

The Company is a subsidiary of ComfortDelGro Corporation Limited, incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these Financial Statements refer to members of the holding company's group of companies.

Some of the Group's transactions and arrangements and terms thereof are arranged by or between members of the holding company's group of companies. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

Significant related company transactions are as follows:

	The Group	
	2018 \$'000	2017 \$'000
Inspection and testing services charged to related companies	(2,132)	(2,231)
Refuelling outlet (variable rental) income charged to related company	(248)	(312)
Rental income charged to related companies	(508)	(516)
Assessment fee charged to related companies	(262)	(358)
Other fees charged to related companies	(55)	(100)
Corporate service charges paid to holding company	361	350
Other charges paid to holding company	111	113
Other charges paid to related companies	137	186
Rental expense paid to related companies	180	178

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad debts allowance in respect of the amounts owed by related companies.

#### 5 CASH AND CASH EQUIVALENTS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Cash and bank balances	29,422	3,705	3,102	717	1,050	895
Fixed deposits with financial institutions	74,675	103,809	102,579	73,910	103,130	102,060
Total	104,097	107,514	105,681	74,627	104,180	102,955

Fixed deposits are placed on a staggered basis based on the Group's cash flow projections, bore interest at effective interest rates of between 1.50% to 1.99% (2017 : 1.27% to 1.70%) per annum and for a weighted average tenure of approximately 376 days (2017 : 412 days). These deposits are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****6 TRADE RECEIVABLES**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Outside parties	18,491	14,897	14,505	855	819	799
Allowance for expected credit losses	(1,814)	(1,542)	(1,298)	(110)	(79)	(86)
Allowance for discount allowed	(376)	(423)	(413)	—	—	—
Net	16,301	12,932	12,794	745	740	713
Subsidiaries (Note 4)	—	—	—	1,408	1,433	1,312
Related companies (Note 4)	556	485	465	181	121	100
Total	16,857	13,417	13,259	2,334	2,294	2,125

The average credit period on sale of goods and provision of services is 30 days (2017 : 30 days).

Before accepting any new corporate customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

An allowance has been made for estimated irrecoverable amounts from the provision of services to outside parties of the Group of \$1,814,000 (2017 : \$1,542,000) and of the Company of \$110,000 (2017 : \$79,000). This allowance which has been determined by reference to past default experience and expected credit losses, ranging from 2% to 3.2% (2017 : 2% to 5.4%) for receivable that are current to more than 180 days past due. The expected credit losses incorporate forward looking estimates. In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers and adjust for forward-looking macroeconomic data.

Approximately 57% (2017 : 59%) of the Group's trade receivables are neither past due nor impaired. Included in the Group's trade receivable balance are debtors with a carrying amount of \$6,299,000 (2017 : \$4,576,000) which are past due at the reporting date for which the Group has not provided an allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. On the average, these trade receivables are past due for 63 days (2017 : 50 days).

Approximately 91% (2017 : 91%) of the Company's trade receivables are neither past due nor impaired. Included in the Company's trade receivable balance are debtors with a carrying amount of \$99,000 (2017 : \$123,000) which are past due at the reporting date for which the Company has not provided an allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. On the average, these trade receivables are past due for 32 days (2017 : 36 days).

**Movements in allowance for expected credit losses:**

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Balance at beginning of the year	1,542	1,298	789	79	86	21
Amounts written off during the year	(33)	(28)	(237)	—	(2)	(3)
Increase (Decrease) in allowance recognised in Profit or Loss	305	272	746	31	(5)	68
Balance at end of the year	1,814	1,542	1,298	110	79	86

## 6 TRADE RECEIVABLES (CONT'D)

The Group's and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Denominated in:						
Malaysian ringgit	–	25	4	–	–	–
Great Britain Pound	26	–	–	–	–	–
United States dollar	118	135	145	–	–	–

As at 31 December 2018, included in the gross carrying amounts of the trade receivables and allowance of the Group and the Company are credit impaired financial assets amounting to \$1,483,000 (2017 : \$1,263,000) and \$103,000 (2017 : \$59,000) respectively.

During the year, the credit impaired financial assets of the Group and the Company written off amounted to \$33,000 (2017 : \$28,000) and \$Nil (2017 : \$2,000) respectively; and the allowance recognised in Profit or Loss amounted to \$240,000 (2017 : \$186,000) and \$31,000 (2017 : reversal of \$15,000) respectively.

During the year, the gross carrying amounts of trade receivables of the Group and the Company transferred from lifetime expected credit losses to credit impaired financial assets amounted to \$13,000 (2017 : \$80,000) and \$13,000 (2017 : \$Nil) respectively.

## 7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Other receivables	430	445	780	89	67	–
Interest receivable	860	911	804	829	871	778
Deposits	123	78	118	9	11	10
Prepayments	225	252	246	85	186	177
Total	1,638	1,686	1,948	1,012	1,135	965

The Group's and Company's other receivables and interest receivable are due from outside parties and these receivables are current. The Group and Company has not recognised any allowance as the Management assessed the credit risk to be low.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 8 SUBSIDIARIES

	The Company		
	31 December	31 December	1 January
	2018	2017	2017
	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	25,941	25,941	25,941

Details of subsidiaries are as follows:

Name of entity	Principal activity	Country of incorporation /operation	Company's effective interest			Cost of investment		
			31 December	31 December	1 January	31 December	31 December	1 January
			2018	2017	2017	2018	2017	2017
			%	%	%	\$'000	\$'000	\$'000
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	100	100	100	4,160	4,160	4,160
JIC Inspection Services Pte Ltd	Vehicle inspection and other related services	Singapore	78	78	78	5,663	5,663	5,663
Setsco Services Pte Ltd	Provision of testing, inspection and consultancy services	Singapore	100	100	100	16,118	16,118	16,118
<u>Subsidiaries of Setsco Services Pte Ltd</u>								
Setsco Services (M) Sdn Bhd <sup>(1)</sup>	Provision of testing, inspection and consultancy services	Malaysia	100	100	100	–	–	–
Setsco Consultancy International Pte Ltd	Provision of professional inspection and engineering services	Singapore	100	100	100	–	–	–
SETS Services DMCC <sup>(2)</sup>	Building inspection services	United Arab Emirates	100	100	100	–	–	–
						25,941	25,941	25,941

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

(1) Audited by WT Ng & Co, Malaysia

(2) Audited by Ethics Plus Public Accountants, United Arab Emirates

The Group is in compliance with Listing Rules 712 and 715 of The Singapore Exchange Securities Trading Limited as suitable auditing firms have been appointed to meet the Group's audit obligations. In accordance to Rule 716, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditor for Setsco Services (M) Sdn Bhd and SETS Services DMCC would not compromise the standard and effectiveness of the audit of the Group.

## 8 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		31 December 2018	31 December 2017	1 January 2017
Provision of vehicle inspection services	Singapore	1	1	1
Provision of testing inspection and consultancy services	Singapore	1	1	1
Provision of professional inspection and engineering services	Singapore	1	1	1
Provision of testing inspection and consultancy services	Malaysia	1	1	1
Building inspection services	United Arab Emirates	1	1	1
		5	5	5

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries		
		31 December 2018	31 December 2017	1 January 2017
Vehicle inspection and other related services	Singapore	1	1	1

## 9 ASSOCIATE

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Unquoted equity shares, at cost	50	50	50	—	—	—
Less: Share of post-acquisition reserves	(25)	(25)	(25)	—	—	—
Net	25	25	25	—	—	—

a) Details of the associate is as follows:

Associate of Setsco Consultancy International Pte Ltd	Principal activity	Country of incorporation/ operations	Group's effective interest			Cost of investment		
			31 December 2018 %	31 December 2017 %	1 January 2017 %	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Setsco Middle East Laboratory LLC	Provision of testing, inspection, training, certification and consultancy services	Abu Dhabi, United Arab Emirates/ Dormant	49	49	49	50	50	50

The associate was set up on 30 November 2010 and has been dormant since 2012. The accounts have not been audited. The associate is insignificant.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****9 ASSOCIATE (CONT'D)**

b) Summarised financial information in respect of the Group's associate is set out below:

	<b>31 December 2018 \$'000</b>	<b>31 December 2017 \$'000</b>	<b>1 January 2017 \$'000</b>
Total assets	80	80	80
Total liabilities	(29)	(29)	(29)
Net assets	51	51	51
Group's share of associate's net assets	25	25	25
Loss for the year	–	–	–
Group's share of associate's loss for the year	–	–	–

**10 CLUB MEMBERSHIPS**

	<b>The Group and The Company</b>		
	<b>31 December 2018 \$'000</b>	<b>31 December 2017 \$'000</b>	<b>1 January 2017 \$'000</b>
Cost:			
At beginning and end of year	451	451	451
Accumulated amortisation:			
At beginning of year	128	96	64
Amortisation for the year	32	32	32
At end of the year	160	128	96
Accumulated impairment:			
At beginning and end of year	136	136	136
Carrying amount at end of year	155	187	219

Club membership is amortised over 10 years.

## 11 VEHICLES, PREMISES AND EQUIPMENT

	Leasehold buildings \$'000	Leasehold land \$'000	Furniture, fittings and equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Computers and automated equipment \$'000	Total \$'000
<b>Group</b>							
Cost:							
At 1 January 2017*	56,725	14,813	1,260	37,972	3,017	1,494	115,281
Additions	391	–	100	2,562	566	791	4,410
Disposals	–	–	(46)	(770)	(159)	(80)	(1,055)
Exchange differences	14	–	–	11	4	1	30
At 31 December 2017	57,130	14,813	1,314	39,775	3,428	2,206	118,666
Additions	23,649	–	145	1,588	741	74	26,197
Disposals	(15,317)	–	(43)	(888)	(625)	(80)	(16,953)
Exchange differences	(2)	–	–	(3)	–	–	(5)
At 31 December 2018	65,460	14,813	1,416	40,472	3,544	2,200	127,905
Accumulated depreciation:							
At 1 January 2017	31,156	4,994	860	28,053	1,939	1,115	68,117
Depreciation	2,075	412	184	2,932	460	147	6,210
Disposals	–	–	(45)	(765)	(159)	(80)	(1,049)
Exchange differences	4	–	–	8	3	–	15
At 31 December 2017	33,235	5,406	999	30,228	2,243	1,182	73,293
Depreciation	2,241	412	148	2,783	519	289	6,392
Disposals	(6,262)	–	(43)	(876)	(604)	(80)	(7,865)
Exchange differences	–	–	–	(4)	–	–	(4)
At 31 December 2018	29,214	5,818	1,104	32,131	2,158	1,391	71,816
Carrying amounts:							
At 31 December 2018	36,246	8,995	312	8,341	1,386	809	56,089
At 31 December 2017	23,895	9,407	315	9,547	1,185	1,024	45,373

\* The Group has adopted SFRS(I)s on 1 January 2018 and has elected the option to use fair value as deemed cost for the leasehold land at the date of revaluation which was in March 1995. Subsequent depreciation is based on that deemed cost and starts from the date for which the Group established the deemed cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Leasehold buildings \$'000	Leasehold land \$'000	Furniture, fittings and equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Computers and automated equipment \$'000	Total \$'000
<b>Company</b>							
Cost:							
At 1 January 2017*	38,394	14,813	280	2,283	159	450	56,379
Additions	38	–	18	216	–	115	387
Disposals	–	–	(7)	–	–	(1)	(8)
At 31 December 2017	38,432	14,813	291	2,499	159	564	56,758
Additions	499	–	58	9	72	13	651
Disposals	–	–	(1)	–	–	(12)	(13)
At 31 December 2018	38,931	14,813	348	2,508	231	565	57,396
Accumulated depreciation:							
At 1 January 2017	25,378	4,995	193	919	75	151	31,711
Depreciation	1,183	411	35	151	28	86	1,894
Disposals	–	–	(8)	–	–	(1)	(9)
At 31 December 2017	26,561	5,406	220	1,070	103	236	33,596
Depreciation	1,202	411	38	149	25	103	1,928
Disposals	–	–	(1)	–	–	(12)	(13)
At 31 December 2018	27,763	5,817	257	1,219	128	327	35,511
Carrying amounts:							
At 31 December 2018	11,168	8,996	91	1,289	103	238	21,885
At 31 December 2017	11,871	9,407	71	1,429	56	328	23,162

\* The Company has adopted SFRS(I)s on 1 January 2018 and has elected the option to use fair value as deemed cost for the leasehold land at the date of revaluation which was in March 1995. Subsequent depreciation is based on that deemed cost and starts from the date for which the Company established the deemed cost.

## 11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Details of the Company's and the Group's leasehold land and buildings are as follows:

Held by	Group's effective interest	Location	Approximate land area	Tenure	Usage
The Company	100%	No. 385 Sin Ming Drive Singapore 575718	10,852.6 sq metre	30 years from January 2011 22 years unexpired	Inspection and assessment services
The Company	100%	No. 23 Kaki Bukit Avenue 4 Singapore 415933	9,796.9 sq metre	30 years from January 1997 with option to renew another 30 years 8 years unexpired	Inspection and assessment services
The Company	100%	No. 511 Bukit Batok Street 23 Singapore 659545	9,625.0 sq metre	30 years from October 1995 with option to renew another 30 years 6 years 9 months unexpired	Inspection, testing and assessment services
The Company	100%	No. 20 Changi North Crescent Singapore 499613	6,015.0 sq metre	30 years from May 1995 6 years 4 months unexpired	Inspection services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	5,190.3 sq metre	60 years from July 1983 24 years 6 months unexpired	Inspection services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	1,104.9 sq metre	30 years from July 2013 24 years 6 months unexpired	Inspection services
Setsco Services Pte Ltd	100%	No. 531 Bukit Batok Street 23 Singapore 659547	7,554.5 sq metre	7 years from October 2018 with option to renew another 30 years 6 years 9 months unexpired	Testing, inspection and consultancy services
Setsco Services (M) Sdn Bhd	100%	31 Jln Industri Mas 12 Taman Mas 47100 Puchong Selangor Darul Ehsan West Malaysia	791.5 sq metre	99 years from December 2009 89 years 11 months unexpired	Testing, inspection and consultancy services
JIC Inspection Services Pte Ltd	78%	No. 53 Pioneer Road Singapore 628505	9,190.0 sq metre	30 years from December 1994 5 years 11 months unexpired	Inspection services
JIC Inspection Services Pte Ltd	78%	No. 15 Ang Mo Kio Street 63 Singapore 569117	2,145.0 sq metre	3 years from March 2014, renewed for another 3 years from March 2017 1 years 2 months unexpired	Inspection services

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 12 GOODWILL

	The Group		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Carrying amount:			
At beginning and end of year	11,325	11,325	11,325

Goodwill acquired in business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	The Group		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Testing and inspection services	9,268	9,268	9,268
Vehicle inspection services	2,057	2,057	2,057
	11,325	11,325	11,325

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

### 13 TRADE AND OTHER PAYABLES

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Outside parties	3,437	3,607	2,888	2,148	1,935	1,282
Holding company (Note 4)	115	207	97	75	161	58
Related companies	29	52	35	1	1	2
Accruals	15,498	15,351	14,570	3,381	3,121	3,052
Deferred income	1,025	998	899	111	53	–
Deposits received from customers	1,339	1,307	1,420	731	520	488
Others	1,361	1,350	1,389	310	266	286
Total	22,804	22,872	21,298	6,757	6,057	5,168

The average credit period on purchases of goods and services is 30 days (2017 : 30 days).

### 14 DUE TO SUBSIDIARIES

Included in the payable to subsidiaries is an amount of \$13,822,000 (2017 : \$37,120,000) pertaining to funds held under central pooling which is unsecured and repayable on demand. Subsidiaries, except wholly-owned subsidiaries, receive interest at the rate of 1.62% to 1.99% (2017 : 1.26% to 1.64%) per annum.

### 15 PROVISION FOR RELOCATION COSTS

This pertains to estimated cost, including moving cost and calibration cost of equipment, in relation to the relocation package offered by Jurong Town Corporation and deferred until the relocation to the new premise which is expected to take place in 2020.

## 16 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and Company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation \$'000	Provisions \$'000	Total \$'000
<b>Group</b>			
At 1 January 2017	1,982	(213)	1,769
(Credit) Charge to Profit or Loss for the year (Note 22)	(1)	149	148
At 31 December 2017	1,981	(64)	1,917
(Credit) Charge to Profit or Loss for the year (Note 22)	(382)	126	(256)
At 31 December 2018	1,599	62	1,661
<b>Company</b>			
At 1 January 2017	400	(137)	263
Charge to Profit or Loss for the year	4	15	19
At 31 December 2017	404	(122)	282
Credit to Profit or Loss for the year	(5)	(33)	(38)
At 31 December 2018	399	(155)	244

## 17 SHARE CAPITAL

	The Group and the Company					
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	Number of ordinary shares			\$'000		
Issued and paid up:						
At beginning and end of year	88,642,000	88,642,000	88,642,000	36,284	36,284	36,284

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

## 18 OTHER RESERVES

	The Group and the Company		
	Revaluation reserve \$'000	Capital reserve \$'000	Total \$'000
Balance at 1 January 2017 (previously reported)	3,073	–	3,073
Reclassification on adoption of SFRS(I) 1*	(3,073)	3,073	–
Balance at 1 January 2017 (restated), at 31 December 2017 and at 31 December 2018	–	3,073	3,073

\* The Group and the Company have applied the transition exemption under SFRS(I) to recognise the fair value of the property as the deemed cost at the date of revaluation. Accordingly, the one-off revaluation reserve for the leasehold land (Note 11) valued in March 1995 is classified to capital reserve within other reserves.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****19 REVENUE**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Inspection and testing services	95,255	92,290
Rental income	2,911	2,908
Others	1,897	1,836
	<b>100,063</b>	<b>97,034</b>

Majority of the revenue is derived from Singapore.

**20 OTHER INCOME**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on surrender of lease	14,796	–
Provision for relocation costs	(7,053)	–
	<b>7,743</b>	<b>–</b>

**21 STAFF COSTS**

- a) The remuneration of the Directors (executive and non-executive) and key executives comprises mainly of short term benefits amounting to \$2,588,000 (2017 : \$2,398,000).

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of defined contribution plans (included in staff costs)	3,789	3,830

The employees of the Company and some of the subsidiaries are members of defined contribution retirement schemes. The Company and these subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement schemes to fund the benefits. The only obligation of the Company and these subsidiaries with respect to the schemes is to make the specified contributions.

**22 TAXATION**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Taxation charge (credit) in respect of profit for the financial year:		
Current taxation		
Singapore	6,367	5,148
Foreign	53	54
Deferred tax (Note 16)	(63)	117
Adjustments in respect of (over) under provision in prior years:		
Current taxation	(186)	(308)
Deferred tax (Note 16)	(193)	31
	<b>5,978</b>	<b>5,042</b>

## 22 TAXATION (CONT'D)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2017 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2018	2017
	\$'000	\$'000
Profit before taxation	41,137	31,976
Taxation at the domestic income tax rate of 17% (2017 : 17%)	6,993	5,436
Non-(taxable) allowable items	(529)	420
Tax-exempt income	(120)	(106)
Overprovision in prior years (net)	(379)	(277)
Tax benefits under Productivity and Innovation Credit Scheme	–	(451)
Effect of different tax rates of subsidiary operating in other jurisdiction	13	20
	5,978	5,042

## 23 PROFIT AFTER TAXATION

In addition to the charges and (credits) disclosed elsewhere in the notes to the Income Statement, this item includes the following charges (credits):

	The Group	
	2018	2017
	\$'000	\$'000
Directors' fees	465	415
Foreign currency exchange adjustment loss	23	25
Gain on:		
Disposal of vehicles, premises and equipment	(17)	(15)
Surrender of lease	(14,796)	–
Provision for relocation costs	7,053	–
Allowance for expected credit losses	305	272
Cost of inventories recognised as expense	5	20
Government Grants:		
Special Employment Credit Scheme	(85)	(133)
Wage Credit Scheme	(277)	(239)
Temporary Employment Credit	(53)	(179)
Audit fees:		
Auditors of the Company	64	64
Other auditors	4	4
Non-audit fees:		
Auditors of the Company	27	41
Other auditors	1	1

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 24 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2018	2017
Profit attributable to shareholders of the Company (\$'000)	34,700	26,503
Weighted average number of ordinary shares in issue (thousands)	88,642	88,642
Basic earnings per share (in cents)	39.15	29.90

Fully diluted earnings per share is the same as the basic earnings per share as there is no dilutive shares outstanding at the end of financial year ended 31 December 2018 and 31 December 2017.

### 25 SEGMENT INFORMATION

The Group operates predominantly in Singapore. All vehicle inspection and non-vehicle testing services are managed and reported together as one segment in order to improve productivity and efficiency as these services have similar economic characteristics and processes. Hence there are no other reportable segments to be presented.

### 26 CAPITAL EXPENDITURE COMMITMENTS

The Group has the following capital commitments contracted but not provided for in the Financial Statements:

	The Group	
	2018 \$'000	2017 \$'000
Purchase of vehicles, premises and equipment	1,335	1,294

### 27 OPERATING LEASE ARRANGEMENTS

#### The Group as lessee

	The Group	
	2018 \$'000	2017 \$'000
Minimum lease payments under operating leases recognised as an expense in the year	1,976	2,038

The annual rentals for certain premises are subject to review every year at a variable rate up to a maximum of 5.5% (2017 : 5.5%) of the immediate preceding years' annual rent. Leases are negotiated for an average term of 30 years and rentals are fixed for an average of a year.

At the end of the reporting period, the Group has commitments in respect of non-cancellable operating leases, at prevailing rental rates, as follows:

	The Group	
	2018 \$'000	2017 \$'000
Within one year	1,998	1,994
In the second to fifth year inclusive	7,152	7,244
After five years	6,881	14,328
Total	16,031	23,566

## 27 OPERATING LEASE ARRANGEMENTS (CONT'D)

### The Group as lessor

The Group rents out their lettable space in Singapore. Rental income earned by the Group during the year was \$2,911,000 (2017 : \$2,908,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	The Group	
	2018 \$'000	2017 \$'000
Within one year	2,447	2,197
In the second to fifth year inclusive	3,212	2,503
Total	5,659	4,700

## 28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) Categories of financial instruments

	The Group			The Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
<b>Financial Assets</b>						
Receivables (including cash and cash equivalent)	122,367	122,365	120,642	77,888	107,423	105,868
<b>Financial Liabilities</b>						
Amortised Cost	27,493	20,567	18,979	21,619	44,316	40,874

### (b) Financial risk management policies and objectives

The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. It is the Group's policy not to participate in speculative financial instruments. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

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

### Foreign exchange risk management

The Group operates predominantly in Singapore and therefore is not exposed to any material foreign currency exchange risk.

### Interest rate risk management

The Group's exposure to interest rate risks relate primarily to its fixed deposit placements with financial institutions. The Group's policy is to obtain the most favourable interest rate available without exposing itself to any unnecessary risk. Interest rate risk is managed by placing deposits on varying maturities and terms. Based on the current interest rate level, any future variations in interest rates are not expected to have significant impact on the Group's results.

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)****Credit risk management**

The Group has policies in place to ensure that customers are of adequate financial standing and have appropriate credit history. In its management of credit risk, the Group practises stringent credit review and sets counterparty credit limits. There is no significant concentration of credit risk.

Cash and deposits are kept with reputable financial institutions. There is no significant concentration of credit risk.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk as disclosed in the notes to the Financial Statements.

**Liquidity risk management**

The Group regularly reviews its liquidity position comprising free cash flows from its operations and credit facilities with banks. It ensures that there are sufficient credit lines available to support its liquidity needs.

**Fair values of financial assets and financial liabilities**

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate the respective fair values due to the relatively short-term maturity of these financial instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a. quoted prices in active markets for identical assets or liabilities (Level 1);
- b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- c. inputs for the asset or liability that are not based on observable market data (Level 3).

**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 shareholders through the optimisation of the equity balance.

The Group's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. Management monitors the gross and net gearing of the Group and its implication on weighted average cost of capital in deciding the optimal capital structure. These objectives determine the Group's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt.

No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017.

## 29 DIVIDENDS

(a) During the financial year, the Company paid dividends as follows:

	2018 \$'000	2017 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 22.88 cents (2017 : 8.50 cents) per ordinary share	20,281	7,535
Tax-exempt one-tier special dividend in respect of the previous financial year:		
– nil cents (2017 : 10.00 cents) per ordinary share	–	8,864
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 13.46 cents (2017 : 13.12 cents) per ordinary share	11,932	11,630
<b>Total</b>	<b>32,213</b>	<b>28,029</b>

(b) Subsequent to the end of the reporting period, the Directors of the Company recommended that:

- (i) a tax-exempt one-tier final dividend of 23.17 cents per ordinary share totalling \$20,538,000 be paid for the financial year ended 31 December 2018; and
- (ii) a tax-exempt one-tier special dividend of 8.62 cents per ordinary share totalling \$7,641,000 be paid for the financial year ended 31 December 2018.

The dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividends have not been accrued as a liability for the current financial year.

Together with the tax exempt one-tier interim dividend of 13.46 cents per ordinary share (2017 : 13.12 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2018 will be 45.25 cents per ordinary share (2017 : 36.00 cents per ordinary share).

## 30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the SFRS(I)s, that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's and Company's opening Statements of Financial Position under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

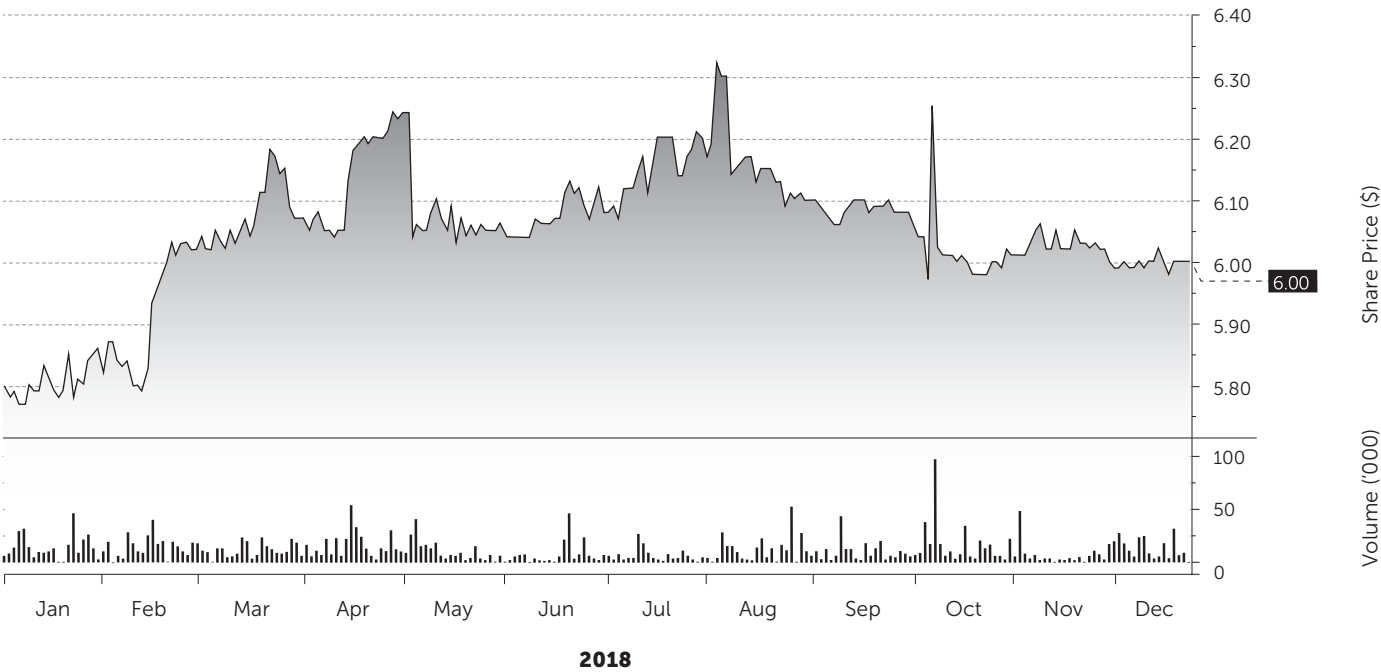
The Group has applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. As a result, a cumulative foreign currency translation loss of \$265,000 was reclassified from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group has reclassified the revaluation reserve relating to a property to capital reserve within other reserves at the date of transition on 1 January 2017 in accordance with SFRS(I) 1.

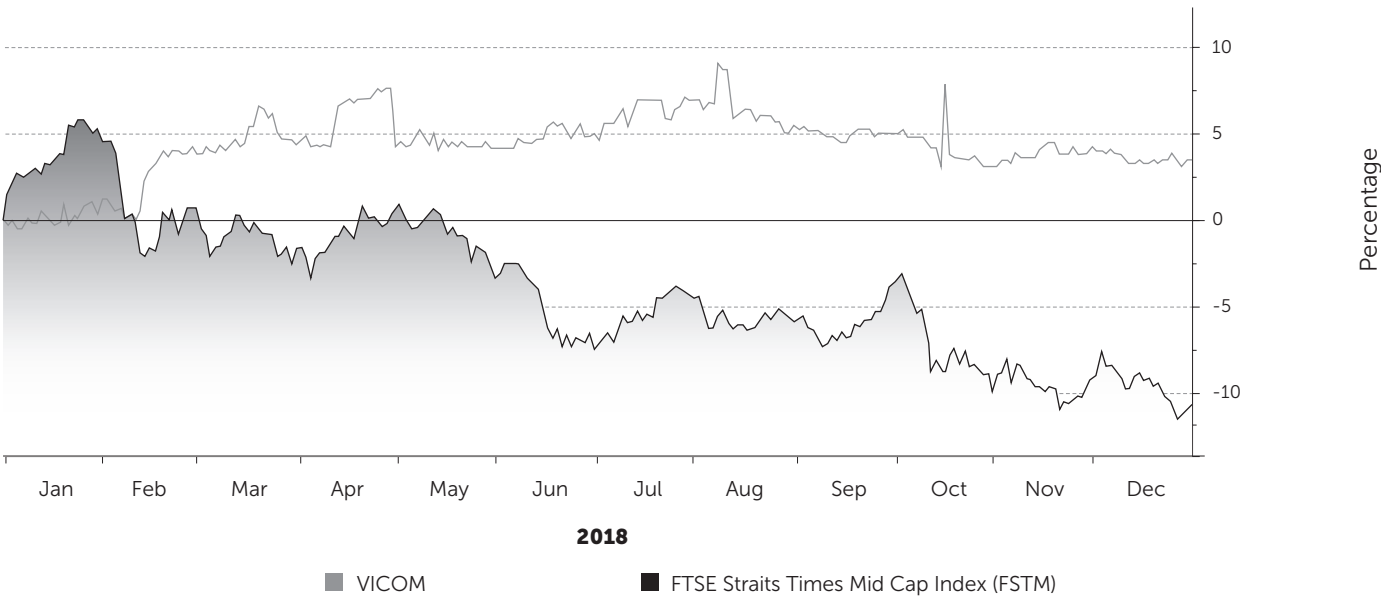
The transition to SFRS(I) and the initial application of SFRS(I) 15 have no impact to the Group Operating Profit and the Group Cash Flow Statement. The adoption of SFRS(I)s has no material impact on the Group's Financial Statements.

# SHARE PRICE MOVEMENT CHART

VICOM’s Share Price Movement and Volume Turnover



Comparison of Performance of VICOM’s Share Price and the FTSE Straits Times Mid Cap Index (FSTM)



Source: Bloomberg Finance L.P.

## SHAREHOLDING STATISTICS

AS AT 26 FEBRUARY 2019

NUMBER OF SHARES ISSUED	:	88,642,000
CLASS OF SHARES	:	Ordinary shares with equal voting rights
VOTING RIGHTS	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	1	0.03	2	0.00
100-1,000	1,783	52.13	1,505,298	1.70
1,001 – 10,000	1,357	39.68	5,000,005	5.64
10,001 – 1,000,000	276	8.07	16,661,333	18.80
1,000,001 & ABOVE	3	0.09	65,475,362	73.86
TOTAL:	3,420	100.00	88,642,000	100.00

### TOP TWENTY SHAREHOLDERS AS AT 26 FEBRUARY 2019

NAME	NO. OF SHARES	%
COMFORTDELGRO CORPORATION LIMITED	59,440,000	67.06
DBS NOMINEES PTE LTD	3,201,675	3.61
RAFFLES NOMINEES (PTE) LIMITED	2,833,687	3.20
CHU CHEE LEONG	942,000	1.06
SZE THIAM SIONG	772,000	0.87
UNITED OVERSEAS BANK NOMINEES PTE LTD	753,000	0.85
MRS HELEN ONG YONG KHEE NEE TANG HELEN @HELEN TAN SIOK WAN	532,000	0.60
QUAH SIEW KWEE	501,500	0.56
CITIBANK NOMINEES SINGAPORE PTE LTD	484,433	0.55
QUAH SIEW ENG EILEEN	416,250	0.47
OCBC NOMINEES SINGAPORE PTE LTD	406,000	0.46
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	380,800	0.43
LOW LAN ENG	378,000	0.43
EUNICE QUAH SIEW THYE	376,250	0.42
POH ENG CHOO MARY	352,000	0.40
TAN KENG SOON HOMER	324,000	0.36
TAN KUANGXU	307,000	0.35
PANG CHEOW JOW	301,000	0.34
HSBC (SINGAPORE) NOMINEES PTE LTD	262,200	0.29
TAN SIAK HUAN	228,000	0.26
TOTAL:	73,191,795	82.57

SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%
COMFORTDELGRO CORPORATION LIMITED	59,440,000	67.06

As at 26 February 2019, approximately 31.73% of the issued shares of VICOM Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**VICOM Ltd**

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 198100320K)

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting\* of the Company will be held at the **Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701** on Wednesday, 24 April 2019 at 10.00 a.m. for the purpose of transacting the following business:

**ORDINARY BUSINESS:**

- |    |  |                       |
|----|--|-----------------------|
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements for the Financial Year ended 31 December 2018 together with the Auditors' Report thereon.   | <b>(Resolution 1)</b> |
| 2. | To declare a tax-exempt one-tier final dividend of 23.17 cents per ordinary share and a tax-exempt one-tier special dividend of 8.62 cents per ordinary share in respect of the Financial Year ended 31 December 2018. | <b>(Resolution 2)</b> |
| 3. | To approve the payment of Directors' fees of \$427,439 for the Financial Year ended 31 December 2018. (FY2017: \$377,894)  | <b>(Resolution 3)</b> |
| 4. | To re-elect Mr Lim Jit Poh, a Director retiring pursuant to Regulation 98(b) of the Company's Constitution. [Please refer to Explanatory Note (a)]   | <b>(Resolution 4)</b> |
| 5. | To re-elect Mr Sim Wing Yew, a Director retiring pursuant to Regulation 98(b) of the Company's Constitution. [Please refer to Explanatory Note (b)]  | <b>(Resolution 5)</b> |
| 6. | To re-elect Mr Goh Yeow Tin, a Director retiring pursuant to Regulation 98(b) of the Company's Constitution. [Please refer to Explanatory Note (c)]  | <b>(Resolution 6)</b> |
| 7. | To re-elect Mr Soh Chung Hian, a Director retiring pursuant to Regulation 99 of the Company's Constitution. [Please refer to Explanatory Note (d)]   | <b>(Resolution 7)</b> |
| 8. | To re-elect Dr Tan Kim Siew, a Director retiring pursuant to Regulation 99 of the Company's Constitution. [Please refer to Explanatory Note (e)]   | <b>(Resolution 8)</b> |
| 9. | To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their Remuneration.  | <b>(Resolution 9)</b> |

\* Light refreshments will be served after the Annual General Meeting

**BOOKS CLOSURE AND DIVIDEND PAYMENT DATES**

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 4 May 2019 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 23.17 cents per ordinary share and a tax-exempt one-tier special dividend of 8.62 cents per ordinary share for the Financial Year ended 31 December 2018.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 3 May 2019 will be registered to determine Shareholders' entitlements to the final and special dividends. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 May 2019 will be entitled for the proposed final and special dividends.

The final and special dividends, if approved by the Shareholders at the Thirty-Eighth Annual General Meeting of the Company, will be paid on 10 May 2019.

By Order of the Board

Chan Wan Tak, Wendy  
Yeo Tee Yeok, Edwin  
Joint Company Secretaries  
Singapore  
25 March 2019

**Notes:**

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

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- 2 A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time appointed for holding the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

### Personal data privacy:

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

### Explanatory Notes

- (a) Ordinary Resolution 4. Mr. Lim Jit Poh, if re-elected<sup>1</sup>, will continue to serve as Chairman of the Board and a Member of both the Nominating Committee and Remuneration Committee.
- (b) Ordinary Resolution 5. Mr Sim Wing Yew, if re-elected<sup>1</sup>, will continue to serve as Executive Director and Chief Executive Officer.
- (c) Ordinary Resolution 6. Mr Goh Yeow Tin, if re-elected<sup>1</sup>, will continue to serve as Lead Independent Director, Chairman of the Nominating Committee and a Member of the Audit and Risk Committee. Mr Goh is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.
- (d) Ordinary Resolution 7. Mr Soh Chung Hian, if re-elected<sup>1</sup>, will continue to serve as Chairman of the Audit and Risk Committee and a Member of the Nominating Committee. Mr Soh is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.
- (e) Ordinary Resolution 8. Dr Tan Kim Siew, if re-elected<sup>1</sup>, will continue to serve as a Member of the Nominating Committee and the Remuneration Committee.

<sup>1</sup> Detailed information on the Directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Directors' Particulars" and "Additional Information on Directors Seeking Re-election" in the 2018 Annual Report of the Company.

This page has been intentionally left blank.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Lim Jit Poh, Mr Sim Wing Yew, Mr Goh Yeow Tin, Mr Soh Chung Hian and Dr Tan Kim Siew, all of whom are seeking re-election as Directors at the 38<sup>th</sup> Annual General Meeting, is to be read in conjunction with their respective biographies on pages 9 to 13.

	<b>LIM JIT POH</b> <b>Chairman</b> <b>(Non-Executive &amp;</b> <b>Non-Independent Director)</b>	<b>SIM WING YEW</b> <b>(Executive &amp;</b> <b>Non-Independent Director)</b>
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment	As a founding Director, Mr Lim has deep institutional knowledge and business experience with the Group. His leadership will continue to enhance board deliberations and set direction for growth.	Mr Sim, who is the Chief Executive Officer (CEO) of VICOM Ltd since 2012, has the requisite experience, qualification and capability to continue to contribute positively as the CEO and Executive Director and set direction for growth.
Working experience and occupations(s) during the past 10 years	<p><b>2009 – 2018</b> Chairman of ComfortDelGro Corporation Limited, its listed subsidiaries, SBST Transit Ltd and VICOM Ltd and unlisted subsidiaries of the ComfortDelGro Group. Mr Lim's principal directorships of the ComfortDelGro Group can be found under the section entitled "Directors' Particulars" in the 2018 Annual Report. Chairman of other listed companies:</p> <ul style="list-style-type: none"> <li>• Ascott Residence Trust Management Ltd (till 2016)</li> <li>• China Printing &amp; Dyeing Holding Limited (till 2012)</li> <li>• Eng Kong Holdings Limited (till 2010)</li> </ul> <p>Director of Maybank Kim Eng Holdings Limited (till 2013)</p> <p>Director of other unlisted companies:</p> <ul style="list-style-type: none"> <li>• Family Leisure Pte Ltd</li> <li>• NCI Golf Pte Ltd</li> <li>• Pasir Ris Resort Pte Ltd</li> <li>• SLF Leisure Enterprises (Pte) Ltd</li> <li>• Surbana Property Investment Pte Ltd</li> <li>• CapitaLand Township Development Fund Pte Ltd</li> <li>• CapitaLand Township Development Fund II Pte Ltd</li> </ul>	<p><b>2012 – 2018</b> CEO of VICOM Ltd</p> <p><b>2011 – 2012</b> CEO of ComfortDelGro Engineering Pte Ltd</p> <p><b>2008 – 2011</b> COO of ComfortDelGro Engineering Pte Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: VICOM – 190,000	Direct interest: VICOM – 10,000

GOH YEOW TIN (Non-Executive & Lead Independent Director)	SOH CHUNG HIAN (Non-Executive & Independent Director)	TAN KIM SIEW (Non-Executive & Independent Director)
Singapore	Singapore	Singapore
Mr Goh has vast experience in business management and deep knowledge of the Group which will continue to enhance board deliberations and contribute towards the core competencies of the Board.	Mr Soh's extensive experience in audit and accounting will continue to add relevant knowledge, skills, experience and diverse views to the Board.	Dr Tan, a qualified engineer, has vast experience in the Civil Service, which will enhance board deliberations and contribute towards the core competencies of the Board.
<b>2009 – 2018</b> Director of the following listed companies: <ul style="list-style-type: none"> <li>• TLV Holdings Limited (since 2015)</li> <li>• KTMG Limited (formerly known as Leren Bio-Chem Ltd.) (since 2007)</li> <li>• Sheng Siong Group Ltd (since 2011)</li> <li>• AsiaPhos Limited (since 2013)</li> <li>• OEL (Holdings) Limited (till 2015)</li> <li>• Singapore Post Limited (2014 – 2016)</li> </ul> Director of Seacare Foundation Pte Ltd (since 2016)  Director of Seacare Medical Holdings Pte Ltd (since 2007)	<b>2013 – 2018</b> Director of the following listed companies: <ul style="list-style-type: none"> <li>• Lum Chang Holdings Limited (since 2003)</li> <li>• QAF Limited (2014 – 2016)</li> <li>• Eu Yang San International Ltd (till 2016)</li> <li>• British and Malayan Holdings Limited (since 2017) and its wholly-owned subsidiary, British and Malayan Trustees Limited (since 2016)</li> <li>• Sunright Limited (since 2018)</li> </ul> Director of JDJ Investment Pte Ltd (since 2013)  <b>2009 – 2012</b> Audit Partner – Ernst & Young	<b>2009 – 2018</b> Chairman of Governing Board, Mechanobiology Institute, National University of Singapore (since 2015)  Senior Consultant, Ministry of Finance (since 2014)  Commissioner of Inland Revenue, Inland Revenue of Singapore (2012 – 2014)  Permanent Secretary (Defence Development), Ministry of Defence (till 2012)
No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>LIM JIT POH Chairman (Non-Executive &amp; Non-Independent Director)</b>	<b>SIM WING YEW (Executive &amp; Non-Independent Director)</b>
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	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer (Yes or No)	Yes	Yes
(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	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	No
(c) Whether there is any unsatisfied judgement against him?	No	No

<b>GOH YEOW TIN (Non-Executive &amp; Lead Independent Director)</b>	<b>SOH CHUNG HIAN (Non-Executive &amp; Independent Director)</b>	<b>TAN KIM SIEW (Non-Executive &amp; Independent Director)</b>
No	No	No
No	No	No
Yes	Yes	Yes
No	No	No
No	No	No
No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>LIM JIT POH Chairman (Non-Executive &amp; Non-Independent Director)</b>	<b>SIM WING YEW (Executive &amp; Non-Independent Director)</b>
(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	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	No
(f) Whether at any time during the last 10 years, judgement 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	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	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	No

<b>GOH YEOW TIN (Non-Executive &amp; Lead Independent Director)</b>	<b>SOH CHUNG HIAN (Non-Executive &amp; Independent Director)</b>	<b>TAN KIM SIEW (Non-Executive &amp; Independent Director)</b>
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>LIM JIT POH Chairman (Non-Executive &amp; Non-Independent Director)</b>	<b>SIM WING YEW (Executive &amp; Non-Independent Director)</b>
(i) Whether he has ever been the subject of any order, judgement 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	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		
(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		
(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		
(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,  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	No

GOH YEOW TIN (Non-Executive & Lead Independent Director)	SOH CHUNG HIAN (Non-Executive & Independent Director)	TAN KIM SIEW (Non-Executive & Independent Director)
No	No	No
No	No	No
No	No	No

This page has been intentionally left blank.

# VICOM LTD

(Incorporated in the Republic of Singapore)  
(Co. Reg. No.: 198100320K)

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who intend to exercise the voting rights attached to their VICOM Ltd shares purchased using their CPF monies are requested to contact their respective CPF Approved Nominees.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 March 2019.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number)  
of \_\_\_\_\_ (Address)

being a member/members of VICOM Ltd (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding (%) (Note 2)

and/or (delete as appropriate)

--	--	--	--

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Wednesday, 24 April 2019 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
<b>Ordinary Business</b>			
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final and Special Dividends		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Lim Jit Poh as Director		
5.	Re-election of Mr Sim Wing Yew as Director		
6.	Re-election of Mr Goh Yeow Tin as Director		
7.	Re-election of Mr Soh Chung Hian as Director		
8.	Re-election of Dr Tan Kim Siew as Director		
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### Total Number of Shares Held (Note 1)

Signature(s) of Member(s)/Common Seal

### IMPORTANT: PLEASE READ NOTES OVERLEAF

Should a member wish to receive acknowledgement of receipt of the Proxy Form from the Company, please provide your email address and/or mobile phone number.

Email Address: \_\_\_\_\_ Mobile Phone No: \_\_\_\_\_

**LIGHT REFRESHMENTS WILL BE SERVED AFTER THE AGM**

**NOTES:**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time set for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

*Fold along this line*

Affix  
postage  
stamp

**THE COMPANY SECRETARY**  
VICOM Ltd  
205 Braddell Road  
Singapore 579701

*This flap is for sealing. Glue all sides firmly. Stapling and spot sealing are disallowed.*

*Glue all sides firmly. Stapling and spot sealing are disallowed.*

*Glue all sides firmly. Stapling and spot sealing are disallowed.*

**PLEASE NOTE THAT THIS YEAR'S  
ANNUAL GENERAL MEETING WILL BE HELD AT:**

AUDITORIUM  
COMFORTDELGRO HEADQUARTERS  
205 BRADDELL ROAD  
SINGAPORE 579701

Light refreshments will be served  
after the Annual General Meeting

All rights reserved. Some information in this Annual Report constitute 'forward looking statements', which reflect VICOM's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside VICOM's control. You are urged to view all forward looking statements with caution. No information herein should be reproduced without the express written permission of VICOM Ltd. All information herein is correct at the time of publication. For updated information, please contact our Corporate Office.



**VICOM Ltd**

385 Sin Ming Drive  
Singapore 575718

Mainline (65) 6458 4555  
Facsimile (65) 6458 1040  
[www.vicom.com.sg](http://www.vicom.com.sg)  
Company Registration No. 198100320K