

**EYE ON**

**THE**

**FUTURE**

**ANNUAL  
REPORT**

**2022**

**OUR  
VISION**

**WE ASPIRE TO BE  
THE PREFERRED  
PROVIDER OF  
INSPECTION  
AND TESTING  
SERVICES**

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## **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.

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# CHAIR MAN'S STATEMENT



### **OUR BUSINESSES AND STRATEGIES**

In 2022, the Singapore economy rebounded with the relaxation of COVID-19 restrictions and, with that, our performance. But even as the challenges posed by the pandemic ebb, new ones have emerged. High inflation and threats of a slowdown in economic growth are pain-points we are watching closely as we pursue our long-term growth strategy.

VICOM Ltd has two businesses – vehicle inspection, and non-vehicle testing, inspection, and certification.

The vehicle testing business did well in 2022 with the periodic inspection for vehicles clocking a record high of 534,840 inspections, compared to 523,639 in 2021. However, there is a limit to how much our vehicle inspection business can grow as Singapore's car population is unlikely to be allowed to increase.

As such, following a strategic review led by the Board, we have mapped out a four-pronged strategy to grow our non-vehicle testing business, that I will now elaborate on.

Firstly, we will extend our current capabilities on testing, inspection and certification to adjacent areas, and also develop capabilities to exploit new opportunities in these areas. We are currently drawing up plans to build more test laboratories on a new plot of land that we have secured in Jalan Papan. This plot will also house the current vehicle inspection at Pioneer which we will have to vacate by 2026.

Secondly, we will continue to look for business opportunities in technology areas we are not yet in. We will also leverage on technology to increase productivity and efficiency through robotic process automation and digitalisation. To ensure adequate focus on this, we have recruited a Chief Technology Officer and have formed a Technology Committee at Board level to drive this.

The third prong of our growth strategy relates to our people and the deepening of our knowledge as a Group. We will continue to invest in training and re-training to ensure that our staff are constantly upskilling and cross training to expand their skillsets.

# CHAIRMAN'S STATEMENT



A bus undergoing emission testing

Fourthly, we will strengthen our customer engagement by refreshing our websites and launching new customer-facing applications. This change will not be merely cosmetic, as we will introduce data analytics to enable us to engage our customers better.

As a good corporate citizen, we will embed Environmental, Social and Corporate Governance (ESG) principles in our strategies. To this end, a Sustainability Committee that was formed in 2021 has made good progress. Aggressive steps have been taken to pluck low-hanging fruits, like getting the charging infrastructure ready for the switch to electric vehicles during fleet renewal, and contracting to install solar panels at six of our premises. A thorough stock-take has been done to ensure that we meet all the sustainability reporting requirements mandated by the Singapore Stock Exchange, and this could be viewed in our Sustainability Report that can be found on our website.

## FINANCIAL RESULTS

Group revenue increased by 7.3% to \$108.3 million, while operating profit grew by 5.4% to \$32.7 million (If we were to exclude COVID-19 Government reliefs, the operating profit increase was 11.1%). Net profit attributable to shareholders increased by 5.7% to \$26.2 million.

## CORPORATE GOVERNANCE

In the annual Singapore Governance and Transparency Index 2022, VICOM scored 103 and performed significantly better than the average score of 70.6. We were ranked 14 out of 489 listed companies surveyed.

## THE YEAR AHEAD

Demand for vehicle testing is expected to remain stable in 2023; while, barring unforeseen circumstances, demand for non-vehicle testing is expected to increase with the full resumption of activities in the national economy. However, the Group's profit margins will continue to be under pressure due to inflationary pressures and greater competition, especially in the non-vehicle testing business.

## APPRECIATION

Let me place on record my appreciation for my predecessor, Mr Lim Jit Poh, who retired as Chairman and Director of VICOM on 27 April 2022, after serving on the Board for 41 years. In recognition of his tremendous contributions to the VICOM Group, the Board accorded him the title of Chairman Emeritus, and he continued to hold an advisory position as Senior Advisor to provide continuity for the Group. He will step down as Senior

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Advisor at the end of the upcoming Annual General Meeting. On behalf of the Board of Directors, I wish to thank Mr Lim for his guidance to me and the entire VICOM Board. I would also like to thank my fellow Directors for their invaluable contributions during this transition.

I wish to also thank Mr Yang Ban Seng who has retired as Deputy Chairman and Director of VICOM on 31 December 2022 when he retired as Managing Director/Group Chief Executive Officer (CEO) of our parent company, ComfortDelGro Corporation Limited. I welcome Mr Cheng Siak Kian, who succeeded Mr Yang Ban Seng in ComfortDelGro, as the new VICOM Deputy Chairman and Director, and member of the Nominating and Remuneration Committee and the Technology Committee.

Professor Ooi Beng Chin, a Director of the ComfortDelGro Board, also joined as a nominee Director and a member of the Technology Committee. Beng Chin brings with him expertise in the areas of Information Technology, blockchain, Artificial Intelligence and large-scale analytics.

I would like to thank the entire Management and staff for the excellent effort and teamwork that enabled VICOM to rapidly rebound to normalcy in 2022.

My heartiest congratulations to our CEO Mr Sim Wing Yew for receiving the "Best CEO Award" at the Singapore Corporate Awards 2022. This is a well-deserved recognition of his strong leadership as he successfully steered VICOM through the huge operational obstacles VICOM encountered during the COVID-19 pandemic.

My appreciation also for our SETSCO CEO, Mr Sze Thiam Siong, who retired on 28 February 2023 after helming our non-vehicle testing subsidiary for 42 years. Thiam Siong started the Company in 1980 with just 25 staff in Non-Destructive Testing and concrete testing. It now boasts a staff strength of over 700 and covers a broad range of testing services.

I wish to thank all the Authorities for all their assistance, financial and otherwise, in helping us through the pandemic. I also wish to express my deepest appreciation to the Union that worked with us during these trying times.

And finally, to our Shareholders, thank you for your continued support.

**TAN KIM SIEW**

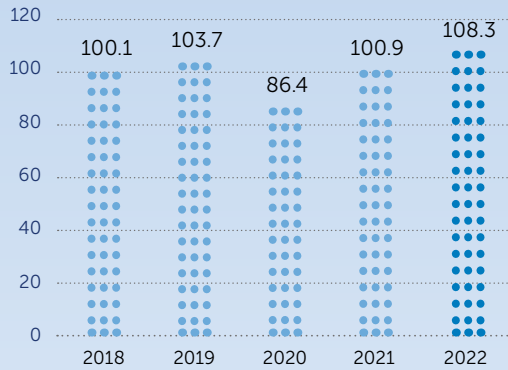
CHAIRMAN

MARCH 2023

# GROUP FINANCIAL HIGHLIGHTS

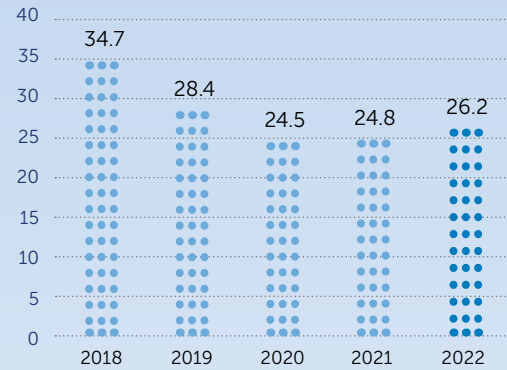
## REVENUE

(\$'mil)



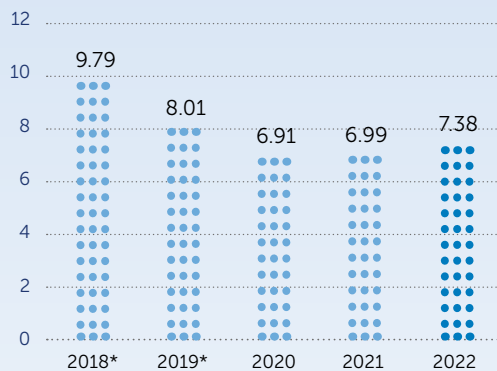
## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(\$'mil)



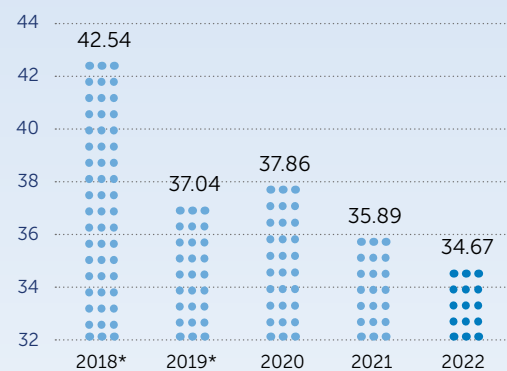
## EARNINGS PER ORDINARY SHARE

(cents)



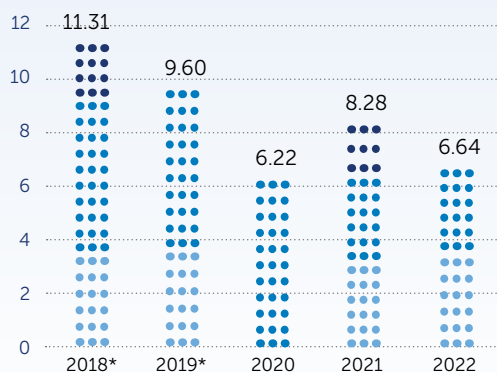
## NET ASSET VALUE PER ORDINARY SHARE

(cents)



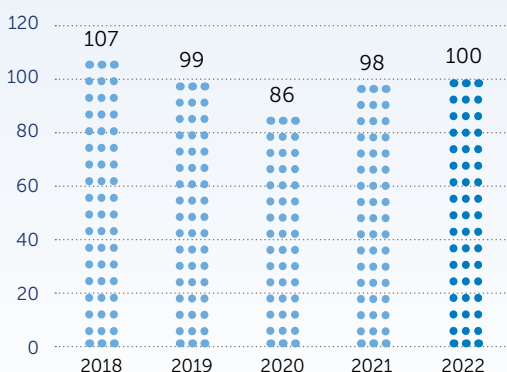
## TOTAL DIVIDEND PER ORDINARY SHARE

(cents)



## VALUE-ADDED PER EMPLOYEE

(\$'000)



● INTERIM ● FINAL ● SPECIAL

\* Adjusted for the increase in the number of ordinary shares resulting from the share split on 12 June 2020 for the Financial Years 2018 to 2019.



## FINANCIAL SUMMARY

|  | 2018  | 2019  | 2020  | 2021  | 2022  |
|--|-------|-------|-------|-------|-------|
| Revenue (\$'mil)                             | 100.1 | 103.7 | 86.4  | 100.9 | 108.3 |
| Other Income (\$'mil)                        | 7.7   | –     | –     | –     | –     |
| Operating Costs (\$'mil)                     | 68.1  | 69.5  | 57.1  | 69.9  | 75.6  |
| Operating Profit (\$'mil)                    | 39.7  | 34.2  | 29.3  | 31.0  | 32.7  |
| Profit Attributable to Shareholders (\$'mil) | 34.7  | 28.4  | 24.5  | 24.8  | 26.2  |
| EBITDA (\$'mil)                              | 46.1  | 41.6  | 36.7  | 38.2  | 39.9  |
| Issued capital (\$'mil)                      | 36.3  | 36.3  | 36.3  | 36.3  | 36.3  |
| Capital and reserves (\$'mil)                | 150.8 | 131.3 | 134.3 | 127.3 | 122.9 |
| Capital disbursement (\$'mil)                | 26.2  | 5.4   | 15.0  | 12.3  | 8.9   |
| Return on shareholders' equity (%)           | 23.2  | 20.1  | 18.4  | 18.9  | 20.9  |
| Earnings per ordinary share* (cents)         | 9.79  | 8.01  | 6.91  | 6.99  | 7.38  |
| Net asset value per ordinary share* (cents)  | 42.54 | 37.04 | 37.86 | 35.89 | 34.67 |
| Interim dividend per ordinary share* (cents) | 3.36  | 3.53  | –     | 3.04  | 3.32  |
| Final dividend per ordinary share* (cents)   | 5.79  | 6.07  | 6.22  | 3.24  | 3.32  |
| Special dividend per ordinary share* (cents) | 2.16  | –     | –     | 2.00  | –     |
| Total dividend per ordinary share*           | 11.31 | 9.60  | 6.22  | 8.28  | 6.64  |
| Dividend cover (number of times)             | 0.9   | 0.8   | 1.1   | 0.8   | 1.1   |

## VALUE-ADDED FOR THE GROUP

|   | 2018       |       | 2019      |       | 2020      |       | 2021      |       | 2022       |       |
|---|------------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
|   | \$'000     | %     | \$'000    | %     | \$'000    | %     | \$'000    | %     | \$'000     | %     |
| Suppliers of capital<br>– dividends           | 32,677     | 35.5  | 41,118    | 46.0  | 21,777    | 29.4  | 33,533    | 39.4  | 30,778     | 34.2  |
| Taxation to the government                    | 6,589      | 7.1   | 6,763     | 7.5   | 5,106     | 6.9   | 5,851     | 6.9   | 6,716      | 7.5   |
| Retained earnings                             | 8,022      | 8.7   | (5,090)   | (5.7) | 11,283    | 15.3  | 354       | 0.4   | 2,580      | 2.9   |
| Employees<br>– salaries and other staff costs | 44,857     | 48.7  | 46,667    | 52.2  | 35,784    | 48.4  | 45,362    | 53.3  | 49,895     | 55.4  |
| Total value-added                             | 92,145     | 100.0 | 89,458    | 100.0 | 73,950    | 100.0 | 85,100    | 100.0 | 89,969     | 100.0 |
| Number of employees                           | 865        |       | 901       |       | 863       |       | 864       |       | 899        |       |
| Value-added per employee (\$'000)             | <b>107</b> |       | <b>99</b> |       | <b>86</b> |       | <b>98</b> |       | <b>100</b> |       |

\* Adjusted for the increase in the number of ordinary shares resulting from the share split on 12 June 2020 for the Financial Years 2018 to 2019.

# BOARD OF DIRECTORS

As at 1 March 2023

## TAN KIM SIEW

CHAIRMAN  
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
**1 MAY 2018**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
**27 APRIL 2022**

**DR TAN KIM SIEW** is the Chairman and an Independent Non-Executive Director of VICOM Ltd. He is the Chairman of the Nominating and Remuneration Committee and a member of both the Technology Committee and the Sustainability Committee. He is also an Independent Non-Executive Director of SBS Transit Ltd.

Dr Tan is presently a Senior Consultant in the Ministry of Finance and the Chairman of the Governing Board for the Mechanobiology Institute, National University of Singapore. From 2012 to 2014, Dr Tan served as the 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 Chief Executive Officer 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 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, United Kingdom.

## CHENG SIAK KIAN

DEPUTY CHAIRMAN  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
**1 JANUARY 2023**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
**N.A.**

**MR CHENG SIAK KIAN** is the Deputy Chairman of VICOM Ltd. He is a Non-Independent Non-Executive Director of VICOM Ltd and a member of the Nominating and Remuneration Committee and the Technology Committee. Concurrently, he is the Managing Director/Group Chief Executive Officer (MD/Group CEO) of ComfortDelGro Corporation Limited which is VICOM Ltd's parent company, and the Non-Executive Deputy Chairman of SBS Transit Ltd which is a related corporation of VICOM Ltd.

Mr Cheng joined ComfortDelGro in September 2015. Prior to his appointment as the MD/Group CEO of ComfortDelGro on 1 January 2023, he served in various positions within the ComfortDelGro Group. Appointments held include CEO of SBS Transit Ltd from 2020 to 2022 with a concurrent appointment as Group Deputy CEO of ComfortDelGro from March 2022 to December 2022, and CEO of ComfortDelGro Corporation Australia Pty Ltd (New South Wales) from 2016 to 2019.

Mr Cheng holds a Bachelor of Electrical and Electronic Engineering (First Class Honours) from the University of Manchester, United Kingdom and a Master of Business Administration from the Massachusetts Institute of Technology, United States of America.



## **SIM WING YEW**

CHIEF EXECUTIVE OFFICER  
NON-INDEPENDENT EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
**1 MAY 2012**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
**28 APRIL 2021**

**MR SIM WING YEW** is the Chief Executive Officer (CEO) and a Non-Independent Executive Director of VICOM Ltd. He is a member of the Sustainability Committee and the Technology Committee.

Prior to this appointment, he was Chief Operating Officer of ComfortDelGro Engineering Pte Ltd from August 2008 until he assumed the role of CEO on 1 March 2011. Mr Sim first joined the ComfortDelGro 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.

Prior to joining the ComfortDelGro Group, he was the General Manager of SGX-Catalist listed See Hup Seng Limited managing the local as well as overseas projects in China and Hong Kong.

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



## **SOH CHUNG HIAN, DANIEL**

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:  
**1 MAY 2018**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:  
**28 APRIL 2021**

**MR SOH CHUNG HIAN, DANIEL** is an Independent Non-Executive Director of VICOM Ltd. He is the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration 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.

Mr Soh also serves as an Independent Director of British and Malayan Holdings Ltd and Sunright Limited. He is also a member of the Board of Governors of Raffles Girls' School.

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



# BOARD OF DIRECTORS

As at 1 March 2023

## SHIM PHYAU WUI, VICTOR

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**1 JUNE 2017**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**27 APRIL 2022**

**PROFESSOR SHIM PHYAU WUI, VICTOR** is an Independent Non-Executive Director of VICOM Ltd. Professor Shim is the Chairman of the Technology Committee and a member of the Audit and Risk Committee and the Sustainability Committee.

He is an Emeritus Professor with the National University of Singapore (NUS) and was an academic staff member in the Department of Mechanical Engineering from 1980 to 2021. He has held numerous management appointments at the University, the last as Senior Advisor to the Office of Global Relations. Prior to that, he was Associate Vice-President for Global Relations. Other major responsibilities include being the founding Director of the Office of Corporate Relations (now Office of University Communications), a Vice-Dean (External Relations & Outreach) of the Faculty of Engineering, and a Deputy Head of the Department of Mechanical Engineering. He has been a Visiting Scientist at the Tokyo Institute of Technology, a Visiting Scholar at the University of California, San Diego, and a Visiting Professor at Hiroshima University. Professor Shim established the Impact Mechanics Laboratory at NUS for work on Dynamic Material Behaviour and Impact Engineering. His research interests include dynamic materials testing and modelling, 3D-printed and cellular materials, impact resistance of protective structures, as well as the response of components and products to impacts and shocks. He has served as a consultant to the industry and is an Associate Editor of the International Journal of Impact Engineering. Professor Shim continues to supervise projects and students in fundamental and applied research, and through his contacts with overseas researchers and experts in the same field, he keeps abreast of related global developments and emerging areas of interest.

Professor Shim was appointed a Professor at Ningbo University, China, in April 2022, and remains an (honorary) Emeritus Professor at the NUS.

Professor 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 NUS, and a PhD from the University of Cambridge, United Kingdom. He is a registered Professional Engineer and a Senior

Member of the Institution of Engineers, Singapore. He has received awards at NUS for Teaching Excellence, Innovative Teaching and Outstanding Service, and was conferred the Singapore National Day Public Administration Medal (Silver) in 2012.



## JUNE SEAH LEE KIANG

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**1 OCTOBER 2017**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**27 APRIL 2022**

**MS JUNE SEAH LEE KIANG** is an Independent Non-Executive Director of VICOM Ltd. She is the Chairperson of the Sustainability Committee and a member of the Audit and Risk Committee.

Ms Seah is currently the Executive Director/Senior Advisor of Omise Payment SG Pte Ltd, a payment solutions company registered in Singapore with operations in Japan and Southeast Asia.

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.



## **JACKSON CHIA**

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**27 APRIL 2022**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**N.A.**

**MR JACKSON CHIA** is a Non-Independent Non-Executive Director of VICOM Ltd. He is a member of the Sustainability Committee.

Mr Chia was appointed the Chief Executive Officer (CEO) of the Private Mobility Group of ComfortDelGro Corporation Limited (ComfortDelGro) on 7 June 2021. He is concurrently the CEO of the ComfortDelGro Taxi Business.

Mr Chia joined the ComfortDelGro Group in 2017 as the Deputy Head of Rail in SBS Transit Ltd, where he headed the training, safety and security, and planning functions of the rail business. He was appointed ComfortDelGro's Senior Vice President of the Transformation Office in June 2018, before being made the ComfortDelGro Group Chief Risk and Sustainability Officer in November 2018. Under his charge, ComfortDelGro established its sustainability framework and set targets across the Environmental, Social and Governance (ESG) domains. For three years running, ComfortDelGro was one of the four Singapore companies selected for inclusion into the Dow Jones Sustainability Index (Asia Pacific).

Prior to joining the private sector, Mr Chia served 28 years with the Republic of Singapore Navy, holding various command and staff appointments. His last appointment before retirement was Chief of Staff – Naval Staff.

Mr Chia holds a Bachelor of Social Science (First Class Honours) degree in Economics and Statistics from the University of Birmingham, United Kingdom, and a Master of Arts from the Fletcher School of Law and Diplomacy, Massachusetts, United States of America. Mr Chia also attended the International Executive Programme at INSEAD, France in 2008.



## **OOI BENG CHIN**

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**1 JANUARY 2023**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**N.A.**

**PROFESSOR OOI BENG CHIN** is a Non-Independent Non-Executive Director of VICOM Ltd. He is a member of the Technology Committee. Concurrently, he is an Independent Non-Executive Director of ComfortDelGro Corporation Limited, which is VICOM Ltd's parent company.

Professor Ooi is the Lee Kong Chian Centennial Professor of Computer Science and a Faculty Member of the National University of Singapore (NUS) Graduate School. He is also an Adjunct Chang Jiang Professor at Zhejiang University, and a visiting Distinguished Professor at Tsinghua University, China.

He is a Co-Founder of yzBigData in 2012 for big data management and analytics, and MediLot in 2017 for healthcare data management and analytics. He is also a Director of AIDigi Holdings Pte Ltd

Professor Ooi's research interests include database, blockchain, distributed processing, machine learning and large scale analytics, in the aspects of system architectures, performance issues, security, accuracy and correctness. He is also interested in exploiting IT in production and process reengineering (e.g. fintech innovation, healthcare innovation, food analysis, metaverse and smart city).

He is a Fellow of the Association for Computing Machinery (ACM), the Institute of Electrical and Electronic Engineers (IEEE), and the Singapore National Academy of Science. He has received numerous awards in the field of computer science.

Professor Ooi was awarded the Public Administration Medal (Silver) in 2013 and the Long Service Medal in 2018 by the President of Singapore.

Professor Ooi holds a Bachelor of Science (First Class Honours) and a Doctor of Philosophy from Monash University, Australia.



# BOARD OF DIRECTORS

As at 1 March 2023

## TAN POH HONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**25 APRIL 2019**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**20 MAY 2020**

**MS TAN POH HONG** is an Independent Non-Executive Director of VICOM Ltd. She is a member of the Audit and Risk Committee, the Nominating and Remuneration Committee and the Technology Committee.

She is an Independent Director on the Boards of Sheng Siong Group Limited, Centurion Corporation Limited, AnnAik Limited, APAC Realty Ltd and OTS Holdings Ltd. She is also a Board Member of Jilin Food Zone Pte Ltd and Vanguard Healthcare Pte Ltd. She is Singapore's Non-Resident Ambassador to the Kingdom of Denmark.

Ms Tan was the Chief Executive Officer (CEO) of Agri-Food & Veterinary Authority (AVA) of Singapore from 2009 to 2017. AVA was the national authority responsible for food security and safety. Ms Tan was instrumental in transforming and expanding the organisation's mandate to cater to new challenges facing the country's food security. She initiated and led stakeholder engagement and partnership initiatives, and drove the push to transform the local farming sector.

Prior to her appointment at AVA, Ms Tan was the Deputy CEO of the Housing & Development Board (HDB) from 2004 to 2009. She held various leadership positions in HDB which involved policy and strategy development, operations and sales as well as corporate development.

Ms Tan holds a Bachelor of Science (Honours) in Estate Management from the National University of Singapore, and a Master of Business Administration (with Distinction) from New York University, United States of America. She was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government and the National Trades Union Congress Medal of Commendation in 2001.



## WONG YOKE WOON

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT AS DIRECTOR OF THE COMPANY:

**21 MAY 2020**

DATE OF LAST RE-ELECTION AS DIRECTOR OF THE COMPANY:

**28 APRIL 2021**

**MS WONG YOKE WOON** is an Independent Non-Executive Director of VICOM Ltd. She is a member of both the Audit and Risk Committee and the Nominating and Remuneration Committee.

Ms Wong is the Director of the National Trades Union Congress' Administration and Research Unit (NTUC-ARU) Operations Department (OPD). The OPD's main task is to assist the Operations and Mobilisation Division in establishing the capability to 'Plan and Act' as part of the NTUC-ARU's efforts in supporting related labour movement and business continuity operations. As the Director of the OPD, Ms Wong is responsible to monitor, coordinate and report on the myriad activities related to operational readiness and resilience before working out action plans to address them.

Ms Wong held the position of Deputy Executive Secretary of the Healthcare Services Employees' Union from January 2022 to April 2022.

Ms Wong held the position of Deputy Chief Executive Officer (DY CEO) of the Outreach and Operations Group of the Employment and Employability Institute (e2i) until she relinquished this role in March 2022. As the DY CEO, she implemented many key strategies to engage companies to embark on the Inclusive Growth Programme and enhance companies' operations to drive productivity through boosting the efficiency of workers, which in turn raised workers' welfares.

Ms Wong was also previously with NTUC LearningHub as the General Manager of the Employability Campus where she was responsible for the employability training for working people across all industries.

Ms Wong holds an Executive Masters in Business Administration from the Singapore Management University, Bachelor of Social Sciences from the National University of Singapore (NUS) and Bachelor of Arts and Social Sciences from NUS.

Ms Wong also holds a Professional Diploma in Employment Relations from the NUS Extension and Ong Teng Cheong Institute and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.





# KEY MANAGEMENT

Mr Chung Tying Chun is the Chief Executive Officer of Setsco Services Pte Ltd. He is responsible for the overall management of SETSCO. Prior to this appointment, he was the Deputy Chief Executive Officer and was managing the Biological & Chemical Technology Division since October 2017. Mr Chung first joined VICOM Ltd in 2013 and is responsible for the Ancillary Operations Division comprising the VICOM Vehicle Emission Test Laboratory, VICOM Assessment Centre, as well as motor insurance and advertising. Mr Chung started his career with the Singapore Armed Forces where he held several senior command and staff appointments. He holds a Master of Chemical Engineering (Honours) from University College London and a Master of Business Administration (Strategy) from the National University of Singapore.

**CHUNG TYING CHUN**  
CHIEF EXECUTIVE OFFICER  
SETSCO SERVICES PTE LTD



Ms Lee Peck Kim, Mary is the 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 a Master of Business Administration 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.

**LEE PECK KIM, MARY**  
CHIEF FINANCIAL OFFICER  
VICOM LTD



Mr Lim Kok Seng is the Chief Technology Officer of VICOM Ltd. He joined the Company in February 2022 and is responsible for the overall management of the Group's technology capabilities build-up, such as identifying new technology trends and opportunities for the company's business growth. He also oversees VICOM Group's information technology functions, digitalisation programme and process improvement projects. Mr Lim started his career with Defence Science Technology Agency where he held several senior key appointments. He holds a Bachelor of Electrical Engineering (First Class Honours) from the Nanyang Technological University and a Master of Science in Electrical Engineering from the Naval Postgraduate School, California.

**LIM KOK SENG**  
CHIEF TECHNOLOGY OFFICER  
INFORMATION TECHNOLOGY  
VICOM LTD



Mr Zaidee Bin Bakee joined Setsco Services Pte Ltd in 1996 and holds a Master of Business Administration from the University of Leicester, United Kingdom, specialising in Total Quality Management and a Diploma in Sales and Marketing from the Marketing Institute of Singapore. He was also a graduate from the Singapore Polytechnic with a Diploma in Chemical Process Technology in 1985. Mr Zaidee has extensive experience in Quality Assurance and in-depth knowledge of the processes within the Group. Prior to his appointment to the current position, Mr Zaidee was the Risk & Sustainability Lead for the Group since 2019.

**ZAIDEE BIN BAKEE**  
VICE PRESIDENT  
RISK & SUSTAINABILITY OFFICER  
VICOM LTD



Mr Yusooof 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.

**YUSOOOF AYNUDDIN**  
SENIOR VICE PRESIDENT  
MECHANICAL TECHNOLOGY DIVISION  
SETSCO SERVICES PTE LTD



# KEY MANAGEMENT

Ms Sng Mui Tiang joined Setsco Services Pte Ltd in September 2021. She is responsible for the development of new test capabilities and the management of the Biological & Chemical Technology Division. Her experience spans from analytical chemistry, sampling, environmental testing to program management. She holds a Bachelor of Science in Chemistry and a Master in the Management of Technology from the National University of Singapore.

## **SNG MUI TIANG**

DIVISIONAL DIRECTOR  
BIOLOGICAL & CHEMICAL  
TECHNOLOGY DIVISION  
SETSCO SERVICES PTE LTD



Ms Prathipa Devi Sundraju joined Setsco Services Pte Ltd in 2004 and is responsible for the overall management of the Construction Technology Division. She is specialised and experienced in geotechnical, pavement and geophysical testing. She started her career in SETSCO in 2000 as an Engineer and left the organisation to join Australian Road Research Board in Brisbane. Ms Prathipa then re-joined SETSCO in 2004 as a Head of Department. She holds a Bachelor of Engineering (Honours) in Civil Engineering from Heriot Watt University, Edinburgh.

## **PRATHIPA DEVI SUNDRAJU**

DIVISIONAL DIRECTOR  
CONSTRUCTION  
TECHNOLOGY DIVISION  
SETSCO SERVICES PTE LTD



Mr Yip Chun Wah joined VICOM Ltd in 1998 as a Project Engineer and is subsequently promoted to Vice President (Operations) in 2007. After more than a decade in Operations, Mr Yip was tasked to oversee Operations Support on 1 October 2019 in which he supervises the Quality and Standards of inspection as well as the management and maintenance of the Group's properties, facilities and test equipment. 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.

## **YIP CHUN WAH**

VICE PRESIDENT  
OPERATIONS SUPPORT  
VICOM LTD



Mr Teo Teng Kang, Anthony, joined VICOM Ltd in 2019 and is responsible for the vehicle inspection business. He brings with him many years of automotive experience starting as an engineer with SBS Transit Ltd in 2000. From 2011 to 2017, Mr Teo was Assistant Vice President responsible for the vehicle construction and components overhaul business at ComfortDelGro Engineering Pte Ltd. Mr Teo holds a Bachelor of Technology, Mechanical Engineering (Honours) from the National University of Singapore.

## **TEO TENG KANG, ANTHONY**

VICE PRESIDENT  
OPERATIONS  
VICOM LTD



Mr Siak Wee Seong joined VICOM Ltd in September 2022 and is responsible for the overall management of the Group's Human Resources functions. He held several human resource management positions across different industries in the marine and telecommunication sectors in Asia-Pacific and Europe before joining VICOM. Mr Siak graduated from the University of London with a Bachelor of Science in Economics and holds a Master of Business Administration from the University of Manchester, United Kingdom.

## **SIAK WEE SEONG**

ASSISTANT VICE PRESIDENT  
HUMAN RESOURCES  
VICOM LTD





Ms Tan I-Lin, Tammy, was appointed Group Corporate Affairs Officer of ComfortDelGro Corporation Limited on 1 January 2023. Ms Tan is the Spokesman for both ComfortDelGro Group and VICOM Ltd. Prior to her new appointment, she was Group Chief Branding and Communications Officer. She is responsible for the Group's branding, risk and sustainability, as well as corporate communications functions, including promoting the Group's image and reputation, crises management, liaising with the media community, as well as coordinating requests for sponsorships and donations. She 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. Ms Tan holds a Bachelor of Social Sciences (Honours) from the National University of Singapore.

**TAN I-LIN, TAMMY**  
GROUP CORPORATE  
AFFAIRS OFFICER  
COMFORTDELGRO GROUP



Mr Christopher David White is Head of Group Investor Relations of ComfortDelGro Corporation Limited, including VICOM Ltd. He serves as the Group's liaison to the investor community including investment analysts and investors worldwide. Mr White holds a Bachelor of Business Studies (Honours) from the University of Liverpool, United Kingdom, and is a Fellow of the Association of Chartered Certified Accountants.

**CHRISTOPHER DAVID WHITE**  
HEAD, GROUP INVESTOR RELATIONS  
COMFORTDELGRO GROUP



Ms Cher Ya Li, Sheryl, joined the ComfortDelGro Group on 1 November 2021 as Assistant General Counsel and was appointed Company Secretary of VICOM Ltd on 27 April 2022. Ms Cher provides legal and corporate secretarial support to the Group. Ms Cher was formerly a Company Secretary of SPH REIT. She holds a Bachelor of Laws from the National University of Singapore and was admitted to the Singapore Bar.

**CHER YA LI, SHERYL**  
ASSISTANT GENERAL COUNSEL &  
COMPANY SECRETARY  
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. 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, Australia. He is a member of CPA Australia and is a Certified Information Systems Auditor. Mr Chong is also an ISACA Member.

**CHONG YEW FUI,  
ADRIAN**  
GROUP CHIEF INTERNAL  
AUDIT OFFICER  
COMFORTDELGRO GROUP



Ms Angeline Joyce Lee joined the ComfortDelGro Group on 7 September 2020 as Group General Counsel and Company Secretary to oversee the Group's legal and corporate secretariat matters, as well as compliance and corporate governance to facilitate business processes and organisational efficiency. Ms Lee holds a Master in Business Law from the University of Westminster in the United Kingdom and is a Chartered Secretary and Certified Risk-based Auditor.

**ANGELINE JOYCE  
LEE SIANG POHR**  
GROUP GENERAL COUNSEL  
& COMPANY SECRETARY  
COMFORTDELGRO GROUP



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### TAN KIM SIEW

CHAIRMAN  
(Appointed on 27 April 2022)

### LIM JIT POH

CHAIRMAN  
(Retired on 27 April 2022)

### CHENG SIAK KIAN

DEPUTY CHAIRMAN  
(Appointed on 1 January 2023)

### YANG BAN SENG

DEPUTY CHAIRMAN  
(Retired on 31 December 2022)

### SIM WING YEW

CHIEF EXECUTIVE OFFICER

JACKSON CHIA (Appointed on 27 April 2022)

GOH YEOW TIN (Retired on 27 April 2022)

OOI BENG CHIN (Appointed on 1 January 2023)

JUNE SEAH LEE KIANG

SHIM PHYAU WUI, VICTOR

SOH CHUNG HIAN, DANIEL

TAN POH HONG

WONG YOKE WOON

## AUDIT AND RISK COMMITTEE

### SOH CHUNG HIAN, DANIEL

CHAIRMAN

JACKSON CHIA (Appointed on 27 April 2022 and stepped down on 11 August 2022)

JUNE SEAH LEE KIANG

SHIM PHYAU WUI, VICTOR

TAN POH HONG

WONG YOKE WOON

YANG BAN SENG (Appointed on 27 April 2022 and stepped down on 11 August 2022)

## NOMINATING AND REMUNERATION COMMITTEE

### TAN KIM SIEW

CHAIRMAN  
(Appointed on 27 April 2022)

CHENG SIAK KIAN (Appointed on 1 January 2023)

GOH YEOW TIN (Retired on 27 April 2022)

LIM JIT POH (Retired on 27 April 2022)

SOH CHUNG HIAN, DANIEL

TAN POH HONG

WONG YOKE WOON

YANG BAN SENG (Retired on 31 December 2022)

### SHIM PHYAU WUI, VICTOR

CHAIRMAN  
(Stepped down on 27 April 2022)

## SUSTAINABILITY COMMITTEE

### JUNE SEAH LEE KIANG

CHAIRMAN

JACKSON CHIA (Appointed on 27 April 2022)

GOH YEOW TIN (Retired on 27 April 2022)

LIM JIT POH (Retired on 27 April 2022)

SHIM PHYAU WUI, VICTOR (Appointed on 27 April 2022)

SIM WING YEW

TAN KIM SIEW

YANG BAN SENG (Stepped down on 27 April 2022)

## TECHNOLOGY COMMITTEE

(Formed on  
1 January 2022)

### SHIM PHYAU WUI, VICTOR

CHAIRMAN  
(Appointed on 27 April 2022)

CHENG SIAK KIAN (Appointed on 1 January 2023)

GOH YEOW TIN (Retired on 27 April 2022)

OOI BENG CHIN (Appointed on 1 January 2023)

SIM WING YEW

TAN KIM SIEW

TAN POH HONG

YANG BAN SENG (Retired on 31 December 2022)

### TAN KIM SIEW

CHAIRMAN  
(Appointed on 1 January 2022 and stepped down on 27 April 2022)

## CORPORATE DIRECTORY

### REGISTERED OFFICE

205 Braddell Road  
Singapore 579701  
Mainline: (65) 6383 8833  
Facsimile: (65) 6287 0311  
Website: www.vicom.com.sg

Company Registration Number:  
198100320K

### COMPANY SECRETARIES

Angeline Joyce Lee Siang Pohr  
Cher Ya Li, Sheryl

### SHARE REGISTRAR

B.A.C.S. Private Limited  
77 Robinson Road #06-03  
Robinson 77  
Singapore 068896

### AUDITORS

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

Partner-in-Charge:  
Ang Poh Choo

Date of Appointment:  
27 April 2022

# OPERATIONS REVIEW

108.3

REVENUE  
(\$'MILLION)

899

TOTAL NUMBER OF  
EMPLOYEES

MALAYSIA

● KUALA LUMPUR

SINGAPORE

YISHUN

ANG MO KIO

BUKIT BATOK

SIN MING

PIONEER

KAKI BUKIT

CHANGI

● Vehicle Testing Business

● Non-Vehicle Testing Business

# OPERATIONS REVIEW

## VEHICLE TESTING BUSINESS

We experienced strong demand in 2022, with a record 534,840 vehicles passing through our inspection lanes, thereby maintaining our leadership position with a market share of 73%.

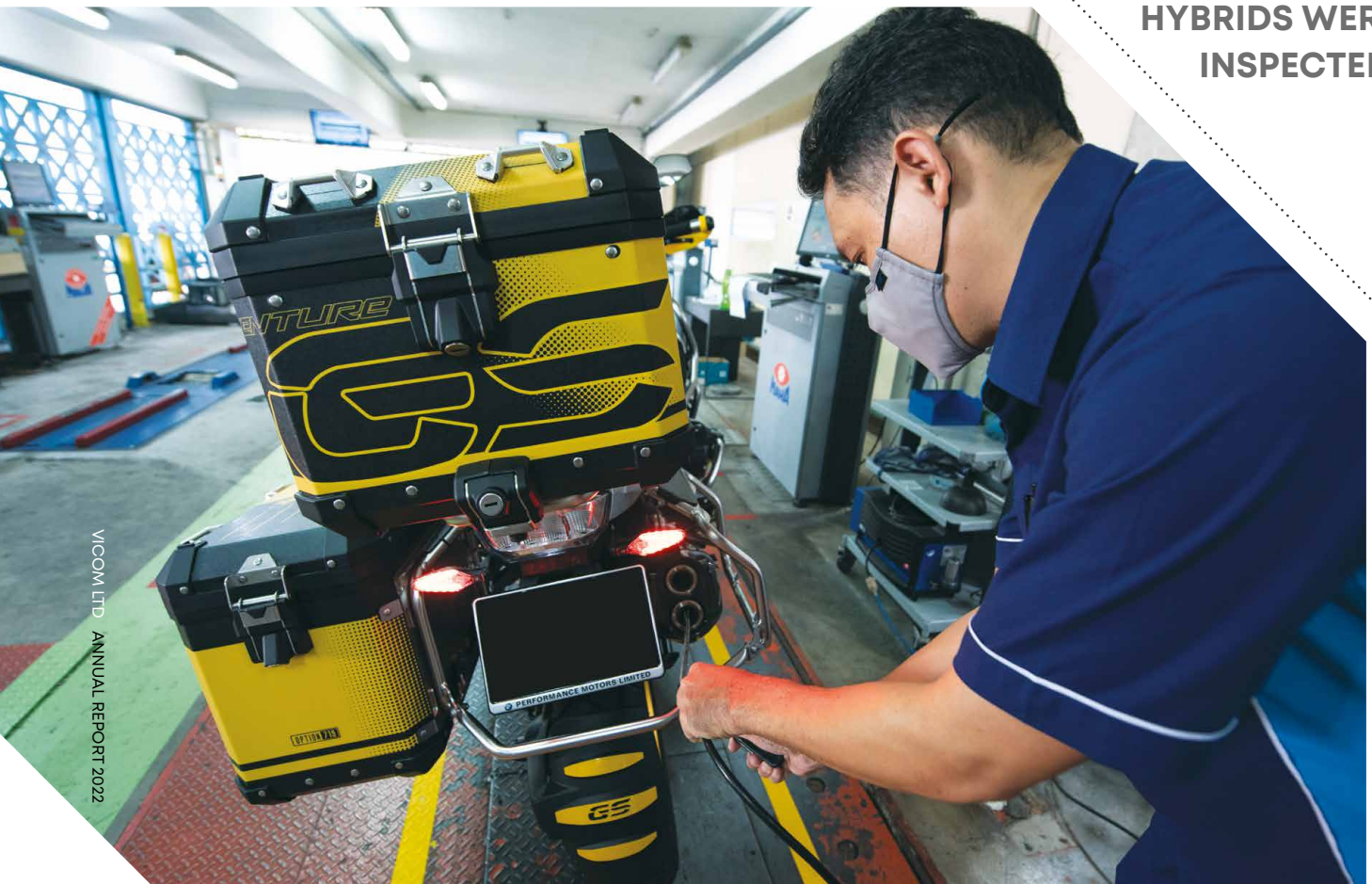
With the Government's push for the adoption of clean vehicles through the enhanced Vehicular Emissions Scheme and the Electric Vehicle Early Adoption Scheme, a total of 1,661 electric vehicles (EVs) and 37,371 hybrids were inspected during the year, compared to 577 and 32,625 in 2021.

Under the Active Mobility (Mandatory Testing – Motorised PMD with Handlebars) Order 2020, every motorised personal mobility device (PMD) that has an electric motor and handlebars must undergo mandatory inspection once every two years. The first batch of PMDs underwent testing at our various inspection centres in May 2022. By the end of the year, a total of 1,894 devices had been tested.



A light goods vehicle undergoing brake test

**A TOTAL OF  
1,661 ELECTRIC  
VEHICLES (EVs)  
AND 37,371  
HYBRIDS WERE  
INSPECTED.**



An inspector performing an emission test on a motorcycle





SBS Transit bus undergoing inspection

But, even as demand for our vehicle inspection services grew, our VICOM Emission Test Laboratory (VETL) services fell as parallel importers brought in fewer vehicles due to lower Certificate of Entitlement quota.

The temporary drop in demand for VETL services has not deterred us from upgrading the test equipment to ensure it will meet new standards under the Worldwide Harmonised Light Vehicles Test Procedure<sup>1</sup>, which will be replacing the New European Driving Cycle and the Japanese Driving Cycle in phases by 2024. This will put VETL at the forefront of emissions testing.

### RELOCATION OF JIC PIONEER

The lease for our JIC inspection centre at 53, Pioneer Road, will not be extended when it is due in December 2024. However, an understanding has been reached that the lease will be extended until the new plot of land at Jalan Papan is ready to replace the current vehicle inspection centre. The new centre is expected to be ready by the first quarter of 2026.

### NON-VEHICLE TESTING BUSINESS

Our non-vehicle testing services business under Setsco Services Pte Ltd (SETSCO) experienced strong demand during the year as economic recovery took root.

In the area of environmental testing, SETSCO was awarded several major contracts such as a three-year contract with the Public Utilities Board. The contract, which started in February 2022, was to conduct site inspection and audit, and laboratory test for air and water/trade effluent samples from the western sector of Singapore, comprising the Jurong Water Reclamation Plant and Ulu Pandan Water Reclamation Plant.

In the area of food and microbiology testing services, SETSCO was awarded two food sampling and analysis contracts by the Singapore Food Agency in 2022. We



A microbiologist performing test on water samples

also secured new customers from food retailers and manufacturers to test various food products such as fresh produce for microbial pathogens, heavy metal contaminants and preservatives like sulphur dioxide.

Despite the continued challenges facing the construction industry in general, SETSCO managed to secure a number of contracts in the area of construction materials testing, including another three testing packages for the 24km-long Jurong Region Line in 2022. This came on top of the five testing packages that were already secured in 2021. The Company was also awarded material testing contracts for the Cross Island Line, and housing estate units at Tengah, Woodlands, Sembawang, Jurong West, Whampoa and Queensway.

<sup>1</sup> The Worldwide Harmonised Light Vehicle Test Procedure is a global standard for determining the levels of pollutants, carbon dioxide (CO<sub>2</sub>) emissions and fuel consumption of traditional and hybrid cars, as well as the range of EVs.

# OPERATIONS REVIEW

The gradual recovery of the aviation industry with the reopening of international borders boosted the Non-Destructive Testing (NDT) services from the aerospace Maintenance Repair and Overhaul sector.

During the year, SETSCO's Aerospace Department also completed the five-day National Aerospace and Defense Contractors Accreditation Programme on-site audit, a rigorous technical assessment of compliance to customer requirements and industry standards that is conducted by industry experts. The Department also attained the renewal approval of Part-145 from the Federal Aviation Administration, Civil Aviation Authority of Singapore (CAAS) and European Union Aviation Safety Agency (EASA) – certifications required for the review, evaluation and testing of aviation programs, systems, and intended methods of compliance.

Following the approval of the Singapore Airworthiness Requirement (SAR) Part-145 from the CAAS for our satellite facility at Jalan Buruh, the EASA has also granted SETSCO the SAR Part-145 approval for this same facility.

In the inspection field, SETSCO also won a long-term contract with a major oil company for the provision of inspectors for five years commencing 1 August 2022 to 31 July 2027.

## NEW TESTING CAPABILITIES

Besides existing testing services, SETSCO continued to exploit new opportunities and expand into new and/or adjacent testing areas. New services such as ballast water testing services were added during the year to serve the ship owners. Beyond ballast water testing, SETSCO is also looking at expanding its offerings to on board industrial hygiene, indoor air quality and air emission sampling and testing.

SETSCO started testing for pharmaceutical products and was awarded two contracts to analyse both the microbiological and chemical properties of new pharmaceutical cream formulation and won a tender to conduct sterility and endotoxin testing of pharmaceutical products.

It was also accredited to conduct new microbiology tests that allow for rapid screening of pathogens, such as the E. coli O157:H7 and Salmonella species. These tests greatly reduce the turnaround time as compared to other conventional methods, which is in line with the Group's strategy to shorten test duration in order to meet potential industry needs.



The chemists identifying traces of pesticides and contaminants in food



## SETSCO CONTINUED TO INVEST IN NEW ANALYTICAL INSTRUMENTS AND HAS DEVELOPED THE METHODS TO TEST FOR HUNDREDS OF PESTICIDES FOR A WIDE RANGE OF VEGETABLES AND FRUITS.

SETSCO continued to invest in new analytical instruments and has developed the methods to test for hundreds of pesticides for a wide range of vegetables and fruits. Concurrently, it is also developing drug residue testing capabilities for 15 classes of drugs spanning 80 compounds in food such as beef, pork, chicken, seafood, milk and egg.

A new three-dimensional (3D) laser scanning service was introduced. This 3D technology not only captures the dimensional profile of a surface, but also further analyses digitalised images when applied to large objects or areas. For example, using this 3D technology, SETSCO was able to capture the digital image of a 20m tall storage tank and analyse it for possible deformation and tilting.

SETSCO also utilised optical technology to measure the geometrical surface profile of reinforcement steel bars. Prior to the adoption of this technology, steel bar samples had to be cut and measured using several tools such as a profile projector, micrometer and Vernier calipers – a process which took four hours. But, with optical technology, the time it takes has been reduced to just 30 minutes.

Last but not least, SETSCO developed a new lightweight testing structure for impact and robustness tests on partition walls. The new structure was commissioned in early March 2022 and successfully completed a few jobs including the testing of glass brick samples. More of such tests are expected to be carried out going forward.

### EXPLOITING NEW TECHNOLOGIES

To help us look for business opportunities in technology areas that we are not yet in, and to leverage on technology to increase productivity and efficiency through robotic process automation and digitalisation, a Chief Technology Officer was recruited.

During the year, the Group continued to identify new opportunities by engaging Government bodies on multiple fields, including the Building and Construction Authority (BCA) on the use of drones for façade inspection work; and the Land Transport Authority on EVs and EV batteries.

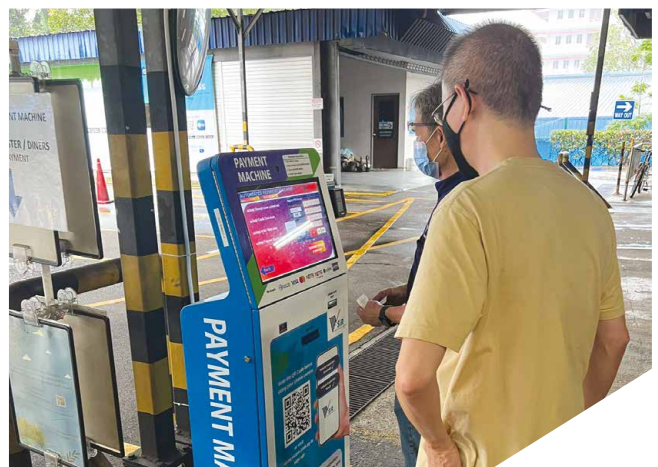
We are also actively engaging companies with new capabilities of testing such as cybersecurity assurance testing for hardware and software which will complement or add on to our range of services provided.

We continued to interact with educational institutes such as the National Technological University on the vulnerability testing of an Artificial Intelligence Programme and autonomous vehicles, as well as with the Institute of Technical Education on finalising automation projects as final year projects for its Technical Engineering Diploma students. These are meant to improve our last-mile process to raise productivity and improve safety.

### DIGITALISATION

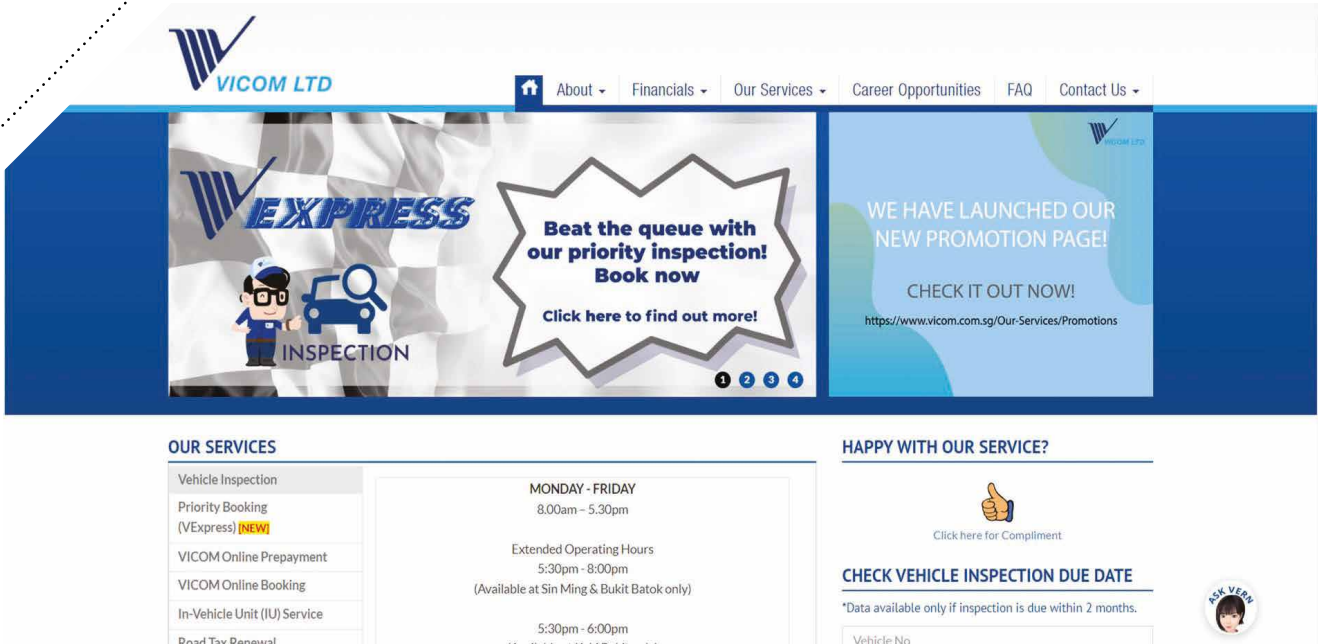
As part of the Group's three-year digitalisation roadmap, a total of four digitalisation projects for VICOM and two digitalisation projects for SETSCO were completed in 2022.

VICOM completed the development of the All-In-One digital payment solution under a unified point-of-sale payment reader for the second-generation Automated Payment Machines (APMs). The software was done in-house as opposed to an external vendor so as to give us greater autonomy and speed when changes are required.



Customers using our second-generation Automated Payment Machine

# OPERATIONS REVIEW



VExpress, our new "Online Priority Inspection Booking System"

We also developed an "Online Priority Inspection Booking System" to enable motorists to book our vehicle inspection services in advance. The payment module was linked to the booking system to ensure a seamless experience for motorists from the point of booking to payment.

To better monitor the queues at our inspection centres, we launched a feature which provide our customers with popular time and estimated waiting time at the individual centres, thereby reducing traffic during peak hours and improving queue management at our inspection centres.

As part of the Group's efforts to digitise and reduce paper usage, JotForm – an online form – was used to digitise 40 paper forms used in our operational processes This helped greatly reduces the amount of paper that were used previously.

## DEEPENING OUR KNOWLEDGE

We continued to prioritise the importance of continuous training and the development of our staff – both in the area of technical as well as general competency. As such, a Company Training Committee (CTC) was formed.

The CTC was one of the initiatives launched by the National Trades Union Congress (NTUC) to support workers in achieving better work prospects through company training.

With the set-up of CTC, we have identified the skills and training that employees need to support the Group's strategic vision and direction and to keep up with industry transformation. This will allow us to build new competencies, close existing skills gaps and enhance productivity through technical, adaptive and technology skills so that our employees continue to be relevant.

## CUSTOMER EXPERIENCE AND ENGAGEMENT

Customer experience, also known as CX, is the holistic perception that customers have of their experience with a business or brand. It is the result of every interaction a customer has with the business, from navigating the website to talking to customer service and receiving the service.



CEO Mr Sim Wing Yew presenting the Best Customer Service Award to our cashier Ms Tan Say Hong, Anna



VICOM received a total of 8,377 compliments, about 13% more than the 7,412 compliments received in 2021. The number of complaints, on the other hand, fell from 38 to 32.

About 70% of our customers pay the vehicle inspection fees using the APMs at the inspection centres. To provide customers with more cashless options, another 16 second-generation APMs were installed at our centres during the year. These newer APMs accept digital payment options such as PayNow and payWave, on top of NETS or credit cards.

A marketing campaign was also launched in January 2022 to drive up the usage of our online pre-payment service. As a result, there was an increase in PayNow online pre-payment transactions from a monthly average of 800 transactions in 2021 to a monthly average of 1,800 in 2022. The Diners Club online pre-payment transactions also increased.

VICOM had, since September 2021, stopped issuing physical periodic inspection certificates. However, for motorists, who still prefer to have proof of the inspection result, or are not digitally savvy to check the OneMotoring website, VICOM launched a new service in February 2022 that enables motorist, who signed up for VICOM Solutions

for Vehicle Inspection, to receive an SMS notification once their vehicles pass inspections.

In December 2022, a new service, VICOM Express Service or “VExpress”, was put on trial at VICOM Sin Ming. It is an online booking service for our customers to pre-book an appointment for inspection.

### **SUSTAINABILITY**

Under the guidance of the Sustainability Committee, we continued to make good progress in Environmental, Social and Corporate Governance (ESG) initiatives. Two of the key initiatives are highlighted below. For full details on all our ESG initiatives, please refer to our Sustainability Report (SR) on our website.

### **GREEN INITIATIVES**

Besides getting the charging infrastructure up for future EVs, we have also completed a new Power Purchase Agreement (PPA) to install solar panels at SETSCO building and five of our vehicle inspection centres. The PPA is expected to take effect from the second quarter of 2023, upon the full commissioning of the solar panel system which will be a great leap forward in the progress towards lowering our carbon footprint.



# OPERATIONS REVIEW



VICOM's Board of Directors, Senior Management and staff at the Singapore Corporate Awards 2022

## SAFETY

Due to a spike in workplace fatalities during the year, the Ministry of Manpower implemented a "Heightened Safety" period from 1 September 2022. The Group responded with a Safety Time Out to re-assess all the risks associated with the workplace, shared learning points from the fatal accidents that had happened in the industries, and conducted toolbox meetings to remind staff on the importance of workplace safety.

The Code of Practice (COP), which was launched on 19 September 2022, and later gazetted as an Approved COP (ACOP) in October 2022, aims to clarify and strengthen the ownership of Workplace Safety and Health's (WSH) roles and duties to that of the Chief Executive Officer (CEO) and the Board of Directors. As such, the Group had reviewed its Safety Management System and taken the necessary actions to ensure the full compliance with the 17 measures outlined in the ACOP.

## RECOGNITION

Both VICOM and SETSCO received plaudits during the year.

VICOM won two corporate awards – the "Best CEO Award" and "Silver in the Best Risk Management", for the Mid Cap Category at the Singapore Corporate Awards 2022. It was also the runner-up of the Shareholder Communications Excellence Award 2022, Mid Cap Category at the annual Securities Investors Association Singapore Investor's Choice Awards.

In the annual Singapore Governance and Transparency Index 2022, VICOM scored 103 and performed significantly better than the average score of 70.6. We were ranked 14 out of 489 listed companies surveyed.

SETSCO received a letter of appreciation from ExxonMobil Asia Pacific Pte Ltd in 2022 for achieving "Zero Recordable Injury for the Year 2021" within its ExxonMobil Singapore Manufacturing Complex and another letter of appreciation from Petrochemical Corporation of Singapore (Private) Limited (PCS) for "Zero Lost Time Incidents in 2021".

# INVESTOR RELATIONS

**We are committed to disseminating accurate and pertinent information to the market in a timely manner as part of good corporate governance. Our Investor Relations (IR) programme balances regular, effective and fair communications with Shareholders and the investment community with the need to safeguard commercial sensitivities. The IR team works closely with Senior Management to proactively carry out this engagement programme. Feedback and views gathered are regularly reported to Senior Management and the Board of Directors.**

## **PROACTIVE COMMUNICATIONS**

During the year, the IR team addressed queries from investors through emails, telephone calls and the online enquiry form.

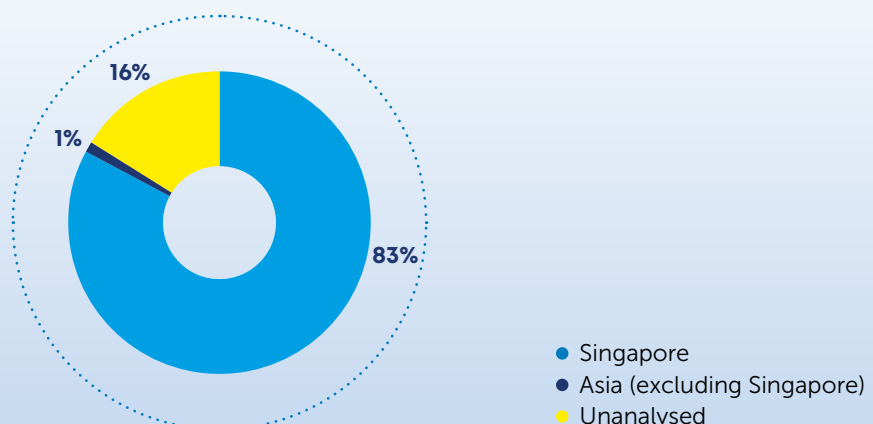
Shareholders have the opportunity to interact with the Board and Senior Management at our Annual General Meeting. Voting is by way of electronic polling for greater transparency in the voting process and the detailed results are announced immediately at the Meeting and subsequently released to the Singapore Exchange.

All material announcements are posted in the IR section of the corporate website to ensure equal and timely access to information.

## **SINGAPORE-CENTRIC SHAREHOLDER BASE**

Our shareholder base consists mainly of institutional and retail investors based in Singapore and Asia with ComfortDelGro Corporation Limited holding a majority stake.

### **2022 SHAREHOLDING**



**VICOM Ltd (“VICOM” or the “Company”, and together with its subsidiaries, the “Group”), believes that a fundamental measure of our success is about creating long-term shareholder value.**

We will continue to:

- Focus unreservedly on our customers;
- Make sound corporate decisions to generate long-term shareholder value rather than for short-term benefits;
- Maintain our lean culture through cost efficiencies to drive value creation without compromising our service quality;
- Build a sustainable talent pool to address the evolving and complex demands of the industry in this highly competitive market; and
- Commit to sustainability to make a positive impact on society and the environment.

## CORPORATE GOVERNANCE STATEMENT

VICOM strongly believes that good corporate governance makes sound business sense. To this end, the Group maintains the highest standards of corporate governance, professionalism and integrity as we build an organisation that our shareholders, employees and business partners, the authorities, labour unions and professional bodies and other stakeholders can trust and be proud of.

The Group is committed to ensuring the Group’s compliance with the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 and amended on 11 January 2023 (the “Code”) and has put in place policies, structures and mechanisms to ensure compliance with the relevant legislative and regulatory requirements. The Group has adopted a Code of Business Conduct, which sets out the principles and policies upon which the Group’s businesses are to be conducted, as well as a Whistle Blowing Policy, which provides a mechanism for employees and external parties to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst maintaining confidentiality of the identity of whistleblowers and protecting them from reprisal within the limits of the law.

This **Report** sets out the corporate governance practices that were in place during the Financial Year ended 31 December 2022 (“FY2022”), with specific references to the Code. For FY2022, we are pleased to report that the Group complied in all material aspects with the Code.

## 1. BOARD MATTERS

The Board of Directors (the “Board”) has a duty to protect and enhance the long-term value of the Group and achieve sustainable growth for the Group. It sets the overall strategic direction of the Group and oversees the proper conduct of the business, performance and affairs of the Group. Board members are expected to be aware of their legal responsibilities, act in good faith and exercise independent judgement in the best interests of the Company.

In appointing 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 AND RESPONSIBILITIES

At the helm of the decision-making process of the Company is the Board. The Company is headed by an effective Board which is led by its Independent and Non-Executive Chairman, Dr Tan Kim Siew (the “Chairman”). The Board is collectively responsible and works with Management for the long-term success of the Company by:

- (i) 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;
- (ii) 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 exposure to risks and the Group’s performance;
- (iii) Challenging Management constructively and reviewing its performance;
- (iv) Identifying the key stakeholder groups and guiding Management in the Group’s strategy and approach in addressing the concerns of these key stakeholder groups, and ensuring transparency and accountability to all stakeholders;



- (v) Instilling an ethical corporate culture and ensuring the Group's values, standards, policies and practices are consistent with the Group's culture; and
- (vi) Considering Environmental, Social and Governance ("ESG") issues as part of its strategy for sustainability.

### 1.1 CONFLICTS OF INTEREST

All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Group. In the event that a Director has a conflict of interest, or it appears that he/she may have a conflict of interest in relation to any matter, the Director must immediately declare his/her interest at a meeting of the Board or send a written notice to the Board and the Company containing details of his/her interest in the matter and the actual or potential conflict, and recuse himself/herself from participating in any discussion or decision on the matter. In the case of any matter where the Chairman is conflicted such as his remuneration or re-election as a Director, he will similarly recuse himself from participating in the discussion; and the other Directors will elect someone among themselves to preside over the discussion and lead the Directors in decision making.

### 1.2 DIRECTORS' COMPETENCIES, INDUCTION, TRAINING AND DEVELOPMENT

Upon appointment, the Director will be issued an official letter of appointment, which clearly sets out his/her role, duties and responsibilities and the Company's expectations of him/her as a Director of the Company. The new Director will also receive a copy of the Company's Constitution, the Company's current and previous years' annual reports and the corporate structure chart of the Group.

Management will conduct a comprehensive orientation programme for newly appointed Directors, which covers, amongst other matters, duties as a Director and how to discharge those duties and key aspects of the Group's businesses, including financial and corporate governance policies. 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 a copy of the relevant Board Committee's terms of reference.

If the newly appointed Director has no prior experience as a Director of a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), training in relevant areas such as regulatory, finance and legal as well as industry-related areas will be provided. As required under the SGX-ST Listing Rules, a new Director who has no prior experience as a Director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training should be completed within one year of appointment. In this respect, all of our new Directors who are required to undergo such training conscientiously commit their time and effort to complete the training within the first year of appointment.

Directors are encouraged to undergo continual professional development by attending relevant training programmes, seminars and courses organised by the Singapore Institute of Directors ("SID") and other professional bodies to enhance their knowledge and skills, and better equip themselves to effectively discharge their duties as a Director of the Company. The fees for the courses are paid for by the Company. The Chairman and the Nominating and Remuneration Committee ("NRC") review each Director's training and professional development needs on a yearly basis.

The Company Secretaries update and brief the Board on corporate governance practices and changes in or updates to the relevant legal and regulatory requirements pertaining to the Group's businesses. External consultants are also invited to conduct seminars on specific topics as and when necessary. Most recently, the Group engaged an external law firm to conduct a seminar on the Approved Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health ("WSH") Duties ("COP") for the Directors and Key Management Personnel of the Group, to help them to better understand their duties and responsibilities under the Workplace Safety and Health Act 2006 and the COP.

# CORPORATE GOVERNANCE

In FY2022, the Directors attended the courses/seminars listed below:

| DATE        | TRAINING PROVIDER   | TOPIC  | ATTENDED BY   |
|-------------|---|--|---|
| 12 Jan 2022 | Accounting and Corporate Regulatory Authority (" <b>ACRA</b> "), Singapore Exchange and SID | ACRA-SGX-SID Audit Committee Seminar 2022  | (1) Dr Tan Kim Siew   |
| 29 Mar 2022 | SID   | CTP 2 – Evaluating the Impact of ESG (GVR#1)   | (1) Ms Tan Poh Hong   |
| 21 Apr 2022 | Singapore Exchange Regulation   | SGX-GCNS Workshops on Task Force on Climate-Related Financial Disclosures (TCFD) – All-Sectors | (1) Mr Sim Wing Yew   |
| 14 Jul 2022 | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Sim Wing Yew<br>(2) Ms Tan Poh Hong<br>(3) Ms June Seah Lee Kiang                |
| 2 Aug 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Yang Ban Seng<br>(2) Mr Soh Chung Hian, Daniel<br>(3) Prof Shim Phyu Wui, Victor |
| 8 Nov 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Dr Tan Kim Siew   |
| 6 Dec 2022  | SID   | LED – Environmental, Social and Governance Essentials (Core)                                   | (1) Mr Jackson Chia<br>(2) Ms Wong Yoke Woon  |

As required under Rule 720(7) of the SGX-ST Listing Rules, all the Directors of the Company underwent a one-time training on sustainability matters in FY2022.

Regular presentations are made by Management to the Board to enable the Directors to better familiarise themselves with the Group's businesses. Site visits for the Board are also organised from time to time to enable the Directors to learn more about the Group's operations. During such visits, the Directors spend time with Management to discuss key strategies and policies pertaining to, not just Company-specific operations, but also the Group's businesses in general. Such meetings help the Directors to be better equipped to make informed decisions relating to the future direction of the Group. The Group also holds strategy meetings at least once every two years for the Board to interact with Management and review the Group's future plans and proposals for new business opportunities, with the latest strategy meeting held in November 2021. In 2022, Management conducted several tours for Directors at Setsco Services Pte Ltd's new laboratories at Bukit Batok to provide updates on and observation of the latest equipment and testing procedures.

### 1.3 RESERVED MATTERS

VICOM has adopted clear, established and documented internal guidelines for matters which require the Board's approval. Under these guidelines, Board approval is required with regard to matters such as acquisition of business, disposal of or change in equity interests in existing subsidiaries/associates, investment in financial instruments, tender for business 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 financial results to the SGX-ST via SGXNET. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments also require the approval of the Board.

The Board periodically reviews the adequacy and effectiveness of internal controls, risk management and financial authority limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor compliance with delegated limits.

### 1.4 DELEGATION BY THE BOARD

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, four Board Committees have been established, namely, the Audit and Risk Committee ("**ARC**"), the NRC, the Sustainability Committee ("**SC**"), and the Technology Committee ("**TC**") (collectively, the "**Board Committees**"). 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 authority, duties and responsibilities, as well as the regulations and procedures governing the manner in which the Board Committee operates and how decisions are taken.

The terms of reference and summary of the activities of the NRC and the ARC are described in further detail in the relevant sections below from pages 35 to 47.

The SC assists the Board in fulfilling its corporate governance responsibilities in relation to the Group's sustainability policies and strategies, by providing directions and considering ESG issues as part of its strategic formulation and investments. The Committee seeks to integrate sustainability considerations in the business strategies of the Group in order to deliver steady and sustainable outcomes. As at 31 December 2022 and 1 January 2023, the SC comprised five Directors, including the Chairman and Mr Sim Wing Yew who is the Chief Executive Officer ("CEO"). The Chairperson of the SC is Ms June Seah Lee Kiang. The key terms of reference of the SC include the following:

- (i) Review and monitor the implementation of the Group's sustainability strategy, including materiality assessment and alignment of sustainable development policies with applicable laws and regulations;
- (ii) Review and monitor Management's commitment and allocation of resources to achieving the desired outcomes of the Group's sustainability strategy;
- (iii) Establish policies and practices, set and assess ESG targets, and measure the performance against targets;
- (iv) Ensure the Group's sustainability policies, strategies and priorities are integrated into the Group's strategic plans, investment strategy and business goals; and
- (v) Monitor and consider emerging key ESG trends and issues that may have strategic, business and reputational implications for the Group, and receive periodic reports from the Management or external parties on the same, and make recommendations to the Board as necessary.

The Board established the TC on 1 January 2022 to oversee harnessing of technology to enhance the Group's strategic and business initiatives. This includes Group-wide digitalisation and automation.

As at 31 December 2022, the TC comprised five Directors, including the CEO. As at 1 January 2023, the TC comprised six Directors, including the CEO. The Chairperson of the TC is Professor Shim Phayau Wui, Victor. The terms of reference of the TC include the following:

- (i) Oversee technology investments (including digitalisation) to enhance the Group's inspection and testing services;
- (ii) Review the requirements for technology talent and expertise to promote innovation across the Group; and
- (iii) Monitor technology trends and identify new opportunities in testing, inspection and certification for the Group.

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

## 1.5 DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

At least four scheduled Board Meetings are held every year at regular intervals for the purpose of reviewing the results and ongoing performance of the Group, notwithstanding that the financial results are only announced semi-annually. The Board Meetings to approve the half-year financial results are held within 45 days after the end of the first half of the financial year, and not later than 60 days after the end of the financial year for the full-year financial results, while the Board Meeting to approve the annual budget is held in the last quarter of each year after all the budgets of the Company's subsidiaries have been approved by their respective Boards. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises.

Directors who are unable to attend meetings in-person, can participate in the discussions through video/audio/tele-conferencing. Decisions of the Board and Board Committees on matters in the ordinary course of business 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 and Board Committees.

## ATTENDANCE OF DIRECTORS AT ANNUAL GENERAL MEETING, BOARD AND BOARD COMMITTEE MEETINGS IN 2022

| NAME                        | BOARD                |                          | AUDIT & RISK COMMITTEE |                          |
|-----------------------------|----------------------|--------------------------|------------------------|--------------------------|
|                             | No. of meetings held | No. of meetings attended | No. of meetings held   | No. of meetings attended |
| TAN KIM SIEW                | 4                    | 4                        | –                      | –                        |
| YANG BAN SENG               | 4                    | 4                        | 4                      | 2 <sup>(a)</sup>         |
| SIM WING YEW                | 4                    | 4                        | 4                      | 4 <sup>(d)</sup>         |
| JACKSON CHIA <sup>(e)</sup> | 4                    | 3                        | 4                      | 2 <sup>(a)</sup>         |
| JUNE SEAH LEE KIANG         | 4                    | 4                        | 4                      | 4                        |
| SHIM PHYAU WUI, VICTOR      | 4                    | 4                        | 4                      | 4                        |
| SOH CHUNG HIAN, DANIEL      | 4                    | 4                        | 4                      | 4                        |
| TAN POH HONG                | 4                    | 4                        | 4                      | 4                        |
| WONG YOKE WOON              | 4                    | 4                        | 4                      | 4                        |
| LIM JIT POH <sup>(h)</sup>  | 4                    | 1                        | –                      | –                        |
| GOH YEOW TIN <sup>(i)</sup> | 4                    | 1                        | –                      | –                        |

Notes:

- (a) Mr Yang and Mr Chia were appointed members of the ARC on 27 April 2022 but stepped down as members on 11 August 2022.  
 (b) Mr Yang was appointed a member of the NRC on 27 April 2022. Prior to his appointment, he attended the NRC meeting by invitation of the NRC.  
 (c) Mr Yang stepped down as a member of the SC on 27 April 2022.  
 (d) Not a member but attended meetings by invitation of the Committee.  
 (e) Mr Chia was appointed a Director of the Company and a member of the SC on 27 April 2022.  
 (f) Professor Shim stepped down as the Chairman and a member of the NRC on 27 April 2022.  
 (g) Professor Shim was appointed a member of the SC on 27 April 2022. Prior to his appointment, he attended the SC meeting by invitation of the SC.  
 (h) Mr Lim retired as the Chairman and a Director of the Company at the conclusion of the Annual General Meeting held on 27 April 2022, and did not attend any more meetings thereafter.  
 (i) Mr Goh retired as a Director of the Company at the conclusion of the Annual General Meeting held on 27 April 2022, and did not attend any more meetings thereafter.

### 1.6 ACCESS TO INFORMATION

Prior to each Board and Board Committee Meeting, and where needed, Management provides Directors with complete, adequate and timely information to enable them to make informed decisions and discharge their duties and responsibilities. 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 to keep 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.

### 1.7 INDEPENDENT PROFESSIONAL ADVICE

Directors can request for additional information and have full access to Management. Management provides information requested by Directors for their

meetings and decision making in a timely manner. 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.

### 1.8 COMPANY SECRETARIES

The Company Secretaries assist in organising the Board and Board Committee Meetings, and prepare the agenda in consultation with the Chairman, the CEO and the chairpersons of the respective Board Committees. At least one of the Company Secretaries attends all Board and Board Committee Meetings. The Company Secretaries keep the Directors informed of any significant developments or events relating to the Group, including updates on 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.



| NOMINATING & REMUNERATION COMMITTEE |                          | SUSTAINABILITY COMMITTEE |                          | TECHNOLOGY COMMITTEE |                          | ANNUAL GENERAL MEETING |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|----------------------|--------------------------|------------------------|--------------------------|
| 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 |
| 2                                   | 2                        | 3                        | 3                        | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2 <sup>(b)</sup>         | 3                        | 1 <sup>(c)</sup>         | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2 <sup>(d)</sup>         | 3                        | 3                        | 4                    | 4                        | 1                      | 1                        |
| –                                   | –                        | 3                        | 2                        | –                    | –                        | –                      | –                        |
| –                                   | –                        | 3                        | 3                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1 <sup>(f)</sup>         | 3                        | 3 <sup>(g)</sup>         | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | 4                    | 4                        | 1                      | 1                        |
| 2                                   | 2                        | –                        | –                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1                        | 3                        | 1                        | –                    | –                        | 1                      | 1                        |
| 2                                   | 1                        | 3                        | 1                        | 4                    | 1                        | 1                      | 1                        |

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

### BOARD COMPOSITION

As at 31 December 2022, the Board comprised nine Directors with 66.7% of them being independent Directors. Except for the CEO who is a Non-Independent Executive Director, as well as the Deputy Chairman and Mr Jackson Chia who are Non-Independent Non-Executive Directors (they are deemed non-independent as they are nominees of ComfortDelGro Corporation Limited (“**ComfortDelGro**”) which is a substantial shareholder of the Company), all the remaining six Non-Executive Directors (“**NED**”) are considered by the NRC to be independent. As the Chairman, Dr Tan Kim Siew, is an Independent Non-Executive Director, a Lead Independent Director is not required and hence Professor Shim Phiau Wui, Victor stepped down as the Lead Independent Director upon the appointment of Dr Tan as the Chairman at the conclusion of the Annual General Meeting (“**AGM**”) held on 27 April 2022. The Chairman, Deputy Chairman and CEO are different persons and are not immediate family members. The Chairman and Deputy Chairman are also not part of the Management team.

Mr Yang Ban Seng, the former Deputy Chairman of the Company, retired as a Director of the Company on 31 December 2022. Professor Ooi Beng Chin and Mr Cheng Siak Kian were appointed Directors of the Company on 1 January 2023. As Professor Ooi and Mr Cheng are nominees of ComfortDelGro which is a substantial shareholder of the Company, they are deemed non-independent. The Board as of 1 January 2023 comprised 10 Directors with 60% being independent Directors.

### 2.1 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 Company and its Group.

A Director must not vote in respect of any contract or arrangement in which the Director is interested in accordance with Regulation 93 of the Company’s Constitution.

The Board’s practices in relation to conflicts of interest are set out in the section ‘Conflicts of Interest’ on page 27 above.

## 2.2 INDEPENDENT DIRECTORS

As mentioned above, as at 31 December 2022, the Board comprised nine Directors with 66.7% of them being Independent Non-Executive Directors. The Board as of 1 January 2023 comprised 10 Directors with 60% being Independent Non-Executive Directors. There is a strong level of independence in the Board, and the Board composition (whether as at 31 December 2022 or 1 January 2023) exceeds the requirement under the SGX-ST Listing Rules and the Code that at least one-third of the Board must be independent Directors. No person will be able to influence the decisions of the Board as Independent Non-Executive Directors continue to be the majority.

The NRC 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. Each Director is required to declare any circumstances in which he/she may be considered non-independent. The NRC will then review the Confirmation of Independence to determine whether a Director is independent. The NRC deems a Director who is associated with a substantial shareholder in the current and immediate past financial year as non-independent. Mr Cheng Siak Kian is deemed non-independent as he is both a nominee and the Managing Director/Group CEO (MD/Group CEO) of ComfortDelGro. Mr Sim Wing Yew is deemed non-independent as he is the Executive Director and CEO of the Company. Mr Jackson Chia is also deemed to be a non-independent Director as he is a nominee and staff of ComfortDelGro and the CEO of the ComfortDelGro taxi and private mobility businesses. Professor Ooi Beng Chin is deemed non-independent as he is a nominee and Director of ComfortDelGro.

Except for the CEO, none of the Directors had served on the Board for more than nine years as at 31 December 2022 and 1 January 2023. The NRC and the Board take the view that a Director's independence should not be determined solely and arbitrarily on the basis of the length of service. A Director's contribution 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. In assessing the independence of a Director, the Board and the NRC take a holistic approach, taking into consideration various factors

such as whether 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.

## 2.3 NON-EXECUTIVE DIRECTORS

As at 31 December 2022, the Board comprised nine Directors with 88.9% of them being Non-Executive Directors. As at 1 January 2023, the Board comprised 10 Directors with 90% of them being Non-Executive Directors.

## 2.4 BOARD SIZE, COMPOSITION, DIVERSITY AND COMPETENCY

The NRC examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, knowledge, experience, age and gender and that the size is conducive for effective discussion and decision making, with an appropriate number of independent Directors. The NRC also takes into consideration the promotion of tripartism experience from labour, government and business, to foster constructive debate to enhance the Board's ability to discharge its duties and responsibilities effectively.

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 NRC and the Board are of the view that the current size of 10 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.

### BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy since 2019 which focusses on ensuring an appropriate balance and mix of skills, knowledge, experience, age, gender and other aspects of diversity within the Board to avoid groupthink and bias, and instead foster constructive debate and achieve effective decision-making in the best interests of the Group. Under the Board Diversity Policy, the NRC will discuss and agree annually the relevant measurable targets for promoting and achieving diversity in the composition of the Board and Board Committees and make its recommendations for consideration and approval by the Board.

In reviewing the Board composition and succession planning, the NRC considers various aspects of diversity, with all Board appointments and re-appointments based on merit, and due consideration being given to a candidate's suitability in strengthening the diversity of skills, experience, age, gender, knowledge and core competencies of the Board relevant to the Group. In relation to gender diversity, the Board ensures that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board, and that at least one female Director sits on each Board Committee including the NRC. As at 31 December 2022, out of nine Directors on the Board, three Directors (or 33.3%) were females, with three female Directors sitting on the ARC, two female Directors sitting on the NRC and one female Director sitting on each of the SC and the TC. There was no change to the number of female Directors on the Board and each Board Committee as at 1 January 2023. The number of female Directors on the ARC and the NRC exceeds the number in the guideline in the Company's Board Diversity Policy while the number of female Directors on the SC and the TC meets the guideline. With three females or 30% female Directors on the Board, the Board has achieved its target in respect of Board gender composition. The Company has also exceeded the target of the Council for Board Diversity to have at least 25% of Board seats held by females by 2025.

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 and business management, which are important to the Group as the Group is in the vehicle and non-vehicle testing business and has to deal with various stakeholders including members of the public (being its customers), trade associations and professional bodies and regulators. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

The NRC is satisfied that the current Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, knowledge, experience, age, gender, 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 Board has noted that two of the current Independent Directors would cease to be considered independent at the 2027 AGM pursuant to Rule 210(5)(d)(iv) of the SGX-ST Listing Rules which came into effect on 11 January 2023. In order to allow sufficient time to find suitable replacement candidates, the Board will, prior to the 2027 AGM and in a timely manner, commence its search for suitable replacement candidates with competencies and characteristics of diversity in the areas of gaps identified by the Board. The NRC and the Board shall review the size and composition of the Board annually to determine the optimal Board size and composition, having regards to the business and governance needs of the Group.

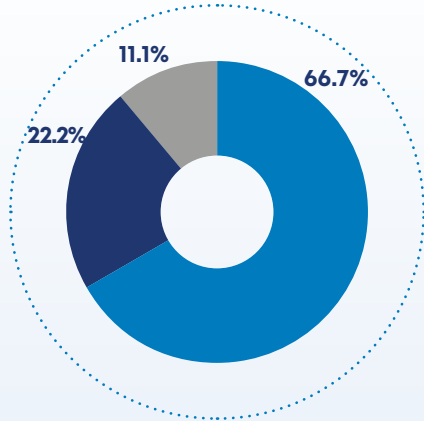
The Company shall source for suitable candidates through the recommendations of the existing Directors, other contacts, and a variety of independent sources, which may include external consultants, to find the right match of potential candidates with the Company.

Nonetheless, the ultimate decision on selection of Directors will be based on merit against a set of objective criteria that complements and expands the skills, knowledge, industry and business experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board to serve the needs of the Group.

The individual profile of the Directors, their listed company directorships and principal commitments held currently and/or in the preceding five years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 8 to 12 and pages 51 to 54 of this Annual Report.

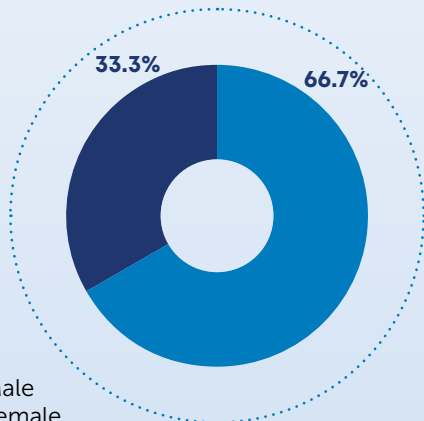
# CORPORATE GOVERNANCE

## BOARD INDEPENDENCE (As at 31 December 2022)



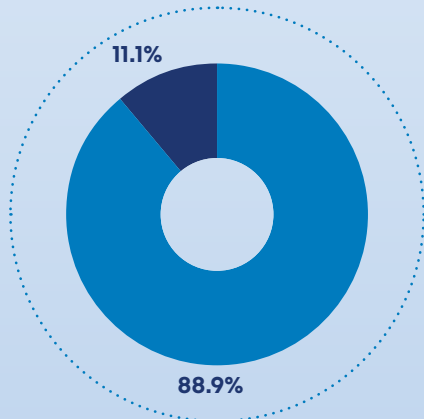
- Independent Non-Executive Director
- Non-Independent Non-Executive Director
- Non-Independent Executive Director

## BOARD GENDER DIVERSITY (As at 31 December 2022)



- Male
- Female

## DIRECTORS' LENGTH OF SERVICE (As at 31 December 2022)



- Served < 9 years
- Served > 9 years

## 2.5 NON-EXECUTIVE DIRECTORS' PARTICIPATION

All the 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. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

As at 31 December 2022 and 1 January 2023, all the members of the ARC and NRC were NEDs. There is no Executive Director on these Board Committees.

The Chairman, who is not a member of the ARC, meets with the Chairman of the ARC and the External Auditors annually in the absence of Management. From time to time when required, the NEDs led by the independent Chairman or other independent NED as appropriate, meet without the presence of Management before or after Board Meetings. The chairperson of such meetings provides feedback to the Board and/or the Chairman as appropriate.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### 3.1 ROLES AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 responsibilities of the Chairman and the CEO are set out in writing, with the Chairman responsible for the effective functioning of the Board, and the CEO responsible for the operations and management of the Group's businesses. The Chairman and the 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 action;
- (iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with shareholders and other stakeholders;

- (iv) Encourages constructive conversations and cordial relations within the Board, between the Board and Management and the Board and the CEO; 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 and the 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 our Sustainability Report.

### 3.2 LEAD INDEPENDENT DIRECTOR

Consistent with the Code, from 1 September 2019 to 27 April 2022, Professor Shim Phyu Wui, Victor held the position of Lead Independent Director as the then-Chairman Mr Lim Jit Poh was deemed to be non-independent by virtue of him being a nominee of ComfortDelGro which is a substantial shareholder of the Company,

With Mr Lim's retirement as the Chairman and a Director and the appointment of Dr Tan Kim Siew (who is an independent Director) as the Chairman at the AGM held on 27 April 2022, Professor Shim concurrently stepped down as the Lead Independent Director. The Board is of the view that there is no necessity to continue having a Lead Independent Director, as the majority of the Board (including the Chairman) are independent Directors and none of them is part of Management or has a relationship with the CEO and his immediate family members. Moreover, the ARC Chairman is readily available to shareholders if they have concerns for which contact through the normal channels of communication with the Chairman or Management may be inappropriate or inadequate.

The Board's practices in relation to conflicts of interest are set out in the section 'Conflicts of Interest' on page 27 above.

## PRINCIPLE 4: BOARD MEMBERSHIP

There is a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board.

### 4.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE

In 2021, the Nominating Committee ("NC") and the Remuneration Committee ("RC") were merged to

streamline their respective functions for greater efficiency in reviewing the appointment, performance and remuneration of Directors and Key Management Personnel. Notwithstanding that the NC and RC were merged, the roles and responsibilities of the respective functions were not compromised and the Company continues to adhere to the principles of the Code in relation to the NC and the RC.

The NRC is responsible for (i) regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board and ensuring succession plans are in place for Directors and Key Management Personnel (the "NC Role"); and (ii) setting the Group's remuneration policies (the "RC Role"). Details of the RC Role are found on pages 37 to 42 of this Annual Report.

### NC ROLE

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 NRC are made by a majority of votes of the NRC members who are present and voting. The key terms of reference of the NRC, in relation to nomination matters, include the following:

- (i) Review the succession plans for Directors and the talent management and succession plans for Key Management Personnel, and make recommendations to the Board on the appointment, replacement and re-appointment of Directors and Key Management Personnel, including the appointment and/or replacement of the Chairman and CEO;
- (ii) Develop a process for performance evaluation of the Board, its Board Committees and individual Director's performance, including comparison with industry peers;
- (iii) Make recommendations to the Board on the review of training and professional development programmes for the Board and the Directors;
- (iv) Assess the effectiveness of the Board and Board Committees and contributions by each individual Director; and
- (v) Determine annually, and as and when circumstances require, if a Director is independent.

### 4.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As at 31 December 2022 and 1 January 2023, the NRC comprised five NEDs, of whom four including the NRC Chairman are independent. The composition of the NRC therefore complies with the requirement under the Code that the NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent.

#### 4.3 PROCESS FOR SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As part of the Board succession plan, potential candidates may be identified from time to time for appointment to the Board after the NRC evaluates and assesses their suitability in strengthening the diversity of skills, experience, age, gender, knowledge and relevant core competencies of the Board whilst ensuring that there is a balanced tripartism experience from government, labour and business to avoid unproductive group-think and bias.

The process for selection of new Directors is as follows:

- (i) The NRC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives as well as the need for diversity on the Board.
- (ii) The NRC 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 and if required, external search consultants.
- (iv) Potential candidates are interviewed by the NRC to assess suitability and commitment.
- (v) The NRC 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 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 NRC on their competencies, commitment, past performance and contributions before being recommended to shareholders for re-election at the AGM. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments.

At the forthcoming AGM, Mr Sim Wing Yew, Mr Soh Chung Hian, Daniel and Ms Tan Poh Hong are due for re-election pursuant to Regulation 98(b) of the Constitution of the Company whilst Mr Jackson Chia, Professor Ooi Beng Chin and Mr Cheng Siak Kian will be put forward for re-election pursuant to Regulation 99.

#### ALTERNATE DIRECTOR

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

#### 4.4 REVIEW OF INDEPENDENCE

The process undertaken by the NRC to review the independence of the Directors is set out on page 32 above.

#### 4.5 MULTIPLE DIRECTORSHIPS

The NRC 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 NRC and the Board have adopted the following as a proactive step to ensure 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.

Listed companies within a group should be considered as one entity.

As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NRC 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 NRC takes a holistic approach. Focusing solely on the Directors' attendance at the Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their ability 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 Director 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 does not accept appointments to the boards of competitors.



As at 31 December 2022, all Directors comply with the guidelines on multiple board representation.

#### 4.6 KEY INFORMATION ON DIRECTORS

The profiles of the Directors and key information are set out in this Annual Report from pages 8 to 12. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the forthcoming AGM. Key information on Directors is also available on the Company's website.

#### PRINCIPLE 5: BOARD PERFORMANCE

Each year, the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

##### 5.1 BOARD PERFORMANCE EVALUATION

The NRC is delegated by the Board to undertake a process to assess the effectiveness of the Board in terms of overall performance and growth of the Group, achieving a reasonable 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 criteria are determined by the NRC and approved by the Board, and do not change from year to year.

##### 5.2 ANNUAL BOARD PERFORMANCE EVALUATION PROCESS

The FY2022 annual evaluation process for the Board, Board Committees and individual Directors involves the following:

- (i) Each Director completes an individual director self-assessment form.
- (ii) The NRC Chairman completes a Board performance evaluation questionnaire.
- (iii) Each Board Committee Chairperson completes the relevant Board Committee performance evaluation questionnaire.
- (iv) The completed Board performance evaluation questionnaire and the responses to the individual director self-assessment forms are reviewed by the NRC, while each completed Board Committee performance evaluation questionnaire is reviewed by the respective Board Committees.
- (v) The reviewed Board and Board Committee performance evaluation questionnaires and responses to the individual self-assessment forms (collectively, the **"Reviewed Responses"**) are collated by the Company Secretaries and

sent to the Chairman for approval to table at the next NRC meeting.

- (vi) The Reviewed Responses are tabled at the NRC meeting for review, and also tabled at the Board meeting for review, endorsement and discussion on possible areas for improvement to enhance overall effectiveness.

The performance evaluation includes key points such as the Board composition and size, Board accountability, conduct of Board and Board Committee Meetings, standards of conduct and whether the Directors have discharged their duties effectively.

## 2. REMUNERATION MATTERS

#### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

VICOM recognises the importance of having a skilled and dedicated workforce to manage and grow the Group's 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 corporate and individual performance as well as long-term interests of the Group and shareholders.

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

##### 6.1 ROLES AND RESPONSIBILITIES OF THE NOMINATING AND REMUNERATION COMMITTEE RC ROLE

In relation to the RC Role, the NRC plays an important role in setting the Group's remuneration framework and strategy for the compensation of both Directors and Key Management Personnel. As per the terms of reference, the NRC makes recommendations to the Board on the specific remuneration package for each Director, appropriate to the level of contributions from them. In respect of the Key Management Personnel, it reviews their remuneration with the purpose of developing talent and building leadership bench strength to ensure the Group's continued success and the enhancement of shareholder value.

The NRC considers all aspects of remuneration, including the terms of termination, to ensure they are fair.

All decisions by the NRC are made by a majority of votes of the NRC members who are present and voting. Any member of the NRC with a conflict

of interest in relation to the subject matter under consideration will abstain from voting, approving or making recommendations that would affect the decisions of the NRC. The CEO is not present at and does not participate in any NRC discussions pertaining to his own compensation and the review of his performance. He is, however, in attendance when the compensation of other Key Management Personnel is discussed. No Director is involved in deciding his or her own remuneration.

The key terms of reference of the NRC, in relation to remuneration matters, include the following:

- (i) Establish a formal and transparent procedure for developing the Group's remuneration policies and fix the remuneration packages of individual Directors and the Key Management Personnel, and review 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;
- (ii) Review and recommend to the Board the remuneration framework and the specific remuneration packages for the Directors, and ensure that the level of remuneration offered is appropriate to the level of contribution;
- (iii) Review and approve the remuneration framework and the specific remuneration packages of Key Management Personnel that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is appropriate to attract, retain and motivate Key Management Personnel to provide good stewardship of the Group and to successfully manage the Group for the long term; and
- (iv) Review the Group's obligations arising in the event of termination of Directors' and Key Management Personnel's services to ensure that they are fair, reasonable and equitable including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

## 6.2 COMPOSITION OF THE NOMINATING AND REMUNERATION COMMITTEE

As mentioned above, as at 31 December 2022 and 1 January 2023, the NRC comprised five NEDs, of whom four including the NRC Chairman are independent. The composition of the NRC therefore complies with the requirement under the Code that the RC comprises at least three directors, all of whom are non-executive and the majority, including the RC Chairman, are independent.

## 6.3 APPOINTMENT OF REMUNERATION CONSULTANTS

The NRC has unrestricted access to the ComfortDelGro Group Chief Human Resource Officer who provides the relevant market remuneration data and practices to the Committee. The NRC may also seek external independent expert advice on such matters where needed. Where such advice is sought, the NRC will ensure that there is no existing relationship between the Group and its appointed consultants that will affect the independence and objectivity of the consultants. The Group continued to engage the services of an external consulting firm, Willis Towers Watson, in FY2022, to conduct an executive compensation benchmarking exercise for an independent review of the compensation packages of its senior executives. The NRC is of the view that there is no existing relationship between Willis Towers Watson and the Group that would affect their independence and objectivity.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The Group is transparent on its remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationship between remuneration, performance and value creation.

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group, and are appropriate to attract, retain and motivate the Directors and Key Management Personnel to successfully manage the Group for the long term.

## 7.1 PERFORMANCE-RELATED REMUNERATION

The Group is committed to creating and enhancing shareholder value through growth that is sustainable and profitable. The remuneration packages of the CEO and Key Management Personnel comprise fixed and variable components, and are appropriate and proportionate to the sustained performance and value creation of the Group. 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's guidelines on fixed to variable component ratios in respect of remuneration packages are 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for senior management staff. Notwithstanding the guidelines, the actual remuneration packages for employees are ultimately determined on a case-by-case basis with the aim of maximising employee engagement and retention. 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 and value creation in the long-term.

#### SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES

Eligible employees of the Group are eligible to participate in the ComfortDelGro Executive Share Award Scheme (“**CDG ESAS**” or the “**Scheme**”).

ComfortDelGro had in 2018 implemented the CDG ESAS for Executive Directors and Key Executives as part of the long-term incentive programme to attract talent, retain them and reward those who make significant contributions to the ComfortDelGro Group. Key executives of the Group are eligible to participate in the Scheme.

The share awards would be granted conditionally upon performance targets being met and would have a vesting schedule whereby only a portion of the benefits would be vested each year. The grant of the shares may be withdrawn or clawed-back in the event of exceptional circumstances of material misstatement of financial results or misconduct resulting in financial or other losses for the ComfortDelGro Group.

The aggregate number of shares which may be issued pursuant to the Scheme and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Scheme) two per centum (2%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

Total share awards granted to the Executive Director of the Company in FY2022 under the Scheme are as follows:

| NAME OF PARTICIPANT | SHARE AWARDS GRANTED DURING FY2022                            | AGGREGATE SHARE AWARDS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2022 | AGGREGATE SHARE AWARDS VESTED SINCE COMMENCEMENT OF SCHEME TO END OF FY2022 | AGGREGATE SHARE AWARDS OUTSTANDING AS AT END OF FY2022 |
|---------------------|---|--|---|--|
| <b>SIM WING YEW</b> | 40,000<br>(Share awards to be vested over a four-year period) | 130,000  | 45,000  | 85,000<br>(unvested shares)                            |

## 7.2 REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

The CEO, being the Executive Director of the Company, does not receive any fees paid by the Company’s subsidiaries for his directorships with the subsidiaries and such fees are instead paid directly by the subsidiaries to the Company. The CEO does not receive Directors’ fees for his directorship with the Company.

The Directors’ fee structure for FY2022 is set out below:

| BOARD                            | BASIC FEE (PER ANNUM) |
|----------------------------------|-----------------------|
| <b>CHAIRMAN</b>                  | S\$64,000             |
| <b>DEPUTY CHAIRMAN</b>           | S\$48,000             |
| <b>LEAD INDEPENDENT DIRECTOR</b> | S\$38,400             |
| <b>MEMBER</b>                    | S\$32,000             |

# CORPORATE GOVERNANCE

| BOARD COMMITTEE                              | ADDITIONAL FEES (PER ANNUM) AS |           |
|--|--------------------------------|-----------|
|  | CHAIRMAN                       | MEMBER    |
| <b>AUDIT AND RISK COMMITTEE</b>              | S\$21,333                      | S\$14,933 |
| <b>NOMINATING AND REMUNERATION COMMITTEE</b> | S\$12,800                      | S\$8,960  |
| <b>SUSTAINABILITY COMMITTEE</b>              | S\$10,667                      | S\$7,468  |
| <b>TECHNOLOGY COMMITTEE</b>                  | S\$10,667                      | S\$7,468  |

The attendance fees payable to the NEDs for attendance at each Board and Board Committee meeting and the AGM for FY2022 and the Financial Year ending 31 December 2023 ("FY2023") are set out below. The attendance fees for FY2023 have reverted to the pre-COVID-19 rates.

| MEETINGS   | ATTENDANCE FEE (PER MEETING) |                       |
|--|------------------------------|-----------------------|
|  | FY2022                       | FY2023                |
|  | In-person / Dial-in          | In-person / Dial-in   |
| <b>BOARD / BOARD COMMITTEE MEETING HELD LOCALLY AND ANNUAL GENERAL MEETING</b> | S\$2,000                     | S\$2,000 / S\$1,000   |
| <b>BOARD / BOARD COMMITTEE MEETING HELD OVERSEAS</b>                           | US\$2,000                    | US\$2,000 / US\$1,000 |

\* Directors are only paid one attendance fee per day irrespective of the number of meetings held on that day.

### 7.3 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The NRC and the Board have reviewed and are satisfied that the framework for remuneration and specific remuneration package for each Director as well as for the Key Management Personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

### 8.1 REMUNERATION OF DIRECTORS AND EXECUTIVES

#### CEO'S REMUNERATION

CEO's remuneration for FY2022 is as follows:

| REMUNERATION        | THE GROUP   |             |            |                    |
|---------------------|-------------|-------------|------------|--------------------|
|                     | SALARY      | BONUS       | OTHERS     | TOTAL COMPENSATION |
| <b>FY2022</b>       | S\$ 342,600 | S\$ 283,100 | S\$ 86,716 | S\$ 712,416        |
| <b>SIM WING YEW</b> |             |             |            |                    |

## DIRECTORS' FEES

Directors' fees are for services rendered by the NEDs on the Board as well as the various Board Committees and where applicable, for additional services provided to the Group. The amount includes Directors' attendance fees for scheduled Board and Board Committee meetings held throughout the year.

In FY2022, ComfortDelGro conducted a Request for Proposal ("**RFP**") for its new external auditors for FY2022. As ComfortDelGro intended to nominate its new external auditors to be the external auditors of the Group for FY2023, the Company was invited to participate in the RFP Committee (an ad hoc committee set up by the ComfortDelGro Board) that conducted the RFP. The RFP Committee's scope of work included determining the scope of audit work to be undertaken by the new auditors, reviewing and evaluating the submitted proposals, and negotiations with the tenderers. The ARC Chairman, Mr Soh Chung Hian, Daniel, participated in the RFP Committee on behalf of the Group.

The Directors' Fees of the NEDs in FY2022 are as follows:

| BOARD                        | DIRECTORS' FEES   |
|------------------------------|-------------------|
|                              | FY2022            |
|                              | S\$               |
| LIM JIT POH <sup>(1)</sup>   | 61,781.00         |
| GOH YEOW TIN <sup>(2)</sup>  | 35,917.00         |
| TAN KIM SIEW <sup>(3)</sup>  | 103,503.00        |
| YANG BAN SENG <sup>(4)</sup> | 107,352.00        |
| JACKSON CHIA <sup>(5)</sup>  | 45,302.00         |
| JUNE SEAH LEE KIANG          | 81,600.00         |
| SHIM PHYAU WUI, VICTOR       | 95,941.00         |
| SOH CHUNG HIAN, DANIEL       | 84,293.00         |
| TAN POH HONG                 | 89,361.00         |
| WONG YOKE WOON               | 73,893.00         |
| <b>TOTAL</b>                 | <b>778,943.00</b> |

### Notes:

- (1) Amount includes Mr Lim's Directors' Fees for the period from 1 January 2022 to 27 April 2022. Mr Lim retired as the Chairman and a Director of the Company at the conclusion of the AGM held on 27 April 2022.
- (2) Amount includes Mr Goh's Directors' Fees for the period from 1 January 2022 to 27 April 2022. Mr Goh retired as a Director of the Company at the conclusion of the AGM held on 27 April 2022.
- (3) Dr Tan was appointed the Chairman of the Company at the conclusion of the AGM held on 27 April 2022.
- (4) Amount includes the Directors' Fees payable by the Company's subsidiaries. Mr Yang's Directors' Fees are paid to the Company's holding company, ComfortDelGro.
- (5) Amount constitutes Mr Chia's Directors' Fees for the period from 27 April 2022 to 31 December 2022. Mr Chia was appointed a Non-Independent Non-Executive Director and a member of the ARC and the SC on 27 April 2022. He stepped down as a member of the ARC on 11 August 2022. Mr Chia's Directors' Fees are paid to the Company's holding company, ComfortDelGro.

# CORPORATE GOVERNANCE

## KEY MANAGEMENT PERSONNEL'S REMUNERATION

The remuneration of the top five Key Management Personnel having regard to the performance of the individuals and the Group, are as follows:

| REMUNERATION BAND               | THE GROUP |       |        | TOTAL COMPENSATION |
|---------------------------------|-----------|-------|--------|--------------------|
|                                 | SALARY    | BONUS | OTHERS |                    |
|                                 | %         | %     | %      | %                  |
| <b>FY2022</b>                   |           |       |        |                    |
| <b>S\$500,000 TO S\$749,999</b> |           |       |        |                    |
| <b>SIZE THIAM SIONG</b>         | 54.8%     | 40.5% | 4.7%   | 100%               |
| <b>S\$250,000 TO S\$499,999</b> |           |       |        |                    |
| <b>CHUNG TYING CHUN</b>         | 51.6%     | 35.2% | 13.2%  | 100%               |
| <b>LEE PECK KIM, MARY</b>       | 58.4%     | 35.1% | 6.5%   | 100%               |
| <b>YUSOOF AYNUDDIN</b>          | 57.8%     | 35.7% | 6.5%   | 100%               |
| <b>BELOW S\$250,000</b>         |           |       |        |                    |
| <b>YIP CHUN WAH</b>             | 63.1%     | 29.0% | 7.9%   | 100%               |

The total remuneration paid to these five Key Management Personnel holding the key portfolios (who are not Directors or the CEO) amounted to S\$1,835,390 in FY2022.

### 8.2 REMUNERATION OF CERTAIN RELATED EMPLOYEES

During FY2022, no employee whose remuneration exceeded S\$100,000 was a substantial shareholder of the Company, or an immediate family member of a Director or the CEO. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

### 8.3 REMUNERATION AND OTHER PAYMENTS AND BENEFITS FROM THE COMPANY AND ITS SUBSIDIARIES TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

During FY2022, no other forms of remuneration and other payments and benefits, were paid by the Company and its subsidiaries to the Directors and Key Management Personnel of the Company, except as disclosed in Section 8.1 above.

## 3. ACCOUNTABILITY AND AUDIT

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 for providing a balanced and understandable assessment of the Group's performance, position and prospects. Material price-sensitive and trade sensitive information, annual reports and other material corporate developments are disseminated in a timely and transparent manner and posted on the Company's website as well as SGXNET. The financial results are reported semi-annually 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 aspect. The Company believes

that prompt and full compliance with statutory reporting requirements is fundamental to maintaining shareholder confidence and trust.

### DEALINGS IN SECURITIES

The Group has a formal 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 one month before the announcement of the Company's, ComfortDelGro's and SBS Transit's semi-annual results and full-year results (as the case may be) 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 considerations and/or while in possession of unpublished material price-sensitive and trade sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive and trade sensitive information relating to those securities.

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 9: RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

### **9.1 DETERMINATION OF THE NATURE AND EXTENT OF SIGNIFICANT RISKS**

Risk management is an important and integral part of the Group's strategic planning and decision-making process. Key risks are identified and presented to the ARC and the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional levels, with stewardship retained at 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. A detailed description of the Group's approach to internal controls and risk management can be found from pages 55 to 60 of this Annual Report.

As part of the risk management process, all businesses are required to refresh their risk inventories, conduct risk prioritisation exercises, identify key and emerging risks, and develop the requisite risk controls and risk treatment action plans. The identified risks, their indicators and action plans are continually reviewed and reported.

The Internal and External Auditors conduct reviews in accordance with their respective 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.

### **9.2 ASSURANCE FROM THE CEO, CHIEF FINANCIAL OFFICER AND THE KEY MANAGEMENT PERSONNEL**

For FY2022, 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 systems (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

## **PRINCIPLE 10: AUDIT AND RISK COMMITTEE**

As at 31 December 2022 and 1 January 2023, the ARC comprised five Independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 24 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.

### **10.1 ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE**

The terms of reference of the ARC are aligned with the provisions of Section 201B(5) of the Companies Act 1967 (the "**Companies Act**") and include the following:

- (i) Review the half-year and full-year financial statements including significant accounting and financial reporting issues and judgements to ensure the integrity of the financial statements, as well as any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
- (ii) Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal control systems (including financial, operational, compliance and information technology controls) and risk management systems;
- (iii) Review the assurance from the CEO and the CFO on the financial records and financial statements;
- (iv) Make recommendations to the Board on:
  - (i) the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors; and
  - (ii) the fees and terms of engagement of the External Auditors;
- (v) Review the effectiveness, adequacy, independence, scope and results of the Group's external audit and internal audit functions;
- (vi) 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;



- (vii) Review and approve the annual audit plans of the External Auditors;
- (viii) Review and approve the Internal Auditors' annual and three-year rolling work plans;
- (ix) Review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on pages 46 to 47 and 60 of this Annual Report;
- (x) Review interested person transactions; and
- (xi) Assist the Board in fulfilling its corporate governance responsibilities and legal obligations in relation to the Group's performance, practices, strategies and policies for workplace safety and health of its employees, contractors, customers, and others affected by its activities, including its obligations under the Workplace Safety and Health Act 2006, the COP and other relevant legislation and regulations.

The 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.

## 10.2 COMPOSITION OF THE AUDIT AND RISK COMMITTEE

As mentioned above, as at 31 December 2022 and 1 January 2023, the ARC comprised five Independent NEDs.

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

- (i) Mr Soh Chung Hian, Daniel, Chairman of the ARC, is an Independent Non-Executive Director of VICOM. He is also a member of the NRC. Mr Soh is 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 holds a Bachelor of Accountancy from the University of Singapore and a Master of Business Administration from International Centre of Management in the United Kingdom.
- (ii) Ms June Seah Lee Kiang is an Independent Non-Executive Director of VICOM. She is a member of the ARC and also the Chairperson of the SC. Ms Seah is currently the Executive Director/Senior Advisor of Omise Payment SG Pte Ltd, a payment solutions company registered in Singapore with operations in Japan and Southeast Asia. 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.
- (iii) Professor Shim Phiau Wui, Victor is an Independent Non-Executive Director of VICOM. He is also the Chairman of the TC and a member of the ARC and the SC. Professor 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 ("NUS"), and a Doctor of Philosophy from the University of Cambridge, United Kingdom. He is a registered Professional Engineer and a Senior Member of the Institution of Engineers, Singapore. He has received awards at NUS for Teaching Excellence, Innovative Teaching and Outstanding Service, and was conferred the Singapore National Day Public Administration Medal (Silver) in 2012.
- (iv) Ms Tan Poh Hong is an Independent Non-Executive Director of VICOM. She is a member of the ARC and also a member of the NRC and the TC. Ms Tan holds a BSc (Honours) in Estate Management from NUS, and a Master of Business Administration (with distinction) from New York University. She was awarded the Public Administration Medal (Gold) in 2013, and the Public Service Medal in 1999 by the Singapore Government and the NTUC Medal of Commendation in 2001.
- (v) Ms Wong Yoke Woon is an Independent Non-Executive Director of VICOM. She is a member of the ARC and also a member of the NRC. Ms Wong holds an Executive Masters in Business Administration from the Singapore Management University, a Bachelor of Social Sciences from NUS and a Bachelor of Arts and Social Sciences from NUS. She also holds a Professional Diploma in Employment Relations from the NUS-Extension and Ong Teng Cheong Institute and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

The details of the ARC members' credentials are found on pages 8 to 12 of this Annual Report.

### 10.3 CONFIRMATION OF NO FORMER PARTNERS OR FINANCIAL INTEREST

None of the ARC members are previous partners or directors of the Company's existing External Auditors within the previous 24 months and none of the ARC members hold any financial interest in the Company's existing External Auditors.

### 10.4 INTERNAL AUDIT

The Internal Audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising suitably qualified and experienced Internal Audit staff including the ComfortDelGro Group Chief Internal Audit Officer ("**GCIAO**"). The ComfortDelGro Group Internal Audit staff have professional qualifications and are either members of the Institute of Singapore Chartered Accountants, CPA Australia, the Information Systems Audit and Control Association or Institute of Internal Auditors. The GCIAO reports functionally to the Chairman of the ARC and administratively to the MD/Group CEO of ComfortDelGro. The ARC participates in the hiring, removal and evaluation of the GCIAO and reviews his performance with the MD/Group CEO of ComfortDelGro.

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 audit plan is developed by the GCIAO in consultation with, but independent of, Management and is subject to the ARC's approval before the start of each financial year. Quarterly internal audit reports are also prepared and submitted to the ARC. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC conducts review of the adequacy, effectiveness, independence, scope and results of the internal audit function. The ARC has full access to the GCIAO, and 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, and has appropriate standing within the Group.

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.

### 10.5 AUDIT AND RISK COMMITTEE'S ACTIVITIES

The ARC held four meetings during FY2022. The CEO, CFO and GCIAO were present at these meetings. The External Auditors attended the meetings that discussed the half-year and full-year results. 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) Half-year 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;
- (vii) Risk management and adequacy and effectiveness of internal controls;
- (viii) Independence of the External Auditors;
- (ix) Recommendation to the Board of the appointment or re-appointment of External Auditors and its remuneration; and
- (x) Significant matters (if any) raised through the whistle-blowing channel.

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 or executive officer 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 Internal Auditors and External Auditors may raise issues encountered in the course of their work directly to the ARC.

## 10.6 SIGNIFICANT FINANCIAL REPORTING MATTERS

In the review of the financial statements of the Group for FY2022, the ARC considered the following key audit matters:

| SIGNIFICANT MATTERS   | REVIEW OF SIGNIFICANT MATTERS BY THE ARC   |
|---|--|
| <b>Allowance for expected credit losses for trade receivables</b> | <p>The ARC has considered the basis and judgement by the Management in estimating the allowance for expected credit losses of trade receivables.</p> <p>Following the review with Management and the External Auditors, the ARC is satisfied with the reasonableness in the estimate of the allowances for expected credit losses for trade receivables.</p> |

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for FY2022.

## 10.7 REVIEW OF INDEPENDENCE OF EXTERNAL AUDITORS

The ARC assesses the independence of the External Auditors based on the guidelines set by the ACRA and the Accountants Act 2004 of Singapore. The ARC is satisfied that the independence of the existing External Auditors, Deloitte & Touche LLP ("**Deloitte**"), is not impaired by their provision of non-audit services to the Group and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The partner in-charge of auditing the Company is changed every five years as a further safeguard of Deloitte's independence.

### CHANGE OF AUDITORS

The Company has received a notice of nomination dated 24 January 2023 from ComfortDelGro, the Company's substantial shareholder on the appointment of Ernst & Young LLP ("**EY**") in place of Deloitte.

The ARC is of the view that the change of auditors is in the best interests of the Group as it would enable the Group to benefit from a change of perspectives. Moreover, having EY as the auditor of the Group would enable the Group to benefit from a more coordinated audit as EY is currently the auditor of ComfortDelGro. There will be no change in the scope of the audit to be undertaken by EY. The ARC has also considered the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by the ACRA in assessing the suitability of EY as the Group's new auditors. It will be proposed at the upcoming AGM that the Company effects the change of auditors with effect from the financial year ending 31 December 2023. Accordingly, Deloitte will not be seeking re-appointment at the forthcoming AGM of the Company.

The Board, with the concurrence of the ARC, is satisfied that EY will be able to meet the audit requirements of the Group after having considered factors such as the adequacy of the resources and experience of EY and the audit engagement partner assigned to the audit, EY's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who will be assigned to the Group's audit. The Board, with the concurrence of the ARC, is also satisfied that if EY is appointed, Rules 712 and 715 of the SGX-ST Listing Manual will be complied with.

EY has given their consent to be appointed as the External Auditors, subject to the approval of the shareholders at the AGM.

Further information on the appointment of EY can be found in the Notice of AGM.

## 10.8 WHISTLE BLOWING POLICY

The Group's Whistle Blowing Policy provides a mechanism for employees and external parties 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. Under the Whistle Blowing Policy, incidents may be reported to the GCIAO, whose contact information is set out in the policy. Where the incident involves the GCIAO, the complaint may be made to the ARC Chairman.

The contact information is as follows:

- Group Chief Internal Audit Officer at DID: +65 6383 7010 or by email to [gciao@comfortdelgro.com](mailto:gciao@comfortdelgro.com) or via the intranet.
- Chairman of the ARC via this email: [arc\\_chairman@vicom.com.sg](mailto:arc_chairman@vicom.com.sg)

All cases are investigated and overseen by the ComfortDelGro Group Internal Audit Division, and dealt with promptly and thoroughly. The identity of whistleblowers is kept confidential, and the Group is committed to ensuring the protection of whistleblowers against detrimental or unfair treatment. The ARC is responsible for oversight and monitoring of whistleblowing.

#### 4. SHAREHOLDER RIGHTS AND ENGAGEMENT

##### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

###### 11.1 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 are conducted through announcements to the SGXNET, media and analyst briefings (if appropriate) after the announcement of the financial results together with its presentation materials, as well as the posting of announcements and press releases on the Company's website. The Group has formulated a Policy on Securities – Drafting and Releasing SGX-ST Announcements to provide guidance on preparation of SGX-ST announcements.

Shareholders may send in their requests or queries through the feedback channel provided on the Company's website (<https://www.vicom.com.sg/financials/investor-relations>). The IR function of the Group is performed by the ComfortDelGro Group's IR team ("**Group IR Team**"), led by the ComfortDelGro Head, Group Investor Relations ("**GHIR**"). The Group IR Team is accessible throughout the year to address shareholders' queries. The contact details of the GHIR can be found on the Company's website (<https://www.vicom.com.sg/financials/investor-relations>).

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, 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 sustainability efforts. Upon request, hard copies are provided to shareholders.

###### 11.2 CONDUCT OF SHAREHOLDER MEETINGS INCLUDING DIRECTORS' ATTENDANCE

The Company encourages and supports shareholder participation at general meetings, and 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 at 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, CEO and the chairpersons 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.

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 issue shares was granted, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

The Company's AGM for the Financial Year ended 31 December 2021 was held in April 2022 both physically and by way of audio-visual electronic means due to the COVID-19 pandemic.

The FY2022 AGM scheduled to be held on 26 April 2023 will also be held both physically ("**Physical Meeting**") and by way of electronic means ("**Virtual Meeting**") as the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 will still be in force as at the time of the AGM. To facilitate high levels of shareholder engagement, real-time communication and real-time live voting will be conducted during the AGM for shareholders and proxies attending the Physical Meeting and the Virtual Meeting. Shareholders who are not able to attend the AGM in-person or those who prefer to attend the live webcast may do so by audio or audio-visual means. The Company will adhere to the SGX-ST's guiding principle to provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the FY2022 AGM of the Company for more information.

## 11.3 RESOLUTIONS AND VOTING AT GENERAL MEETINGS

Each issue or matter requiring shareholders' approval is tabled as a separate and distinct resolution. All the resolutions at general meetings are single item resolutions. The Company does not practise bundling of 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 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/her behalf at general 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 general 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.

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. Voting by poll is the most accurate means of tabulating shareholders' votes according to the number of shares owned. The Company believes that this will encourage greater shareholders' participation at the Company's general meetings and demonstrates VICOM's commitment to high standards of corporate governance and transparency.

## 11.4 MINUTES OF GENERAL MEETINGS

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 the responses from the Board and Management. The minutes are available to shareholders on the Company's website and SGXNET within one month after the date of the AGM.

## 11.5 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 dividends semi-annually and informs its shareholders of the dividend payments via announcements to SGXNET. Dividends are paid to shareholders in an equitable and timely manner.

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

### REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to ensuring that accurate and pertinent information is disseminated to the market in a timely and transparent manner as part of good corporate governance. Shareholders can access the corporate website at [www.vicom.com.sg](http://www.vicom.com.sg). The Group's Investor Relations Policy ("**IR Policy**") is available on the corporate website.

Communications with the SGX-ST are handled by the Company Secretaries, while communications with shareholders, analysts and fund managers are handled by the GHIR. 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.

### 12.1 INVESTOR RELATIONS POLICY AND AVENUES FOR COMMUNICATION

The IR Policy sets out the process and mechanism to promote regular, effective and fair communications with shareholders and the investment community. The dedicated Group IR Team works with senior management to proactively carry out the IR engagement programme.

The Company is committed to treat all shareholders fairly and equitably, and to engage with shareholders and the investment community through various platforms including (where appropriate):

- (i) The Company's general meetings, namely AGMs and as and when necessary, Extraordinary General Meetings;
- (ii) Media briefings and analysts' briefings;
- (iii) Announcements via SGXNET in compliance with the SGX-ST Listing Rules;
- (iv) Investors' meetings, roadshows and conferences;
- (v) Annual reports and sustainability reports;
- (vi) Media releases and statements; and
- (vii) Corporate website ([www.vicom.com.sg](http://www.vicom.com.sg)).



## 5. MANAGING STAKEHOLDERS RELATIONSHIPS

### PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company adopts an inclusive approach by balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Group are served.

#### 13.1 IDENTIFICATION OF AND ENGAGEMENT WITH MATERIAL STAKEHOLDERS

The Company has arrangements in place to enable it to engage stakeholders so as to better understand and take action to address their needs and interests. Since the COVID-19 pandemic, the Company has been taking every opportunity to make use of digital means to communicate with shareholders. We were one of the first companies to hold hybrid meetings for its shareholders, with real-time communication and real-time live voting.

#### 13.2 MANAGEMENT OF STAKEHOLDER RELATIONSHIPS

The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found in our Sustainability Report. Our Sustainability Report highlights the economic, environmental and social aspects of our developments and operations in accordance with the Global Reporting Initiative Guidelines (G4 Core) and complies with the relevant requirements under the SGX-ST Listing Manual including Rules 711A and 711B. As part of the Company's sustainability efforts and to ensure more efficient engagement, the Company encourages all shareholders to give their express consent to receive communications to shareholders, including statutory notices for general meetings and other circulars, via email and digital platforms.

#### 13.3 CORPORATE WEBSITE

The corporate website is regularly updated to communicate and engage with stakeholders.

## 6. 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 open 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 accepted corporate governance business practices and ethical standards and do not violate any applicable laws, regulations or policies of any country that the Group operates in or any company with which the Group has dealings.

#### ANTI-CORRUPTION POLICY

The Group complies with all applicable laws of the jurisdictions in which it operates and conducts business in an open and 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 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. The Group complies with applicable statutory requirements and regulations and procedures are put in place to guide proper safe work practices for the wellbeing of all employees and customers.

In 2022, following the issuance of the COP, the Group reviewed its work procedures and processes to ensure that its safety policies, standards and practices comply with the Workplace Safety and Health Act 2006 and the COP. The Group's current safety policies, standards and practices adhere to the core principles and measures set out in the COP.

Employees are sent for training to equip them with greater awareness and knowledge of good WSH practices.

# CORPORATE GOVERNANCE

Employees are required to observe safety rules and carry out safe work practices that apply to their jobs to ensure a safe work environment for everyone. They are also strongly encouraged to surface safety issues to improve safety standards at the workplace.

## 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 information provide protection against unauthorised disclosure and use.

## DATA PROTECTION POLICY

All Business Units are required to comply with applicable laws pertaining to data protection. In particular, the business units in Singapore have implemented data protection policies and practices to ensure compliance with the obligations under the Personal Data Protection Act 2012, including the Do Not Call provisions that came into force in 2014.

## CYBERSECURITY POLICY

The Group has adopted the international Information Security Standard ISO 27000 in assessing and formulating the Group's cybersecurity framework. The Group regularly reviews its cybersecurity measures to ensure effective protection of its information technology systems and databases. The Group has implemented multi-layered defences, including firewalls, intrusion prevention system, network access control, server hardening, data encryption and employee security training. The Group keeps abreast

of the evolving threats and the latest techniques, and actively collaborates with cybersecurity authorities and regulators to develop appropriate countermeasures.

The Group will continue to strengthen its capabilities in light of the way cybersecurity risks will evolve with the digital age. As and when necessary, the Group will take appropriate risk management decisions and implement security controls to secure its 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 practises 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 their 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. The Group negotiates with suppliers on an individual basis and meets its obligations accordingly.

## 7. INTERESTED PERSON TRANSACTIONS

### SGX-ST LISTING MANUAL – RULE 907

| NAME OF INTERESTED PERSON | NATURE OF RELATIONSHIP                                    | AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN \$100,000 AND TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920) | AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN \$100,000) |
|---------------------------|---|---|---|
| ComfortDelGro             | ComfortDelGro is the majority shareholder of the Company. | \$4,707,000   | NIL   |
| SBS Transit               | SBS Transit is an associate of the Company.               | NIL   | NIL   |

There is no shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

# DIRECTORS' PARTICULARS

As at 1 March 2023

| NAME  | AGE | PRESENT DIRECTORSHIPS  | PAST DIRECTORSHIPS HELD OVER THE PRECEDING FIVE YEARS   | PRESENT PRINCIPAL COMMITMENTS   | PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS  |
|---|-----|--|---|---|---|
| <b>TAN KIM SIEW</b><br>Chairman<br>(Independent Non-Executive Director)               | 69  | (1) VICOM Ltd*<br>(2) SBS Transit Ltd*   | NIL   | NIL   | NIL   |
| <b>CHENG SIAK KIAN</b><br>Deputy Chairman<br>(Non-Independent Non-Executive Director) | 53  | <p><b>Directorships in the VICOM Group</b></p> <p>(1) VICOM Ltd*<br/>(2) Setsco Services Pte Ltd<br/>(3) JIC Inspection Services Pte Ltd<br/>(4) VICOM Inspection Centre Pte Ltd</p> <p><b>Principal Directorships in the ComfortDelGro Group</b></p> <p>(1) ComfortDelGro Corporation Limited*<br/>(2) Comfort Transportation Pte Ltd<br/>(3) CityCab Pte Ltd<br/>(4) ComfortDelGro Engineering Pte Ltd<br/>(5) ComfortDelGro Corporation Australia Pty Ltd<br/>(6) Braddell Limited<br/>(7) Metroline Limited<br/>(8) CityFleet Networks Limited</p> <p><b>Directorships in the SBS Transit Group</b></p> <p>(1) SBS Transit Ltd*<br/>(2) SBS Transit Rail Pte Ltd</p> | <p>(1) CDC Travel Pty Ltd<br/>(2) Hillsbus Co Pty Ltd<br/>(3) Hunter Valley Buses Pty Ltd<br/>(4) Westbus Region 1 Pty Ltd<br/>(5) CDC NSW Pty Ltd<br/>(6) CDC Victoria Pty Ltd<br/>(7) CDC Geelong Pty Ltd<br/>(8) CDC Sunshine Pty Ltd<br/>(9) CDC Oakleigh Pty Ltd<br/>(10) CDC Altona Pty Ltd<br/>(11) CDC Wyndham Pty Ltd<br/>(12) CDC Ballarat Pty Ltd<br/>(13) Baypalm Pty Limited<br/>(14) Qcity Transit Pty Ltd<br/>(15) CDC Eastrans Pty Ltd<br/>(16) Western Sydney Repair Centre Pty Ltd<br/>(17) Blue Mountains Transit Pty Ltd<br/>(18) National Patient Transport Pty Ltd<br/>(19) National Patient Transport NSW Pty Ltd<br/>(20) National Patient Transport QLD Pty Ltd<br/>(21) National Patient Transport WA Pty Ltd<br/>(22) National Patient Transport SA Pty Ltd<br/>(23) NPT Heart Pty Ltd<br/>(24) Platinum Healthcare Pty Ltd<br/>(25) National Patient Transport VIC Pty Ltd<br/>(26) CDC Tullamarine Pty Ltd<br/>(27) Terrey Hills Depot Holdings Pty Limited<br/>(28) FCL Holdings Pty Limited<br/>(29) FCL Finance Pty Limited<br/>(30) Forest Coach Lines Pty Limited<br/>(31) Buslink Pty Ltd<br/>(32) Buslink Southern Pty Ltd<br/>(33) Buslink Gladstone Pty Ltd<br/>(34) Buslink Sunshine Coast Pty Ltd<br/>(35) Buslink Broken Hill Pty Ltd<br/>(36) Buslink Sunraysia Pty Ltd<br/>(37) Tropic Sun Pty Ltd<br/>(38) Buslink NT Pty Ltd<br/>(39) Buslink Alice Spring Pty Ltd<br/>(40) CDC Commercial Bus Company Pty Ltd<br/>(41) SBS Transit Mobility Pte Ltd</p> | <p>(1) ComfortDelGro Corporation Limited*<br/>(Managing Director/Group Chief Executive Officer)</p> | <p>(1) SBS Transit Ltd* (Chief Executive Officer) and concurrently in 2022, ComfortDelGro Corporation Limited* (Group Deputy Chief Executive Officer)<br/>(2) ComfortDelGro Corporation Australia Pty Ltd (NSW) (Chief Executive Officer)</p> |

\* Listed Company

# DIRECTORS' PARTICULARS

As at 1 March 2023

| NAME   | AGE | PRESENT DIRECTORSHIPS  | PAST DIRECTORSHIPS HELD OVER THE PRECEDING FIVE YEARS | PRESENT PRINCIPAL COMMITMENTS  | PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS   |
|--|-----|--|---|--|--|
| <b>SIM WING YEW</b><br>Chief Executive Officer<br>(Non-Independent Executive Director) | 55  | <b>Directorships in the VICOM Group</b><br>(1) VICOM Ltd*<br>(2) VICOM Inspection Centre Pte Ltd<br>(3) Setsco Services Pte Ltd<br>(4) JIC Inspection Services Pte Ltd<br>(5) Setsco Consultancy International Pte Ltd<br>(6) Setsco Services (M) Sdn Bhd<br>(7) Setsco Middle East Laboratory LLC<br><br><b>Directorship in the ComfortDelGro Group</b><br>(1) ComfortDelGro Engineering Pte Ltd  | NIL   | (1) VICOM Ltd* (Chief Executive Officer)   | NIL  |
| <b>JACKSON CHIA</b><br>(Non-Independent Non-Executive Director)                        | 53  | <b>Directorship in the VICOM Group</b><br>(1) VICOM Ltd*<br><br><b>Directorships in the ComfortDelGro Group</b><br>(1) Cabcharge Asia Pte Ltd<br>(2) CityCab Pte Ltd<br>(3) Comfort Transportation Pte Ltd<br>(4) ComfortDelGro Bus Pte Ltd<br>(5) ComfortDelGro Engineering Pte Ltd<br>(6) ComfortDelGro Rent-A-Car Pte Ltd<br>(7) ComfortDelGro MedCare Pte Ltd<br>(8) ComfortDelGro Swan Pty Ltd<br>(9) Swan Taxi Pty Ltd<br>(10) Ming Chuan Transportation Pte Ltd<br>(11) CDG Zig Pte Ltd | NIL   | (1) ComfortDelGro Corporation Limited* (Chief Executive Officer of Private Mobility Group)<br>(2) ComfortDelGro Corporation Limited* (Chief Executive Officer of ComfortDelGro Taxi) | (1) ComfortDelGro Corporation Limited* (Group Chief Sustainability Officer)<br>(2) ComfortDelGro Corporation Limited* (Group Chief Risk and Sustainability Officer)<br>(3) ComfortDelGro Corporation Limited* (Senior Vice President of the Transformation Office)<br>(4) SBS Transit Ltd* (Deputy Head of Rail) |

| NAME  | AGE | PRESENT DIRECTORSHIPS   | PAST DIRECTORSHIPS HELD OVER THE PRECEDING FIVE YEARS   | PRESENT PRINCIPAL COMMITMENTS  | PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS   |
|---|-----|---|---|--|--|
| <b>OOI BENG CHIN</b><br>(Non-Independent Non-Executive Director)      | 61  | (1) VICOM Ltd*<br>(2) ComfortDelGro Corporation Limited*<br>(3) Bestpeer Pte Ltd<br>(4) AlDigi Holdings Pte Ltd<br>(5) Medilot Technologies Pte Ltd | NIL   | (1) National University of Singapore (Lee Kong Chian Centennial Professor)<br>(2) National University of Singapore (Professor, School of Computing)<br>(3) Zhejiang University China (Adjunct Chang Jiang Professor) | (1) National University of Singapore (Distinguished Professor)<br>(2) National University of Singapore (Director of Smart Systems Institute) |
| <b>JUNE SEAH LEE KIANG</b><br>(Independent Non-Executive Director)    | 69  | (1) VICOM Ltd*<br>(2) Omise Payment SG Pte Ltd  | NIL   | (1) Omise Payment SG Pte Ltd (Executive Director/Senior Advisor)   | (1) Visa (Head of Merchant and Acquirer Partnerships)<br>(2) The Peranakan at Claymore Connect (Partner)                                     |
| <b>SHIM PHYAU WUI, VICTOR</b><br>(Independent Non-Executive Director) | 69  | (1) VICOM Ltd*  | NIL   | (1) National University of Singapore (Emeritus Professor)<br>(2) Ningbo University (China) (Professor)   | NIL  |
| <b>SOH CHUNG HIAN, DANIEL</b><br>(Independent Non-Executive Director) | 69  | (1) VICOM Ltd*<br>(2) British and Malayan Holdings Limited*<br>(3) Sunright Limited*  | (1) Lum Chang Holdings Limited*<br>(2) British and Malayan Trustees Limited<br>(3) Agency for Integrated Care Pte Ltd<br>(4) JDJ Investment Pte Ltd | NIL  | NIL  |

\* Listed Company



# DIRECTORS' PARTICULARS

As at 1 March 2023

| NAME  | AGE | PRESENT DIRECTORSHIPS  | PAST DIRECTORSHIPS HELD OVER THE PRECEDING FIVE YEARS            | PRESENT PRINCIPAL COMMITMENTS                                       | PAST PRINCIPAL COMMITMENTS OVER THE PRECEDING FIVE YEARS  |
|---|-----|--|--|---|---|
| <b>TAN POH HONG</b><br>(Independent Non-Executive Director)   | 64  | (1) VICOM Ltd*<br>(2) Sheng Siong Group Ltd*<br>(3) Centurion Corporation Limited*<br>(4) AnnAik Limited*<br>(5) APAC Realty Ltd*<br>(6) OTS Holdings Limited*<br>(7) Jilin Food Zone Pte Ltd<br>(8) Vanguard Healthcare Pte Ltd | (1) Barramundi Asia Pte Ltd<br>(2) AgriFood Technologies Pte Ltd | NIL   | NIL   |
| <b>WONG YOKE WOON</b><br>(Independent Non-Executive Director) | 49  | (1) VICOM Ltd*   | NIL  | (1) National Trades Union Congress Operations Department (Director) | (1) Employment and Employability Institute (e2i) (Deputy CEO)<br>(2) Healthcare Services Employees' Union (HSEU) (Deputy Executive Secretary) |

**The VICOM Group’s Risk Management Framework provides a systematic process for the Group and its Business Units (BUs) to identify and review the nature and complexity of the risks involved in their business operations and to 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 briefings, 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 BUs, 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.

In line with the current dynamics in the global and local economies, the Group has reviewed its risk management policies and processes, and refreshed the risk registers. These refreshed risk registers reflect the current risk portfolios of the Group in mitigating business and operational risks while exploring opportunities in an increasingly technology-driven economy.

#### **RISK MANAGEMENT MODEL**

The Group has adopted the “Four Lines of Defence” as our assurance framework in risk management. The Board has the ultimate responsibility for the governance of risk, and sets the tone and direction for the Group. It delegates the oversight of risk management and internal control to the Audit and Risk Committee (ARC). The ARC helps the Board in ensuring that the Management establishes and enforces a sound system of risk management and internal controls to safeguard the Group’s assets and shareholders’ interests, and that a robust system and processes is in place to identify and manage risks enterprise-wide.

# RISK MANAGEMENT

## HIGHEST OVERSIGHT

The Board is responsible for the oversight of VICOM Group risk management, internal control, policies and systems.

The Board consists of the Chairman, Executive Directors and Non-Executive Directors who hold their Board meetings on a quarterly basis.



## 3RD LINE

The internal and external audit is responsible for testing the effectiveness of the risk management, the internal control and compliance set up by Management as an independent assurance. The whistleblowing and results of investigated issues will be reported directly to the Audit and Risk Committee (ARC).

Internal Auditors report independently to the ARC. They adopt a risk-based approach when conducting their review.



## 2ND LINE

The VICOM Risk Steering Committee (RSC) is responsible for the risk management framework and strategy. They set up the risk management strategy, implement control self-assessment and monitor regulatory compliance.

The VICOM RSC consists of Chief Executive Officer and Senior Management staff who will be responsible for the risk in their functional area.

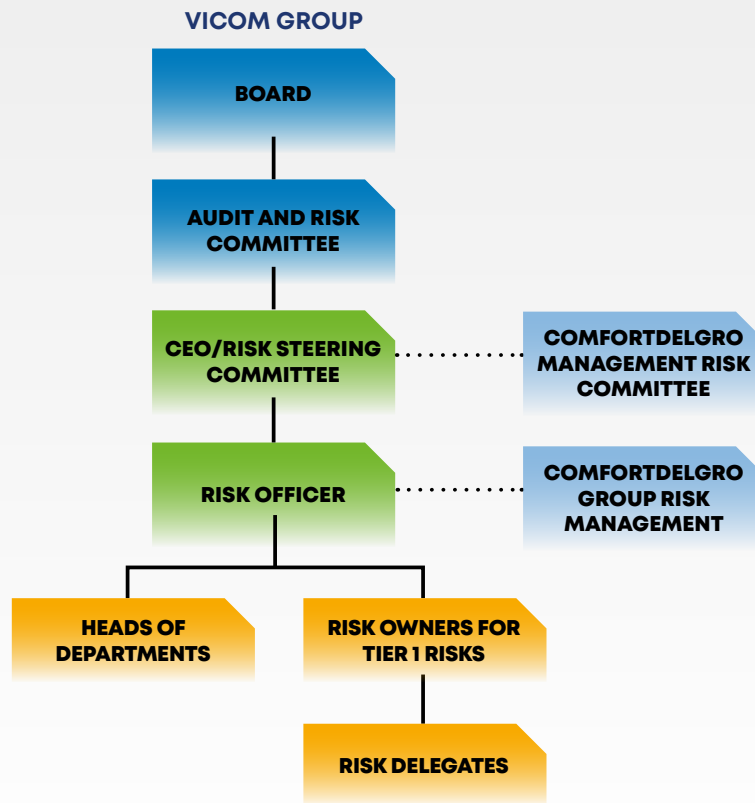


## 1ST LINE

Business Units (BUs) are responsible for setting up the policy management, identify risk, build a robust internal control environment and construct a strong financial and operational governance.

The BUs' Department Heads, Managers and employees embed risk-mitigating factor when designing their operational process and procedures.

## VICOM GROUP RISK MANAGEMENT STRUCTURE



The Group Chief Executive Officer chairs the Risk Steering Committee (RSC), and members are drawn from BUs' Senior Management staff. He is also a member of the ComfortDelGro's Management Risk Committee and has appointed a Risk Officer to work closely with ComfortDelGro's Group Risk Management to ensure alignment and that the Risk Management Framework is diligently implemented. Key risks for the Group are identified and presented to the ARC and the Board annually.

The Group RSC meetings serve as the platform where Group and BU-level risks are shared and discussed, including the progress of the respective risk treatment action plans and the key risk indicators. Different BUs will have different risk profiles but the risk assessment methodology, approach and processes are aligned with that of the Group, including the risk taxonomy. BUs are expected to continually refine and review their risk profiles and to detect and report any emerging risks promptly. This is to prevent unexpected risks and disruptions to our business operations and growth.

### GROUP RISK PROFILE

The key risks faced by the Group, the relevant mitigating factors and how they are managed are set out in the paragraphs below. The risks are categorised along Operational, Financial, Compliance and Information Technology risks.

### OPERATIONAL RISKS

#### SAFETY RISK

The safety of our customers and employees have always been our top priority. To achieve assurance, we regularly update and revisit our safety policies and procedures. We apply zero tolerance to non-compliance on these policies. We also carry out risk assessment and safety inspection on our premises and conduct fire drills as part of our preventive measures.

The Group constantly strives to comply with the latest requirements imposed by the Ministry of Manpower and the Workplace Safety and Health (WSH) Council. With the

# RISK MANAGEMENT

gazette of the Approved Code of Practice in October 2022, the Group has undertaken steps to ensure its compliance. This includes the appointment of a Responsible Director for all WSH matters and the revision of the ARC's Terms of Reference to include its oversight on such matters.

## TECHNOLOGY EXPLOITATION RISK

The Group's ability to exploit advances in technology for new business opportunities and leveraging on technology to increase productivity and efficiency through automation, digitalisation and innovation, are crucial. Recognising the significant impact that technology can have in growing revenue and reducing cost, the Group has formed a Technology Committee at Board level to drive and oversee technology exploitation opportunities.

## COMPETITION RISK

Competition remains keen in the Testing, Inspection and Certification industry, as evident by the 452 accredited laboratories, 125 accredited Inspection Bodies and 143 accredited Certification Bodies. To remain relevant, the Group and its BUs will have to improve its offerings and services, and also enhance efficiency and productivity through digitalisation and automation. We must also leverage on partnerships and collaborations to enhance our value propositions.

## ECONOMIC CYCLE

Changes in economic conditions 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 the economic climate and its impact across industries. We also monitor demand trends, cost structures, and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions. Where possible, revenue risks are mitigated by diversifying revenue streams and reduce dependency on a specific industrial sector.

## OPERATIONAL PERFORMANCE RISK

The Group and its BUs have established the requisite frameworks, standard operating procedures and Business Continuity Plans (BCPs) to ensure operational effectiveness and enable compliance and control of our various business operations and services. The BCPs are to mitigate the risks of disruption and catastrophic loss to our operations, people, information databases and other assets. Such risks can arise from adverse natural events like flooding, fires, or from pandemic outbreaks. The BCPs include identification and planning of alternate operation centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions, protection of our employees and customers, and recovery of information databases. 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.

The Group also seeks to adopt the best practices in industry, harmonise and streamline our processes, and attain third-party accreditation from the Singapore Accreditation Council as an attestation to our technical competency and professionalism. Besides this, the Group works closely with the various regulatory bodies to keep abreast of the latest regulatory requirements and ensure compliance. Ensuring high standards and operational excellence will enable us to deliver the desired outcomes and mitigate the risk of operating licences, certifications and accreditations being revoked.

## MANPOWER RISK

The Group's ability to develop and grow the business depends on the quality of its people, and it is committed to invest in developing its talent pool. We believe in developing a strong workforce by putting in place various programmes and processes. These include talent management, building management bench strength, succession planning, performance management, compensation and benefits, training and development, and employee conduct and supervision. We ensure that our employees are selected and promoted based on merit, and that they understand their responsibilities and are given access to the necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. We work with the Authorities and the Unions to ensure that our people are fairly recognised, remunerated and taken care of.

## PROPERTY AND LIABILITY

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

## FINANCIAL RISKS

### 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. 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. Specific approvals must be sought for unbudgeted expenditures. Tight control on manpower is exercised through the headcount budget.

### FINANCIAL MANAGEMENT RISK

The Group upholds the highest integrity in financial statement disclosure. 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 with the Board retaining the ultimate authority.

### **FRAUD RISK**

The Group recognises that fraud risk not only negatively impact our financial results, but also our reputation. As such, a robust internal control environment, with both prevention and detection control are embedded into our finance and business processes, including checks and balance with no single approval for all transactions. We also frequently conduct external and internal audit reviews to identify potential gaps within our organisation. Beyond controls, the Group also promotes an ethical culture and educates our staff to identify and report possible fraudulent act committed both internally and externally.

### **COMPLIANCE RISKS**

#### **COMPLIANCE & REGULATORY RISK**

The Group is committed to ensure that all BUs comply with the laws and regulations in the country they operate in. These laws and regulations include, but are not limited to, labour, taxation and environmental laws. As part of the risk management process, we maintain a compliance framework to monitor closely for any changes in the laws and regulations. Any changes are disseminated and updated in the respective compliance registers. We proactively engaged the regulatory authorities for any updated policies. As and where necessary, our BUs will also provide feedback on proposed regulatory changes during industry or public consultation exercises.

### **INFORMATION TECHNOLOGY RISKS**

#### **CYBERSECURITY RISK**

Cybersecurity remains a key risk for the Group, given the trend of increasing cyber-attacks globally, and that our digital footprint has grown with increased digitalisation. The COVID-19 pandemic added a new dimension to cybersecurity as more employees are now working from home. Coupled with the ever-evolving digital terrain, it is pertinent that the Group put in place a comprehensive and robust security framework, with regular reviews to ensure continuing relevance in face of changing threats.

The Group's information technology security management framework complies with the latest 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 and training for all staff, are reviewed and enhanced regularly.

### **DATA CONFIDENTIALITY RISK**

As a data custodian for our employees' and customers' personal data, the Group has implemented various policies, practices and controls to protect the confidentiality of these data. We regularly review our means of collecting, managing, safekeeping, sharing and disposal of such data to ensure compliance with the personal data protection regulations. The Group and its BUs also evaluate and update our data inventory map bi-annually. Data Protection Officers and other organisational representatives involved in the management of personal data are also sent for training to ensure that they are equipped with the required competencies.

The Group has attained the Data Protection Trust Mark (DPTM) from the Info-Comm and Media Development Authority (IMDA) since 2020 as a testament on the adequacy and effectiveness of its policies, internal processes and procedures in preventing personal data breach.

### **AUDIT PROCESS**

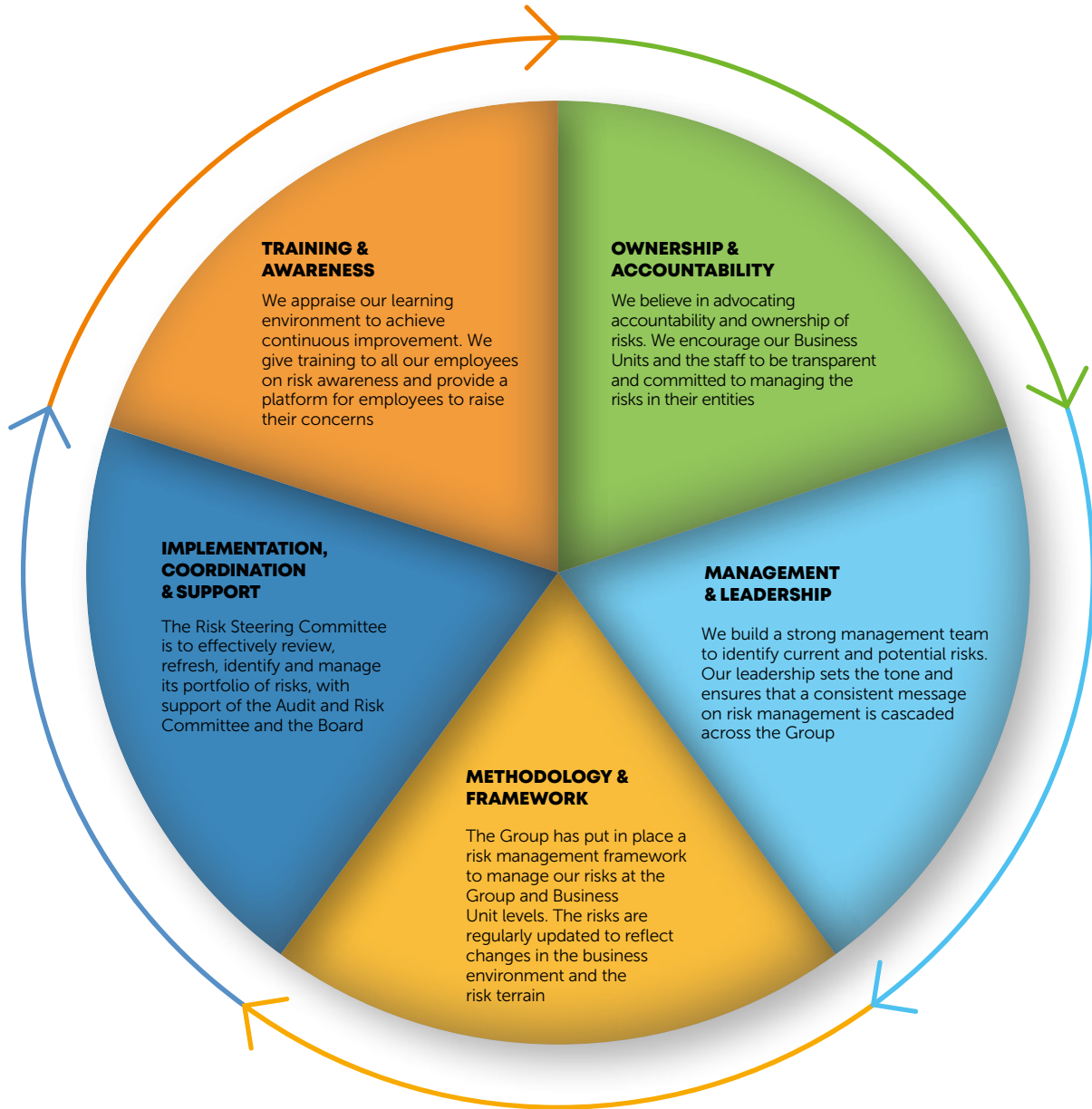
The internal audit function of the Group is performed by ComfortDelGro's Group Internal Audit Division. The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. A risk-based approach has been adopted in developing the annual audit plan, and in identifying the auditable areas of each entity. In the course of their audits, the Internal and External Auditors will highlight to Management and the ARC the areas where there are material deficiencies, non-compliance, 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 its system of internal controls, and the implementation status is reported to the ARC.

The Group Internal Audit Division 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 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.

### **RISK CULTURE**

The Group believes in setting a robust risk management culture by ensuring good awareness, attitudes and behaviour towards risk management. We aim for continuous improvements by aligning ourselves with best practices and lessons learnt. The diagram on the next page best describes the processes that the Group advocates in order to sustain continuous improvement in our risk management.

# RISK MANAGEMENT



## CODE OF BUSINESS CONDUCT

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

## WHISTLE BLOWING POLICY

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. The policy is communicated to all employees twice yearly through electronic Distribution Mails with their acknowledgement. Incidents can also be reported via a direct Intranet link to the Chairperson of the ARC and/or the ComfortDelGro's Group Chief Internal Audit Officer. All cases are investigated and dealt with promptly and thoroughly.

# FINANCIAL CALENDAR

## 2021

|  |                 |
|--|-----------------|
| Announcement of 2020 Full Year Results               | 8 February 2021 |
| Annual General Meeting                               | 28 April 2021   |
| Payment of 2020 Final Dividend (6.22 cents/share)    | 18 May 2021     |
| Announcement of 2021 Half Year Results               | 11 August 2021  |
| Payment of 2021 Interim Dividend (3.04 cents/shares) | 31 August 2021  |

## 2022

|  |                  |
|--|------------------|
| Announcement of 2021 Full Year Results               | 21 February 2022 |
| Annual General Meeting                               | 27 April 2022    |
| Payment of 2021 Final Dividend (3.24 cents/share)    | 25 May 2022      |
| Payment of 2021 Special Dividend (2.00 cents/share)  | 25 May 2022      |
| Announcement of 2022 Half Year Results               | 11 August 2022   |
| Payment of 2022 Interim Dividend (3.32 cents/shares) | 26 August 2022   |

## 2023

|   |                  |
|---|------------------|
| Announcement of 2022 Full Year Results  | 21 February 2023 |
| Annual General Meeting  | 26 April 2023    |
| Payment of 2022 Final Dividend (3.32 cents/share)<br>(Subject to Shareholders' approval at the forthcoming<br>Annual General Meeting) | 15 May 2023      |
| Announcement of 2023 Half Year Results  | 11 August 2023*  |

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

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# DIRECTORS' STATEMENT

The Directors of VICOM Ltd (the "Company") and its subsidiaries (the "Group") present their statement together with the audited Consolidated Financial Statements of the Group for the financial year then ended and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2022.

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 70 to 109 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 2022, 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:

|                        |   |
|------------------------|---|
| Tan Kim Siew           | (Chairman)                                      |
| Cheng Siak Kian        | (Deputy Chairman) (Appointed on 1 January 2023) |
| Sim Wing Yew           | (Chief Executive Officer)                       |
| Shim Phiau Wui, Victor |   |
| Jackson Chia           | (Appointed on 27 April 2022)                    |
| Ooi Beng Chin          | (Appointed on 1 January 2023)                   |
| June Seah Lee Kiang    |   |
| Soh Chung Hian, Daniel |   |
| Tan Poh Hong           |   |
| Wong Yoke Woon         |   |

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options as stipulated in paragraph 3 of the Directors' Statement.



# 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 1967, except as follows:

|  | Shareholdings registered<br>in name of Directors              |                           |                          |
|--|---|---------------------------|--------------------------|
|  | At<br>1 January 2022<br>or date of<br>appointment<br>if later | At<br>31 December<br>2022 | At<br>21 January<br>2023 |

### Interest in the Company

|  |         |              |              |
|--|---------|--------------|--------------|
| (a) Ordinary shares                      |         |              |              |
| Lim Jit Poh                              | 760,000 | (See Note 1) | (See Note 1) |
| Sim Wing Yew                             | 40,000  | 40,000       | 40,000       |
| Shim Phiau Wui, Victor (Deemed Interest) | 24,000  | 24,000       | 24,000       |

### Interest in related company, SBS Transit Ltd

|                     |        |        |        |
|---------------------|--------|--------|--------|
| (a) Ordinary shares |        |        |        |
| Sim Wing Yew        | 70,000 | 70,000 | 50,000 |

### Interest in holding company, ComfortDelGro Corporation Limited

|  |         |              |              |
|--|---------|--------------|--------------|
| (a) Ordinary shares                      |         |              |              |
| Lim Jit Poh                              | 244,425 | (See Note 1) | (See Note 1) |
| Yang Ban Seng                            | 399,668 | 512,168      | (See Note 2) |
| Yang Ban Seng (Deemed Interest)          | 18,185  | 18,185       | (See Note 2) |
| Sim Wing Yew                             | 472,500 | 495,000      | 495,000      |
| Shim Phiau Wui, Victor (Deemed Interest) | 19,000  | 19,000       | 19,000       |
| Jackson Chia                             | 8,750   | 18,750       | 18,750       |

(b) Unvested performance share awards under the ComfortDelGro Executive Share Award Scheme ("ESAS")

|               | Number of unvested share<br>held by Directors               |                           |
|---------------|---|---------------------------|
|               | At 1 January<br>2022 or date of<br>appointment,<br>if later | At<br>31 December<br>2022 |
| Yang Ban Seng | 362,500   | 450,000                   |
| Sim Wing Yew  | 67,500  | 85,000                    |
| Jackson Chia  | 36,250  | 66,250                    |

#### Note:

- (1) Mr Lim Jit Poh retired as Director of the Company on 27 April 2022.
- (2) Mr Yang Ban Seng retired as Director of the Company on 31 December 2022.

# DIRECTORS' STATEMENT

## 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 five independent non-executive Directors:

Soh Chung Hian, Daniel (Chairman)  
June Seah Lee Kiang  
Shim Phiau Wui, Victor  
Tan Poh Hong  
Wong Yoke Woon

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 and the Code of Corporate Governance 2018.

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 and two times respectively 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.

As Deloitte & Touche LLP would not be seeking re-appointment, the Audit and Risk Committee has recommended to the Board of Directors that Ernst & Young LLP be nominated for appointment as auditors in place of Deloitte & Touche LLP as auditors of the Company at the forthcoming Annual General Meeting.

# DIRECTORS' STATEMENT

## 8 AUDITORS

The retiring auditors, Deloitte & Touche LLP would not be seeking re-appointment. Accordingly, Ernst & Young LLP would be nominated for appointment as auditors at the forthcoming Annual General Meeting of the Company.

ON BEHALF OF THE DIRECTORS

**Tan Kim Siew**

Chairman

**Sim Wing Yew**

Chief Executive Officer

Singapore

21 February 2023

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICOM LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the Financial Statements of VICOM Ltd (the "Company") and its subsidiaries (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2022, 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 70 to 109.

In our opinion, the accompanying 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 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 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 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.

#### Allowance for expected credit losses for trade receivables (Note 6)

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 of the allowance for expected credit losses. We have obtained an understanding of Management's process and relevant controls over the allowance for expected credit losses. We have also assessed Management's key assumptions including risk of default; assessed movement in the allowance for expected credit losses, write-off and recoveries of receivables; and evaluated the reasonableness of Management's estimate.

### 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF VICOM LTD

### Information Other than the Financial Statements and Auditor's Report Thereon (cont'd)

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.

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.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICOM LTD**

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- 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 Ang Poh Choo.

## **DELOITTE & TOUCHE LLP**

Public Accountants and  
Chartered Accountants  
Singapore

21 February 2023

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2022

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>ASSETS</b>   |      |                |                |                |                |
| <b>Current assets</b>   |      |                |                |                |                |
| Cash and cash equivalents   | 5    | 60,491         | 75,360         | 56,374         | 71,057         |
| Trade receivables   | 6    | 12,161         | 11,268         | 2,264          | 1,946          |
| Other receivables and prepayments                                 | 7    | 1,522          | 1,037          | 542            | 285            |
| Inventories   |      | 10             | 21             | –              | –              |
| <b>Total current assets</b>                                       |      | <b>74,184</b>  | <b>87,686</b>  | <b>59,180</b>  | <b>73,288</b>  |
| <b>Non-current assets</b>   |      |                |                |                |                |
| Prepayments   | 7    | 1,955          | –              | –              | –              |
| Subsidiaries  | 8    | –              | –              | 25,941         | 25,941         |
| Associate   | 9    | 25             | 25             | –              | –              |
| Financial assets at fair value through other comprehensive income | 10   | 3,217          | 3,295          | 3,217          | 3,295          |
| Vehicles, premises and equipment                                  | 11   | 96,259         | 97,434         | 32,722         | 34,260         |
| Goodwill  | 12   | 11,325         | 11,325         | –              | –              |
| Deferred tax assets   | 17   | –              | –              | 20             | –              |
| <b>Total non-current assets</b>                                   |      | <b>112,781</b> | <b>112,079</b> | <b>61,900</b>  | <b>63,496</b>  |
| <b>Total assets</b>   |      | <b>186,965</b> | <b>199,765</b> | <b>121,080</b> | <b>136,784</b> |
| <b>LIABILITIES AND EQUITY</b>                                     |      |                |                |                |                |
| <b>Current liabilities</b>  |      |                |                |                |                |
| Trade and other payables  | 13   | 24,130         | 29,755         | 6,951          | 7,826          |
| Due to subsidiaries   | 14   | –              | –              | 30,595         | 38,786         |
| Provision for relocation costs                                    | 15   | 306            | 2,462          | –              | –              |
| Lease liabilities   | 16   | 944            | 1,062          | 624            | 597            |
| Income tax payable  |      | 5,425          | 5,851          | 3,113          | 3,074          |
| <b>Total current liabilities</b>                                  |      | <b>30,805</b>  | <b>39,130</b>  | <b>41,283</b>  | <b>50,283</b>  |
| <b>Non-current liabilities</b>                                    |      |                |                |                |                |
| Other payables  | 13   | 720            | 720            | –              | –              |
| Deferred tax liabilities  | 17   | 1,396          | 999            | –              | 28             |
| Lease liabilities   | 16   | 30,216         | 30,702         | 23,929         | 24,299         |
| <b>Total non-current liabilities</b>                              |      | <b>32,332</b>  | <b>32,421</b>  | <b>23,929</b>  | <b>24,327</b>  |
| <b>Total liabilities</b>  |      | <b>63,137</b>  | <b>71,551</b>  | <b>65,212</b>  | <b>74,610</b>  |
| <b>Capital, reserves and non-controlling interests</b>            |      |                |                |                |                |
| Share capital   | 18   | 36,284         | 36,284         | 36,284         | 36,284         |
| Other reserves  | 19   | 4,008          | 4,086          | 4,008          | 4,086          |
| Foreign currency translation reserve                              |      | (91)           | –              | –              | –              |
| Accumulated profits   |      | 82,716         | 86,883         | 15,576         | 21,804         |
| Equity attributable to shareholders of the Company                |      | 122,917        | 127,253        | 55,868         | 62,174         |
| Non-controlling interests   |      | 911            | 961            | –              | –              |
| <b>Total equity</b>   |      | <b>123,828</b> | <b>128,214</b> | <b>55,868</b>  | <b>62,174</b>  |
| <b>Total liabilities and equity</b>                               |      | <b>186,965</b> | <b>199,765</b> | <b>121,080</b> | <b>136,784</b> |

# GROUP INCOME STATEMENT

## YEAR ENDED 31 DECEMBER 2022

|                                   | Note | The Group       |                 |
|-----------------------------------|------|-----------------|-----------------|
|                                   |      | 2022<br>\$'000  | 2021<br>\$'000  |
| <b>Revenue</b>                    | 20   | 108,304         | 100,892         |
| Staff costs                       | 21   | (49,895)        | (45,362)        |
| Depreciation and amortisation     | 11   | (7,268)         | (7,249)         |
| Utilities and communication costs |      | (3,227)         | (1,795)         |
| Materials and consumables         |      | (3,168)         | (2,831)         |
| Contract services                 |      | (2,851)         | (2,928)         |
| Premises costs                    |      | (1,894)         | (1,923)         |
| Repairs and maintenance costs     |      | (1,787)         | (1,772)         |
| Other operating costs             |      | (5,564)         | (6,056)         |
| <b>Total operating costs</b>      |      | <b>(75,654)</b> | <b>(69,916)</b> |
| <b>Operating profit</b>           |      | <b>32,650</b>   | <b>30,976</b>   |
| Finance costs                     | 22   | (848)           | (871)           |
| Interest income                   |      | 749             | 269             |
| <b>Profit before taxation</b>     |      | <b>32,551</b>   | <b>30,374</b>   |
| Taxation                          | 23   | (5,990)         | (5,138)         |
| <b>Profit after taxation</b>      | 24   | <b>26,561</b>   | <b>25,236</b>   |
| Attributable to:                  |      |                 |                 |
| Shareholders of the Company       |      | 26,184          | 24,776          |
| Non-controlling interests         |      | 377             | 460             |
|                                   |      | <b>26,561</b>   | <b>25,236</b>   |
| Earnings per share (in cents):    |      |                 |                 |
| Basic                             | 25   | 7.38            | 6.99            |
| Diluted                           | 25   | 7.38            | 6.99            |

See accompanying notes to the Financial Statements.

# GROUP COMPREHENSIVE INCOME STATEMENT

## YEAR ENDED 31 DECEMBER 2022

|   | Note | The Group      |                |
|---|------|----------------|----------------|
|   |      | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>Profit after taxation</b>  |      | 26,561         | 25,236         |
| <b>Items that may be reclassified subsequently to Profit or Loss</b>      |      |                |                |
| Exchange differences arising on translation of foreign operations         |      | (91)           | 16             |
| <b>Items that will not be reclassified subsequently to Profit or Loss</b> |      |                |                |
| Fair value adjustment on equity investments                               | 10   | (78)           | 1,043          |
| <b>Other comprehensive income for the year</b>                            |      | (169)          | 1,059          |
| <b>Total comprehensive income for the year</b>                            |      | 26,392         | 26,295         |
| <b>Total comprehensive income attributable to:</b>                        |      |                |                |
| Shareholders of the Company   |      | 26,015         | 25,835         |
| Non-controlling interests   |      | 377            | 460            |
|   |      | 26,392         | 26,295         |

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

|   | The Group                                   |                          |   |                                  |                 |  |                           |
|---|---|--------------------------|---|----------------------------------|-----------------|--|---------------------------|
|   | Attributable to shareholders of the Company |                          |   |                                  |                 |  |                           |
|   | Share capital<br>\$'000                     | Other reserves<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Accumulated<br>profits<br>\$'000 | Total<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>equity<br>\$'000 |
| <b>Balance at 1 January 2021</b>                  | 36,284                                      | 3,043                    | (16)  | 94,940                           | 134,251         | 1,201                                      | 135,452                   |
| <b>Total comprehensive income for the year</b>    |   |                          |   |                                  |                 |  |                           |
| Profit for the year                               | –   | –                        | –   | 24,776                           | 24,776          | 460  | 25,236                    |
| Other comprehensive income for the year           | –   | 1,043                    | 16  | –                                | 1,059           | –  | 1,059                     |
| Total   | –   | 1,043                    | 16  | 24,776                           | 25,835          | 460  | 26,295                    |
| <b>Transactions recognised directly in equity</b> |   |                          |   |                                  |                 |  |                           |
| Payment of dividends (Note 30)                    | –   | –                        | –   | (32,833)                         | (32,833)        | –  | (32,833)                  |
| Total   | –   | –                        | –   | (32,833)                         | (32,833)        | –  | (32,833)                  |
| Payments to non-controlling interests             | –   | –                        | –   | –                                | –               | (700)                                      | (700)                     |
| <b>Balance at 31 December 2021</b>                | 36,284                                      | 4,086                    | –   | 86,883                           | 127,253         | 961  | 128,214                   |
| <b>Total comprehensive income for the year</b>    |   |                          |   |                                  |                 |  |                           |
| Profit for the year                               | –   | –                        | –   | 26,184                           | 26,184          | 377  | 26,561                    |
| Other comprehensive income for the year           | –   | (78)                     | (91)  | –                                | (169)           | –  | (169)                     |
| Total   | –   | (78)                     | (91)  | 26,184                           | 26,015          | 377  | 26,392                    |
| <b>Transactions recognised directly in equity</b> |   |                          |   |                                  |                 |  |                           |
| Payment of dividends (Note 30)                    | –   | –                        | –   | (30,351)                         | (30,351)        | –  | (30,351)                  |
| Total   | –   | –                        | –   | (30,351)                         | (30,351)        | –  | (30,351)                  |
| Payments to non-controlling interests             | –   | –                        | –   | –                                | –               | (427)                                      | (427)                     |
| <b>Balance at 31 December 2022</b>                | 36,284                                      | 4,008                    | (91)  | 82,716                           | 122,917         | 911  | 123,828                   |

See accompanying notes to the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

|   | The Company             |                          |                               | Total equity<br>\$'000 |
|---|-------------------------|--------------------------|-------------------------------|------------------------|
|   | Share capital<br>\$'000 | Other reserves<br>\$'000 | Accumulated profits<br>\$'000 |                        |
| <b>Balance at 1 January 2021</b>                  | 36,284                  | 3,043                    | 28,979                        | 68,306                 |
| <b>Total comprehensive income for the year</b>    |                         |                          |                               |                        |
| Profit for the year                               | –                       | –                        | 25,658                        | 25,658                 |
| Other comprehensive income for the year           | –                       | 1,043                    | –                             | 1,043                  |
| Total   | –                       | 1,043                    | 25,658                        | 26,701                 |
| <b>Transactions recognised directly in equity</b> |                         |                          |                               |                        |
| Payment of dividends (Note 30)                    | –                       | –                        | (32,833)                      | (32,833)               |
| Total   | –                       | –                        | (32,833)                      | (32,833)               |
| <b>Balance at 31 December 2021</b>                | 36,284                  | 4,086                    | 21,804                        | 62,174                 |
| <b>Total comprehensive income for the year</b>    |                         |                          |                               |                        |
| Profit for the year                               | –                       | –                        | 24,123                        | 24,123                 |
| Other comprehensive income for the year           | –                       | (78)                     | –                             | (78)                   |
| Total   | –                       | (78)                     | 24,123                        | 24,045                 |
| <b>Transactions recognised directly in equity</b> |                         |                          |                               |                        |
| Payment of dividends (Note 30)                    | –                       | –                        | (30,351)                      | (30,351)               |
| Total   | –                       | –                        | (30,351)                      | (30,351)               |
| <b>Balance at 31 December 2022</b>                | 36,284                  | 4,008                    | 15,576                        | 55,868                 |



# GROUP CASH FLOW STATEMENT

## YEAR ENDED 31 DECEMBER 2022

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Operating activities</b>   |                |                |
| Profit before taxation  | 32,551         | 30,374         |
| Adjustments for:  |                |                |
| Depreciation of vehicles, premises and equipment owned and right-of-use assets                | 7,268          | 7,249          |
| Interest expense  | 848            | 871            |
| Interest income   | (749)          | (269)          |
| Loss (Gain) on disposal of vehicles, premises and equipment                                   | 846            | (4)            |
| (Writeback) Allowance for expected credit losses  | (664)          | 552            |
| Operating cash flows before movements in working capital                                      | 40,100         | 38,773         |
| Trade receivables   | (229)          | (1,315)        |
| Other receivables and prepayments   | (2,210)        | 723            |
| Inventories   | 11             | (19)           |
| Trade and other payables and provision for relocation costs                                   | (5,414)        | (1,025)        |
| Cash generated from operations  | 32,258         | 37,137         |
| Interest paid   | (848)          | (871)          |
| Income tax paid   | (6,019)        | (6,603)        |
| Net cash from operating activities  | 25,391         | 29,663         |
| <b>Investing activities</b>   |                |                |
| Purchase of vehicles, premises and equipment  | (8,909)        | (12,282)       |
| Interest received   | 519            | 273            |
| Proceeds from disposal of vehicles, premises and equipment                                    | 46             | 35             |
| Purchase of unquoted equity instruments held at fair value through other comprehensive income | –              | (925)          |
| Net cash used in investing activities   | (8,344)        | (12,899)       |
| <b>Financing activities</b>   |                |                |
| Payments to non-controlling interests   | (427)          | (700)          |
| Repayments of lease liabilities   | (1,087)        | (1,093)        |
| Dividends paid (Note 30)  | (30,351)       | (32,833)       |
| Net cash used in financing activities   | (31,865)       | (34,626)       |
| <b>Net effect of foreign exchange rates in consolidating subsidiaries</b>                     | (51)           | 26             |
| Net decrease in cash and cash equivalents   | (14,869)       | (17,836)       |
| Cash and cash equivalents at beginning of year  | 75,360         | 93,196         |
| <b>Cash and cash equivalents at end of year (Note 5)</b>                                      | 60,491         | 75,360         |

See accompanying notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 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 2022 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2022 were authorised for issue by the Board of Directors on 21 February 2023.

## 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 Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”).

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

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

**ADOPTION OF NEW AND REVISED FINANCIAL STANDARDS** – On 1 January 2022, the Group and the Company adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I)s pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

**NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED** – The Group has not applied the following accounting standards that are relevant to the Group and have been issued as at the end of the reporting period but not yet effective:

- Amendments to SFRS(I) 1: *Classification of Liabilities as Current or Non-current*<sup>(2)</sup>
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*<sup>(2)</sup>
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*<sup>(1)</sup>
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*<sup>(1)</sup>
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*<sup>(1)</sup>

(1) Applies to annual periods beginning on or after 1 January 2023.

(2) Applies to annual periods beginning on or after 1 January 2024.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED (CONT'D)

Management anticipates that the adoption of the above SFRS(I) pronouncements in future periods will not have a material impact on the Financial Statements of the Group in the period of their initial adoption.

**BASIS OF CONSOLIDATION** – The Consolidated Financial Statements incorporate the Financial Statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved when the Group:

- 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 Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group ceases to control the subsidiary.

Profit or Loss and each component of Other Comprehensive Income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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 Group.

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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### BUSINESS COMBINATIONS (CONT'D)

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 financial 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.

By default, all other financial assets are subsequently measured at fair value through Profit or Loss ("FVTPL").

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in Other Comprehensive Income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income ("FVTOCI") criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### FINANCIAL INSTRUMENTS (CONT'D)

#### Financial assets (cont'd)

##### Amortised cost and effective interest method

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

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.

##### Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the Investment Revaluation Reserve. The cumulative gain or loss will not be reclassified to Profit or Loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated its investment in equity instruments, which comprises of an unquoted equity security and is not held for trading, as at FVTOCI on initial application of SFRS(I) 9 Financial Instruments (see Note 10).

Dividends on this investment in equity instruments is recognised in Profit or Loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

##### 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### FINANCIAL INSTRUMENTS (CONT'D)

#### Financial assets (cont'd)

##### Impairment of financial assets (cont'd)

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

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. The internal credit rating of these financial assets are categorised as "Doubtful". The basis for recognition of ECL for financial assets with significant increase in credit risk since initial recognition is lifetime ECL – not credit impaired.

A default on a financial asset is when the counterparty fails to make contractual payments within a specific period after the credit period granted. The internal credit rating of these financial assets are categorised as "Non-performing". The basis for recognition of ECL for financial assets with evidence indicating credit-impaired is lifetime ECL – credit impaired.

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. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the Investment Revaluation Reserve is not reclassified to Profit or Loss, but is transferred to Retained Earnings.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### FINANCIAL INSTRUMENTS (CONT'D)

#### Financial liabilities and equity instruments (cont'd)

##### 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 of Loss.

### LEASES

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to its leasehold buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

##### The Group as lessee

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

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

The Group determines its incremental borrowing rate based on the quotes from reputable banks in accordance to the type of asset, tenure and country where the assets are situated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### LEASES (CONT'D)

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

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

The lease liability is presented as a separate line in the Statements of Financial Position.

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

The right-of-use assets are presented within vehicles, premises and equipment in the Statements of Financial Position.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### LEASES (CONT'D)

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired.

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

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

**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.

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

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>Number of years</b>          |
|---|---------------------------------|
| Leasehold land and buildings                      | Over the remaining lease period |
| Furniture, fittings and equipment                 | 5 to 7                          |
| 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                         |
| Computers and automated equipment                 | 3 to 5                          |

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

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

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

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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL (CONT'D)

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 are recognised in Profit or Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, 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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in Profit or Loss in the period in which they become receivable.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 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 at a point in time upon completion of the inspection services.

### Testing services

Revenue from testing services for aerospace, marine and offshore, biotechnology, oil and petrochemical, building construction and electronics manufacturing industries is recognised at a point in time 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

### INCOME TAX (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.

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) 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 2022

## 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 years based on a range of estimated growth rates of approximately 2.3% to 4.0% (2021 : 3.2%). Cash flows beyond the five-year period have been extrapolated using 2.3% (2021: 3.2%) per annum growth rate.

The discount rate applied to the forecast is 7.36% (2021 : 6.36%).

As at 31 December 2022 and 31 December 2021, 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 by reference to past default experience and different loss patterns for different customer segments, and incorporate forward looking estimates.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 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      |                |
|---|----------------|----------------|
|   | 2022<br>\$'000 | 2021<br>\$'000 |
| Inspection and testing services charged to related companies          | (1,745)        | (1,848)        |
| Refuelling outlet (variable rental) income charged to related company | (242)          | (255)          |
| Rental income charged to related companies                            | (215)          | (223)          |
| Assessment fee charged to related companies                           | (101)          | (73)           |
| Other fees charged to related companies                               | (67)           | (81)           |
| Shared services charged by holding company                            | 1,267          | 1,035          |
| Corporate services charged by holding company                         | 333            | 268            |
| Others charged by holding company                                     | –              | 92             |
| Others charged by related companies                                   | 348            | 304            |
| Lease expense charged by related companies                            | 192            | 193            |

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    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Cash and bank balances                     | 4,662          | 4,275          | 1,324          | 787            |
| Fixed deposits with financial institutions | 55,829         | 71,085         | 55,050         | 70,270         |
| Total                                      | 60,491         | 75,360         | 56,374         | 71,057         |

Fixed deposits are placed on a staggered basis based on the Group's cash flow projections, bore interest at effective interest rates of between 3.46% to 4.35% (2021 : 0.27% to 0.48%) per annum and for a weighted average tenure of approximately 124 days (2021 : 280 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 2022

## 6 TRADE RECEIVABLES

|                                      | The Group      |                | The Company    |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Outside parties                      | 15,022         | 14,404         | 640            | 339            |
| Allowance for expected credit losses | (2,591)        | (3,347)        | (43)           | (30)           |
| Allowance for discount allowed       | (711)          | (199)          | –              | –              |
| Net                                  | 11,720         | 10,858         | 597            | 309            |
| Holding company (Note 4)             | –              | 5              | –              | –              |
| Subsidiaries (Note 4)                | –              | –              | 1,516          | 1,518          |
| Related companies (Note 4)           | 441            | 405            | 151            | 119            |
| Total                                | 12,161         | 11,268         | 2,264          | 1,946          |

As at 1 January 2021, trade receivables from contracts with customers amounted to \$10,505,000 (net of allowance for expected credit losses of \$2,852,000 and discount allowed of \$270,000).

The average credit period on sale of goods and provision of services is 30 days (2021 : 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 \$2,591,000 (2021 : \$3,347,000) and of the Company of \$43,000 (2021 : \$30,000). The expected credit losses on trade receivables are estimated by reference to past default experience and different loss patterns for different customer segments, ranging from 9.8% to 38.6% (2021 : 6.3% to 61.3%). The expected credit losses incorporate forward looking estimates.

Approximately 64% (2021 : 65%) of the Group's trade receivables are neither past due nor impaired. Included in the Group's trade receivable balances are debtors with a total carrying amount of \$2,697,000 (2021 : \$1,767,000) 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 34 days (2021 : 19 days).

Approximately 92% (2021 : 96%) of the Company's trade receivables are neither past due nor impaired. Included in the Company's trade receivable balances are debtors with a total carrying amount of \$133,000 (2021 : \$42,000) 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 52 days (2021 : 15 days).

### Movements in allowance for expected credit losses:

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Balance at beginning of the year               | 3,347          | 2,852          | 30             | 72             |
| Amounts written off during the year            | (77)           | (54)           | –              | (3)            |
| (Decrease) Increase in allowance recognised in |                |                |                |                |
| Profit or Loss                                 | (664)          | 552            | 13             | (39)           |
| Exchange differences                           | (15)           | (3)            | –              | –              |
| Balance at end of the year                     | 2,591          | 3,347          | 43             | 30             |

As at 31 December 2022, 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 \$2,352,000 (2021 : \$3,133,000) and \$38,000 (2021 : \$27,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 6 TRADE RECEIVABLES (CONT'D)

### Movements in allowance for expected credit losses: (cont'd)

During the year, the credit impaired financial assets of the Group and the Company written off amounted to \$77,000 (2021 : \$54,000) and \$Nil (2021 : \$3,000) respectively; and the reversal of allowance recognised in Profit or Loss amounted to \$689,000 (2021: allowance recognised in Profit or Loss of \$545,000) and the allowance recognised in Profit or Loss of \$11,000 (2021 : \$39,000) 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 \$Nil (2021 : \$2,000) and \$Nil (2021 : \$2,000) respectively.

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    |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Denominated in:      |                |                |                |                |
| Great Britain pound  | -              | 3              | -              | -              |
| United States dollar | -              | 61             | -              | -              |

## 7 OTHER RECEIVABLES AND PREPAYMENTS

|                     | The Group      |                | The Company    |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Other receivables   | 508            | 513            | 223            | 141            |
| Interest receivable | 290            | 60             | 276            | 48             |
| Deposits            | 353            | 174            | 7              | 7              |
| Prepayments         | 2,326          | 290            | 36             | 89             |
| <b>Total</b>        | <b>3,477</b>   | <b>1,037</b>   | <b>542</b>     | <b>285</b>     |
| Analysed as:        |                |                |                |                |
| Current             | 1,522          | 1,037          | 542            | 285            |
| Non-current         | 1,955          | -              | -              | -              |
| <b>Total</b>        | <b>3,477</b>   | <b>1,037</b>   | <b>542</b>     | <b>285</b>     |

The non-current portion of the other receivables and prepayments pertains to prepayment for a lease of a land parcel awarded by a third party as disclosed in Note 11.

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 have not recognised any allowance as the Management assessed the credit risk to be low.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 8 SUBSIDIARIES

|                                 | The Company    |                |
|---------------------------------|----------------|----------------|
|                                 | 2022<br>\$'000 | 2021<br>\$'000 |
| Unquoted equity shares, at cost | 25,941         | 25,941         |

Details of subsidiaries are as follows:

| Name of entity                                 | Principal activity  | Country of incorporation/<br>operation | Company's effective interest |           | Cost of investment |                |
|--|---|--|------------------------------|-----------|--------------------|----------------|
|  |   |  | 2022<br>%                    | 2021<br>% | 2022<br>\$'000     | 2021<br>\$'000 |
| VICOM Inspection Centre Pte Ltd                | Provision of vehicle inspection services                      | Singapore                              | 100                          | 100       | 4,160              | 4,160          |
| JIC Inspection Services Pte Ltd                | Vehicle inspection and other related services                 | Singapore                              | 78                           | 78        | 5,663              | 5,663          |
| Setsco Services Pte Ltd                        | Provision of testing, inspection and consultancy services     | Singapore                              | 100                          | 100       | 16,118             | 16,118         |
| <u>Subsidiaries of Setsco Services Pte Ltd</u> |   |  |                              |           |                    |                |
| Setsco Consultancy International Pte Ltd       | Provision of professional inspection and engineering services | Singapore                              | 100                          | 100       | –                  | –              |
| Setsco Services (M) Sdn Bhd <sup>(1)</sup>     | Provision of testing, inspection and consultancy services     | Malaysia                               | 100                          | 100       | –                  | –              |
|  |   |  |                              |           | 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.

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 auditors for Setsco Services (M) Sdn Bhd would not compromise the standard and effectiveness of the audit of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 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 |      |
|---|--------------------------------------|-------------------------------------|------|
|   |                                      | 2022                                | 2021 |
| Provision of vehicle inspection services                      | Singapore                            | 1                                   | 1    |
| Provision of testing inspection and consultancy services      | Singapore                            | 1                                   | 1    |
| Provision of professional inspection and engineering services | Singapore                            | 1                                   | 1    |
| Provision of testing inspection and consultancy services      | Malaysia                             | 1                                   | 1    |
|   |                                      | 4                                   | 4    |

| Principal activity                            | Place of incorporation and operation | Number of non wholly-owned subsidiaries |      |
|---|--------------------------------------|---|------|
|   |                                      | 2022                                    | 2021 |
| Vehicle inspection and other related services | Singapore                            | 1                                       | 1    |

## 9 ASSOCIATE

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Unquoted equity shares, at cost           | 50             | 50             | –              | –              |
| Less: Share of post- acquisition reserves | (25)           | (25)           | –              | –              |
| Net                                       | 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 |                |
|---|--|--|----------------------------|-----------|--------------------|----------------|
|   |  |  | 2022<br>%                  | 2021<br>% | 2022<br>\$'000     | 2021<br>\$'000 |
| Setsco Middle East Laboratory LLC                     | Provision of testing, inspection, training, certification and consultancy services | Abu Dhabi, United Arab Emirates/ Dormant | 49                         | 49        | 50                 | 50             |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 9 ASSOCIATE (CONT'D)

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

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Total assets                                   | 80             | 80             |
| Total liabilities                              | (29)           | (29)           |
| Net assets                                     | 51             | 51             |
| Group's share of associate's net assets        | 25             | 25             |
| Loss for the year                              | –              | –              |
| Group's share of associate's loss for the year | –              | –              |

## 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

|  | The Group and The Company |                |
|--|---------------------------|----------------|
|  | 2022<br>\$'000            | 2021<br>\$'000 |
| Investment in unquoted equity shares designated as at FVTOCI |                           |                |
| Balance as at beginning of the year                          | 3,295                     | 1,327          |
| Additions  | –                         | 925            |
| Fair value adjustment  | (78)                      | 1,043          |
| Balance as at end of the year                                | 3,217                     | 3,295          |

The investment in unquoted equity instrument represents an investment in research and development activities and/or the commercial application of this knowledge.

This investment in equity instrument is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, Management has elected to designate this investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in the investment's fair value in Profit or Loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

No investment in equity investments measured at FVTOCI has been disposed of during the current reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 11 VEHICLES, PREMISES AND EQUIPMENT

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| (a) Vehicles, premises and equipment owned                                 | 65,054         | 64,960         | 8,111          | 8,849          |
| (b) Right-of-use assets classified within vehicles, premises and equipment | 31,205         | 32,474         | 24,611         | 25,411         |
| <b>Total</b>   | <b>96,259</b>  | <b>97,434</b>  | <b>32,722</b>  | <b>34,260</b>  |

(a) Vehicles, premises and equipment owned

|  | Leasehold buildings<br>\$'000 | Furniture, fittings and equipment<br>\$'000 | Workshop machinery, tools and equipment<br>\$'000 | Motor vehicles<br>\$'000 | Computers and automated equipment<br>\$'000 | Capital projects in progress<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------|---|---|--------------------------|---|--|-----------------|
| <b>Group</b>                               |                               |   |   |                          |   |  |                 |
| Cost:                                      |                               |   |   |                          |   |  |                 |
| At 1 January 2021 <sup>(1)</sup>           | 69,911                        | 1,587                                       | 43,533  | 4,762                    | 2,441                                       | 14,076                                 | 136,310         |
| Additions                                  | 565                           | 83  | 3,645   | 35                       | 174   | 11,181                                 | 15,683          |
| Disposals                                  | –                             | (751)                                       | (49)  | –                        | (301)                                       | –                                      | (1,101)         |
| Write-offs                                 | –                             | –   | (1,598)   | –                        | –   | –                                      | (1,598)         |
| Transfer from capital projects in progress | 25,257                        | –   | –   | –                        | –   | (25,257)                               | –               |
| Exchange differences                       | (12)                          | –   | (9)   | (1)                      | (1)   | –                                      | (23)            |
| At 31 December 2021                        | 95,721                        | 919   | 45,522  | 4,796                    | 2,313                                       | –                                      | 149,271         |
| Additions                                  | 946                           | 145   | 3,566   | 242                      | 316   | 1,327                                  | 6,542           |
| Disposals                                  | (264)                         | (15)  | (4,079)   | (71)                     | (115)                                       | –                                      | (4,544)         |
| Exchange differences                       | (48)                          | (1)   | (40)  | (13)                     | (1)   | –                                      | (103)           |
| At 31 December 2022                        | 96,355                        | 1,048                                       | 44,969  | 4,954                    | 2,513                                       | 1,327                                  | 151,166         |
| Accumulated depreciation:                  |                               |   |   |                          |   |  |                 |
| At 1 January 2021 <sup>(1)</sup>           | 37,736                        | 1,301                                       | 36,205  | 2,841                    | 1,929                                       | –                                      | 80,012          |
| Depreciation                               | 2,451                         | 106   | 2,316   | 315                      | 285   | –                                      | 5,473           |
| Disposals                                  | –                             | (738)                                       | (31)  | –                        | (301)                                       | –                                      | (1,070)         |
| Write-offs                                 | –                             | –   | (91)  | –                        | –   | –                                      | (91)            |
| Exchange differences                       | (4)                           | –   | (7)   | (2)                      | –   | –                                      | (13)            |
| At 31 December 2021                        | 40,183                        | 669   | 38,392  | 3,154                    | 1,913                                       | –                                      | 84,311          |
| Depreciation                               | 2,910                         | 109   | 1,861   | 321                      | 315   | –                                      | 5,516           |
| Disposals                                  | (221)                         | (15)  | (3,268)   | (35)                     | (113)                                       | –                                      | (3,652)         |
| Exchange differences                       | (17)                          | (1)   | (33)  | (11)                     | (1)   | –                                      | (63)            |
| At 31 December 2022                        | 42,855                        | 762   | 36,952  | 3,429                    | 2,114                                       | –                                      | 86,112          |
| Carrying amounts:                          |                               |   |   |                          |   |  |                 |
| At 31 December 2022                        | 53,500                        | 286   | 8,017   | 1,525                    | 399   | 1,327                                  | 65,054          |
| At 31 December 2021                        | 55,538                        | 250   | 7,130   | 1,642                    | 400   | –                                      | 64,960          |

(1) Included in the cost and accumulated depreciation is an adjustment of \$4,871,000 which has no impact to the carrying amount as at 31 December 2021 and 2022.

The Group acquired vehicles, premises and equipment with an aggregate cost \$6,542,000 (2021 : \$15,683,000) out of which \$1,034,000 (2021 : \$3,401,000) remains unpaid and included as part of trade and other payables as at December 31, 2022.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(a) Vehicles, premises and equipment owned (cont'd)

|                           | Leasehold<br>buildings<br>\$'000 | Furniture,<br>fittings and<br>equipment<br>\$'000 | Workshop<br>machinery,<br>tools and<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Computers<br>and<br>automated<br>equipment<br>\$'000 | Capital<br>projects in<br>progress<br>\$'000 | Total<br>\$'000 |
|---------------------------|----------------------------------|---|--|-----------------------------|--|--|-----------------|
| <b>Company</b>            |                                  |   |  |                             |  |  |                 |
| Cost:                     |                                  |   |  |                             |  |  |                 |
| At 1 January 2021         | 39,034                           | 389   | 2,532  | 231                         | 628  | –  | 42,814          |
| Additions                 | 128                              | 17  | –  | –                           | 25   | –  | 170             |
| Disposals                 | –                                | (7)   | –  | –                           | –  | –  | (7)             |
| At 31 December 2021       | 39,162                           | 399   | 2,532  | 231                         | 653  | –  | 42,977          |
| Additions                 | 11                               | 25  | 71   | –                           | 125  | 1,302  | 1,534           |
| Disposals                 | (264)                            | (8)   | (2,382)  | –                           | (32)   | –  | (2,686)         |
| At 31 December 2022       | 38,909                           | 416   | 221  | 231                         | 746  | 1,302  | 41,825          |
| Accumulated depreciation: |                                  |   |  |                             |  |  |                 |
| At 1 January 2021         | 30,188                           | 310   | 1,489  | 151                         | 557  | –  | 32,695          |
| Depreciation              | 1,228                            | 30  | 131  | 12                          | 39   | –  | 1,440           |
| Disposals                 | –                                | (7)   | –  | –                           | –  | –  | (7)             |
| At 31 December 2021       | 31,416                           | 333   | 1,620  | 163                         | 596  | –  | 34,128          |
| Depreciation              | 1,242                            | 31  | 132  | 12                          | 45   | –  | 1,462           |
| Disposals                 | (221)                            | (8)   | (1,615)  | –                           | (32)   | –  | (1,876)         |
| At 31 December 2022       | 32,437                           | 356   | 137  | 175                         | 609  | –  | 33,714          |
| Carrying amounts:         |                                  |   |  |                             |  |  |                 |
| At 31 December 2022       | 6,472                            | 60  | 84   | 56                          | 137  | 1,302  | 8,111           |
| At 31 December 2021       | 7,746                            | 66  | 912  | 68                          | 57   | –  | 8,849           |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(a) Vehicles, premises and equipment owned (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<br>Singapore 575718   | 10,852.6<br>sq metre  | 30 years from<br>January 2011<br>18 years unexpired  | Inspection and<br>assessment<br>services.              |
| The Company                    | 100%                       | No. 23 Kaki Bukit<br>Avenue 4<br>Singapore 415933  | 9,796.9<br>sq metre   | 30 years from<br>January 1997<br>with option to renew<br>another 30 years<br>4 years unexpired               | Inspection and<br>assessment<br>services.              |
| The Company                    | 100%                       | No. 511 Bukit<br>Batok Street 23<br>Singapore 659545   | 9,625.0<br>sq metre   | 30 years from<br>October 1995<br>with option to renew<br>another 30 years<br>2 years 9 months<br>unexpired   | Inspection,<br>testing and<br>assessment<br>services.  |
| The Company                    | 100%                       | No. 20 Changi<br>North Crescent<br>Singapore 499613  | 6,015.0<br>sq metre   | 30 years from<br>May 1995<br>2 years 4 months<br>unexpired   | Inspection<br>services.                                |
| The Company                    | 100%                       | No. 501 Yishun<br>Industrial Park A<br>Singapore 768732  | 5,190.3<br>sq metre   | 60 years from<br>July 1983<br>20 years 6 months<br>unexpired   | Inspection<br>services.                                |
| The Company                    | 100%                       | No. 501 Yishun<br>Industrial Park A<br>Singapore 768732  | 1,104.9<br>sq metre   | 30 years from<br>July 2013<br>20 years 6 months<br>unexpired   | Inspection<br>services.                                |
| Setsco Services<br>Pte Ltd     | 100%                       | No. 531 Bukit Batok<br>Street 23<br>Singapore 659547   | 7,554.5<br>sq metre   | 7 years from<br>October 2018<br>with option to<br>renew another<br>30 years<br>2 years 9 months<br>unexpired | Testing,<br>inspection and<br>consultancy<br>services. |
| Setsco Services<br>(M) Sdn Bhd | 100%                       | 31 Jln Industri<br>Mas 12<br>Taman Mas<br>47100 Puchong<br>Selangor Darul Ehsan<br>West Malaysia | 791.5<br>sq metre     | 99 years from<br>December 2009<br>85 years 11 months<br>unexpired  | Testing,<br>inspection and<br>consultancy<br>services. |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(a) Vehicles, premises and equipment owned (cont'd)

Details of the Company's and the Group's leasehold land and buildings are as follows: (cont'd)

| Held by                         | Group's effective interest | Location                                     | Approximate land area | Tenure   | Usage                |
|---------------------------------|----------------------------|--|-----------------------|--|----------------------|
| JIC Inspection Services Pte Ltd | 78%                        | No. 53 Pioneer Road Singapore 628505         | 9,190.0 sq metre      | 30 years from December 1994 1 year 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 2020, 2 months unexpired, and renewed for another 1 year 9 months from March 2023 | Inspection services. |

(b) Right-of-use assets classified within vehicles, premises and equipment

The Group and Company lease several land and buildings and motor vehicles. The average lease term is 30 years (2021 : 25 years), where the Group and Company make periodic lease payments, which are used for its day to day operations.

|                           | Land \$'000 | Buildings \$'000 | Motor vehicles \$'000 | Total \$'000 |
|---------------------------|-------------|------------------|-----------------------|--------------|
| <b>Group</b>              |             |                  |                       |              |
| Cost:                     |             |                  |                       |              |
| At 1 January 2021         | 57,701      | 1,603            | 106                   | 59,410       |
| Additions                 | 720         | 74               | –                     | 794          |
| At 31 December 2021       | 58,421      | 1,677            | 106                   | 60,204       |
| Additions                 | –           | –                | 13                    | 13           |
| Lease modification        | –           | 12               | 26                    | 38           |
| Disposal                  | –           | (464)            | –                     | (464)        |
| Remeasurement             | 432         | –                | –                     | 432          |
| At 31 December 2022       | 58,853      | 1,225            | 145                   | 60,223       |
| Accumulated depreciation: |             |                  |                       |              |
| At 1 January 2021         | 24,749      | 1,193            | 12                    | 25,954       |
| Depreciation for the year | 1,499       | 224              | 53                    | 1,776        |
| At 31 December 2021       | 26,248      | 1,417            | 65                    | 27,730       |
| Depreciation for the year | 1,502       | 192              | 58                    | 1,752        |
| Disposal                  | –           | (464)            | –                     | (464)        |
| At 31 December 2022       | 27,750      | 1,145            | 123                   | 29,018       |
| Carrying amount:          |             |                  |                       |              |
| At 31 December 2022       | 31,103      | 80               | 22                    | 31,205       |
| At 31 December 2021       | 32,173      | 260              | 41                    | 32,474       |

On 21 December 2022, the Group was awarded a lease of a land parcel by a third party at a tender price of \$7,000,000 for a term of 20 years. The lease had not commenced by the year end.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(b) Right-of-use assets classified within vehicles, premises and equipment (cont'd)

|  | Land<br>\$'000 | Building<br>\$'000 | Total<br>\$'000 |
|--|----------------|--------------------|-----------------|
| <b>Company</b>                         |                |                    |                 |
| Cost:                                  |                |                    |                 |
| At 1 January 2021 and 31 December 2021 | 48,480         | 32                 | 48,512          |
| Lease modification                     | –              | 13                 | 13              |
| Remeasurement                          | 248            | –                  | 248             |
| At 31 December 2022                    | 48,728         | 45                 | 48,773          |
| Accumulated depreciation:              |                |                    |                 |
| At 1 January 2021                      | 22,017         | 25                 | 22,042          |
| Depreciation for the year              | 1,053          | 6                  | 1,059           |
| At 31 December 2021                    | 23,070         | 31                 | 23,101          |
| Depreciation for the year              | 1,054          | 7                  | 1,061           |
| At 31 December 2022                    | 24,124         | 38                 | 24,162          |
| Carrying amount:                       |                |                    |                 |
| At 31 December 2022                    | 24,604         | 7                  | 24,611          |
| At 31 December 2021                    | 25,410         | 1                  | 25,411          |

## 12 GOODWILL

|                              | The Group      |                |
|------------------------------|----------------|----------------|
|                              | 2022<br>\$'000 | 2021<br>\$'000 |
| Carrying amount:             |                |                |
| At beginning and end of year | 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      |                |
|---------------------------------|----------------|----------------|
|                                 | 2022<br>\$'000 | 2021<br>\$'000 |
| Testing and inspection services | 9,268          | 9,268          |
| Vehicle inspection services     | 2,057          | 2,057          |
|                                 | 11,325         | 11,325         |

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 13 TRADE AND OTHER PAYABLES

|                                  | The Group      |                | The Company    |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Outside parties                  | 5,075          | 5,455          | 2,176          | 2,370          |
| Holding company (Note 4)         | 116            | 462            | 34             | 146            |
| Related companies (Note 4)       | 89             | 61             | 2              | 3              |
| Accruals                         | 15,767         | 18,703         | 3,776          | 4,410          |
| Deferred income                  | 204            | 1,782          | 109            | 115            |
| Deposits received from customers | 1,490          | 1,301          | 526            | 487            |
| Others                           | 2,109          | 2,711          | 328            | 295            |
| <b>Total</b>                     | <b>24,850</b>  | <b>30,475</b>  | <b>6,951</b>   | <b>7,826</b>   |
| Analysed as:                     |                |                |                |                |
| Current                          | 24,130         | 29,755         | 6,951          | 7,826          |
| Non-current                      | 720            | 720            | –              | –              |
| <b>Total</b>                     | <b>24,850</b>  | <b>30,475</b>  | <b>6,951</b>   | <b>7,826</b>   |

The average credit period on purchases of goods and services is 30 days (2021 : 30 days).

The non-current portion of the trade and other payables pertains to provision for restoration cost in relation to a leasehold land and building whose tenure will expire in 2024.

## 14 DUE TO SUBSIDIARIES

Included in the payable to subsidiaries is an amount of \$27,905,000 (2021 : \$36,538,000) pertaining to funds held under central pooling which is unsecured and repayable on demand. The non-wholly-owned subsidiary receives interest at the rate of 3.46% to 4.23% (2021 : 0.27% to 0.48%) per annum.

## 15 PROVISION FOR RELOCATION COSTS

This pertains to provision for moving cost and calibration cost of equipment, in relation to the relocation package offered by JTC Corporation. The relocation to the new premise in Bukit Batok has been substantially completed and the remaining balance will be utilised within the next financial year.

Movements in provision for relocation costs:

|   | The Group      |                |
|---|----------------|----------------|
|   | 2022<br>\$'000 | 2021<br>\$'000 |
| Balance at beginning of the year                    | 2,462          | 6,973          |
| Utilisation   | (2,156)        | (3,004)        |
| Write-off of vehicles, premises and equipment owned | –              | (1,507)        |
| <b>Balance at end of the year</b>                   | <b>306</b>     | <b>2,462</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 16 LEASE LIABILITIES

|                                       | The Group      |                | The Company    |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Maturity analysis:                    |                |                |                |                |
| Within one year                       | 1,775          | 1,907          | 1,281          | 1,263          |
| In the second to fifth year inclusive | 6,081          | 6,301          | 4,785          | 4,855          |
| After five years                      | 38,550         | 39,432         | 30,535         | 31,370         |
|                                       | 46,406         | 47,640         | 36,601         | 37,488         |
| Less: Future finance charges          | (15,246)       | (15,876)       | (12,048)       | (12,592)       |
| <b>Total</b>                          | <b>31,160</b>  | <b>31,764</b>  | <b>24,553</b>  | <b>24,896</b>  |
| Analysed as:                          |                |                |                |                |
| Current                               | 944            | 1,062          | 624            | 597            |
| Non-current                           | 30,216         | 30,702         | 23,929         | 24,299         |
| <b>Total</b>                          | <b>31,160</b>  | <b>31,764</b>  | <b>24,553</b>  | <b>24,896</b>  |

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The carrying amounts of the lease liabilities approximate fair value as at 31 December 2021 and 2022.

### Reconciliation of lease liabilities arising from financing activities

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

|                   | Non-cash changes             |                                   |   | December 31,<br>2022<br>\$'000 |
|-------------------|------------------------------|-----------------------------------|---|--------------------------------|
|                   | January 1,<br>2022<br>\$'000 | Financing<br>cash flows<br>\$'000 | New lease <sup>(i)</sup><br>liabilities<br>\$'000 |                                |
| Lease liabilities | 31,764                       | (1,087)                           | 483   | 31,160                         |

|                   | Non-cash changes             |                                   |                                    | December 31,<br>2021<br>\$'000 |
|-------------------|------------------------------|-----------------------------------|------------------------------------|--------------------------------|
|                   | January 1,<br>2021<br>\$'000 | Financing<br>cash flows<br>\$'000 | New lease<br>liabilities<br>\$'000 |                                |
| Lease liabilities | 32,783                       | (1,093)                           | 74                                 | 31,764                         |

(i) New lease liabilities include lease modification amounting to \$38,000 and remeasurement of \$432,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 17 DEFERRED TAX LIABILITIES

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

|   | Accelerated<br>tax<br>depreciation<br>\$'000 | Provisions<br>\$'000 | Total<br>\$'000 |
|---|--|----------------------|-----------------|
| <b>Group</b>                                    |  |                      |                 |
| At 1 January 2021                               | 1,603  | (61)                 | 1,542           |
| Credit to Profit or Loss for the year (Note 23) | (30)   | (513)                | (543)           |
| At 31 December 2022                             | 1,573  | (574)                | 999             |
| Charge to Profit or Loss for the year (Note 23) | 278  | 119                  | 397             |
| At 31 December 2022                             | 1,851  | (455)                | 1,396           |
| <b>Company</b>                                  |  |                      |                 |
| At 1 January 2021                               | 354  | (291)                | 63              |
| Credit to Profit or Loss for the year           | (26)   | (9)                  | (35)            |
| At 31 December 2021                             | 328  | (300)                | 28              |
| Credit to Profit or Loss for the year           | (135)  | 87                   | (48)            |
| At 31 December 2022                             | 193  | (213)                | (20)            |

## 18 SHARE CAPITAL

|                              | The Group and the Company |             |        |        |
|------------------------------|---------------------------|-------------|--------|--------|
|                              | 2022                      | 2021        | 2022   | 2021   |
|                              | Number of ordinary shares |             | \$'000 | \$'000 |
| Issued and paid up:          |                           |             |        |        |
| At beginning and end of year | 354,568,000               | 354,568,000 | 36,284 | 36,284 |

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

## 19 OTHER RESERVES

|   | The Group and the Company        |                              |                 |
|---|----------------------------------|------------------------------|-----------------|
|   | Revaluation<br>reserve<br>\$'000 | Capital<br>reserve<br>\$'000 | Total<br>\$'000 |
| Balance at 1 January 2021   | (30)                             | 3,073                        | 3,043           |
| Revaluation changes during the year in other comprehensive income | 1,043                            | –                            | 1,043           |
| Balance at 31 December 2021                                       | 1,013                            | 3,073                        | 4,086           |
| Revaluation changes during the year in other comprehensive income | (78)                             | –                            | (78)            |
| Balance at 31 December 2022                                       | 935                              | 3,073                        | 4,008           |

The capital reserve relates to one-off revaluation reserve for the leasehold land valued in March 1995 and is not available for distribution to the Company's shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 20 REVENUE

|                                 | The Group      |                |
|---------------------------------|----------------|----------------|
|                                 | 2022<br>\$'000 | 2021<br>\$'000 |
| Inspection and testing services | 104,226        | 96,802         |
| Rental income                   | 2,260          | 2,214          |
| Others                          | 1,818          | 1,876          |
|                                 | <u>108,304</u> | <u>100,892</u> |

Majority of the revenue is derived from Singapore.

## 21 STAFF COSTS

Included in the staff costs are as follows:

- (a) The remuneration of the Directors (executive and non-executive) and key executives comprises mainly of short term benefits amounting to \$3,080,000 (2021 : \$2,889,000).

(b)

|  | The Group      |                |
|--|----------------|----------------|
|  | 2022<br>\$'000 | 2021<br>\$'000 |
| Cost of defined contribution plans (included in staff costs) | 4,161          | 3,997          |
| Government grant income (included in staff costs)            | <u>(1,034)</u> | <u>(2,727)</u> |

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 FINANCE COSTS

|                               | The Group      |                |
|-------------------------------|----------------|----------------|
|                               | 2022<br>\$'000 | 2021<br>\$'000 |
| Interest on lease liabilities | 848            | 871            |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 23 TAXATION

|  | The Group |        |
|--|-----------|--------|
|  | 2022      | 2021   |
|  | \$'000    | \$'000 |
| Taxation charge in respect of profit for the financial year:     |           |        |
| Current taxation   |           |        |
| Singapore  | 5,355     | 5,779  |
| Foreign  | 13        | 2      |
| Deferred tax (Note 17)   | 818       | (561)  |
| Adjustments in respect of (over) under provision in prior years: |           |        |
| Current taxation   | 225       | (100)  |
| Deferred tax (Note 17)   | (421)     | 18     |
|  | 5,990     | 5,138  |

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2021 : 17%) to profit before taxation as a result of the following differences:

|   | The Group |        |
|---|-----------|--------|
|   | 2022      | 2021   |
|   | \$'000    | \$'000 |
| Profit before taxation  | 32,551    | 30,374 |
| Taxation at the domestic income tax rate of 17% (2021 : 17%)                | 5,534     | 5,164  |
| Non-allowable items   | 734       | 143    |
| Tax-exempt income   | (86)      | (81)   |
| Overprovision in prior years (net)  | (196)     | (82)   |
| Effect of different tax rates of subsidiary operating in other jurisdiction | 4         | (6)    |
|   | 5,990     | 5,138  |

## 24 PROFIT AFTER TAXATION

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

|   | The Group |        |
|---|-----------|--------|
|   | 2022      | 2021   |
|   | \$'000    | \$'000 |
| Directors' fees   | 586       | 546    |
| Foreign currency exchange adjustment loss                   | 47        | 69     |
| Loss (Gain) on disposal of vehicles, premises and equipment | 846       | (4)    |
| (Writeback) Allowance for expected credit losses            | (664)     | 552    |
| Government grant (COVID-19 related)                         | 239       | 1,802  |
| Audit fees:   |           |        |
| Auditors of the Company                                     | 92        | 69     |
| Other auditors  | 2         | 2      |
| Non-audit fees:   |           |        |
| Auditors of the Company                                     | 24        | 22     |
| Other auditors  | 1         | 1      |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 25 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:

|   | 2022    | 2021    |
|---|---------|---------|
| Profit attributable to shareholders of the Company (\$'000)     | 26,184  | 24,776  |
| Weighted average number of ordinary shares in issue (thousands) | 354,568 | 354,568 |
| Basic earnings per share (in cents)                             | 7.38    | 6.99    |

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 2022 and 31 December 2021.

## 26 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.

## 27 CAPITAL EXPENDITURE COMMITMENTS

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

|  | The Group |        |
|--|-----------|--------|
|  | 2022      | 2021   |
|  | \$'000    | \$'000 |
| Purchase of vehicles, premises and equipment | 5,687     | 4,502  |
| Lease of land                                | 5,250     | -      |
|  | 10,937    | 4,502  |

## 28 OPERATING LEASE ARRANGEMENTS

### The Group as lessee

At 31 December 2022, the Group is committed to \$197,000 (2021 : \$143,000) for short-term leases.

### The Group as lessor

*Disclosure required by SFRS(I) 16*

Operating leases, in which the Group is the lessor, relate to lettable space in Singapore owned by the Group with lease terms of between 1 to 4 years, with no extension option. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 14 years. The Group did not identify any indications that this situation will change.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 28 OPERATING LEASE ARRANGEMENTS (CONT'D)

### The Group as lessor (cont'd)

Maturity analysis of operating lease payments:

|        | 2022<br>\$'000 | 2021<br>\$'000 |
|--------|----------------|----------------|
| Year 1 | 1,226          | 1,672          |
| Year 2 | 103            | 1,158          |
| Year 3 | 73             | 57             |
| Total  | 1,402          | 2,887          |

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

### (a) Categories of financial instruments

|                              | The Group      |                | The Company    |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>Financial assets</b>      |                |                |                |                |
| Amortised cost               | 73,803         | 87,375         | 59,144         | 73,199         |
| Financial assets at FVTOCI   | 3,217          | 3,295          | 3,217          | 3,295          |
| <b>Financial liabilities</b> |                |                |                |                |
| Amortised cost               | 22,436         | 26,672         | 36,911         | 46,010         |
| Lease liabilities            | 31,160         | 31,764         | 24,553         | 24,896         |

### (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 2022

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

(b) Financial risk management policies and objectives (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.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

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

| Category       | Description   | Basis for recognising expected credit losses ("ECL")   |
|----------------|---|--|
| Performing     | The counterparty has a low risk of default and does not have any past-due amounts.  | Trade receivables: Lifetime ECL – not credit impaired<br>Other financial assets: 12-month ECL  |
| Doubtful       | Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.                     | Lifetime ECL – not credit-impaired   |
| Non-performing | Amount is > 60 to 150 days past due or there is evidence indicating the asset is credit-impaired.                                   | Lifetime ECL – credit-impaired<br>Trade receivables are determined to be credit impaired when they are past due for more than 60 to 150 days based on different customer segments and the customer exhibits slow payment trends. |
| Write-off      | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off  |

Cash and deposits are placed with reputable financial institutions.

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, except for lease liabilities as disclosed in Note 16.

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).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

- (b) Financial risk management policies and objectives (cont'd)

### Fair values of financial assets and financial liabilities

#### *Fair value hierarchy*

The table below analyses financial instruments by the levels in the fair value hierarchy based on inputs to valuation techniques.

|   | Level 3                   |        |
|---|---------------------------|--------|
|   | The Group and The Company |        |
|   | 2022                      | 2021   |
|   | \$'000                    | \$'000 |
| Financial assets at fair value through other comprehensive income | 3,217                     | 3,295  |

The fair value of the investment is based on the net value of the investment provided by an independent third party. Any significant increase or decrease in the unobservable input relating to the projected share price based on latest round of financing can result in a higher or lower fair value measurement respectively.

#### Equity price risk management

Equity price risk relates to price risk which exists due to changes in market prices that will affect the Group's income or the value of its holdings in investment. The objective of the Group's investment risk management is to manage and control the price risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed to equity price risk changes arising from its investment in an unquoted equity instrument.

#### *Equity price sensitivity*

A 10% increase in the equity price of the underlying investment in the unquoted equity instrument at the reporting date would increase the fair value reserve for the year by \$322,000 (2021 : \$330,000).

A 10% decrease in the equity price of the underlying investment in the unquoted equity instrument would have an equal but opposite effect on the fair value reserve.

This analysis assumes that all other variables remain constant.

#### 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 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 30 DIVIDENDS

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

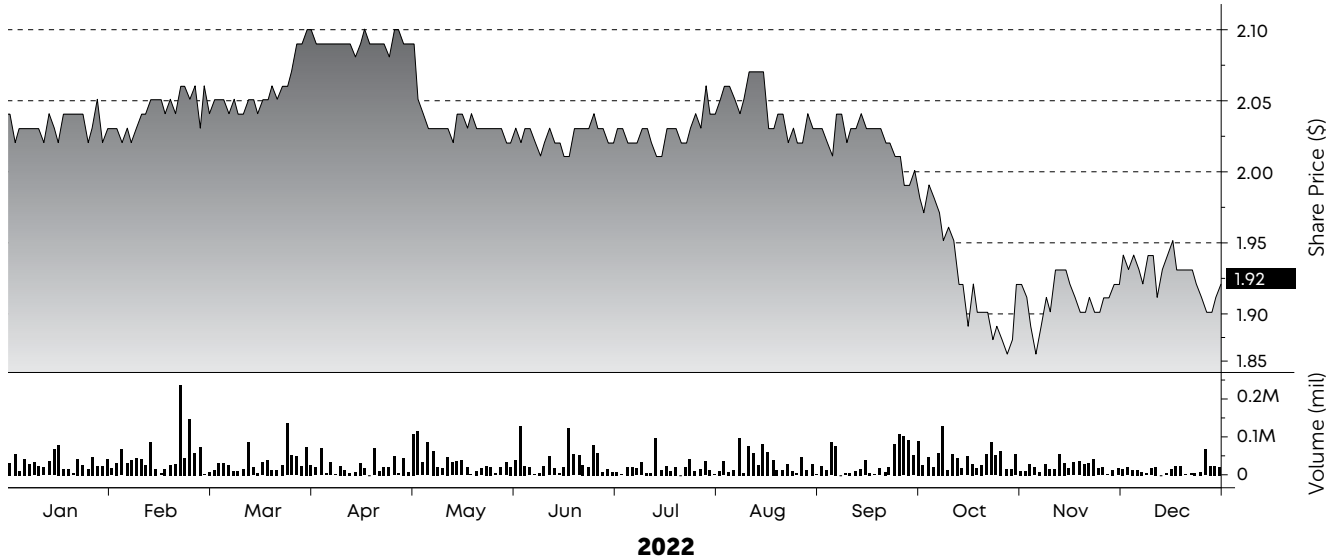
|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Tax-exempt one-tier final dividend in respect of the previous financial year:<br>– 3.24 cents (2021 : 6.22 cents) per ordinary share  | 11,488         | 22,054         |
| Tax-exempt one-tier special dividend in respect of the previous financial year:<br>– 2.00 cents (2021 : Nil) per ordinary share       | 7,091          | –              |
| Tax-exempt one-tier interim dividend in respect of the current financial year:<br>– 3.32 cents (2021 : 3.04 cents) per ordinary share | 11,772         | 10,779         |
| <b>Total</b>  | <b>30,351</b>  | <b>32,833</b>  |

(b) Subsequent to the end of the reporting period, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 3.32 cents per ordinary share totalling \$11,772,000 be paid for the financial year ended 31 December 2022. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability for the current financial year.

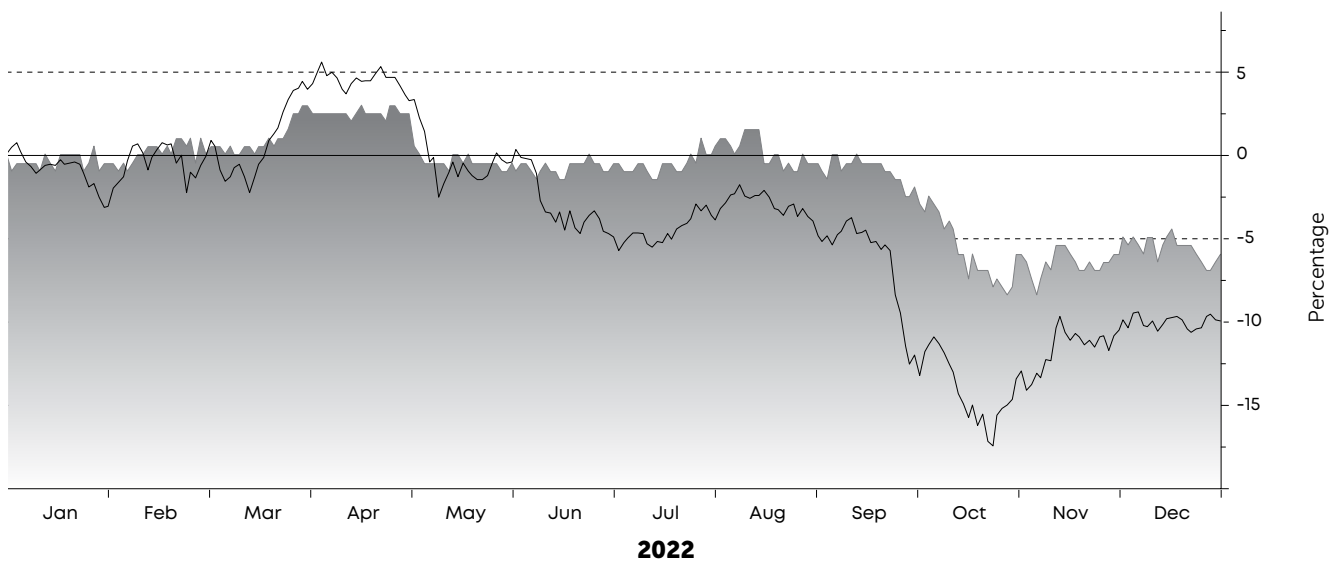
Together with the tax exempt one-tier interim dividend of 3.32 cents per ordinary share (2021 : 3.04 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2022 will be 6.64 cents per ordinary share (2021 : 8.28 cents per ordinary share).

# 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)



■ VICOM      ■ FTSE Straits Times Mid Cap Index (FSTM)

Source: Bloomberg Finance L.P.

# SHAREHOLDING STATISTICS

AS AT 1 MARCH 2023

## SHAREHOLDING STATISTICS AS AT 1 MARCH 2023

|                                  |   |  |
|----------------------------------|---|--|
| Issued and Fully Paid-Up Capital | : | S\$36,284,000                            |
| Number of Shares Issued          | : | 354,568,000                              |
| Class of Shares                  | : | Ordinary shares with equal voting rights |
| Voting Rights                    | : | One (1) Vote per Ordinary Share          |

The Company does not hold any Treasury Shares and Subsidiary Holdings.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 1 MARCH 2023

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | %             | NO. OF SHARES      | %             |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99                | 3                   | 0.05          | 96                 | 0.00          |
| 100 – 1,000           | 942                 | 15.72         | 632,825            | 0.18          |
| 1,001 – 10,000        | 3,897               | 65.04         | 17,335,348         | 4.89          |
| 10,001 – 1,000,000    | 1,132               | 18.89         | 54,562,004         | 15.39         |
| 1,000,001 & ABOVE     | 18                  | 0.30          | 282,037,727        | 79.54         |
| <b>TOTAL</b>          | <b>5,992</b>        | <b>100.00</b> | <b>354,568,000</b> | <b>100.00</b> |

## LIST OF TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Depository Register as at 1 March 2023)

|              | NAME OF SHAREHOLDER   | NO. OF SHARES      | % <sup>(1)</sup> |
|--------------|---|--------------------|------------------|
| 1            | COMFORTDELGRO CORPORATION LIMITED                           | 237,760,000        | 67.06            |
| 2            | DBS NOMINEES PTE LTD  | 12,944,400         | 3.65             |
| 3            | CHU CHEE LEONG  | 3,768,000          | 1.06             |
| 4            | SZE THIAM SIONG   | 3,088,000          | 0.87             |
| 5            | UNITED OVERSEAS BANK NOMINEES PTE LTD                       | 2,888,000          | 0.81             |
| 6            | OCBC NOMINEES SINGAPORE PTE LTD                             | 2,549,828          | 0.72             |
| 7            | RAFFLES NOMINEES (PTE) LIMITED                              | 2,189,600          | 0.62             |
| 8            | MRS HELEN ONG YONG KHEE NEE TANG HELEN @ HELEN TAN SIOK WAN | 2,128,000          | 0.60             |
| 9            | QUAH SIEW KWEE  | 2,006,000          | 0.56             |
| 10           | QUAH SIEW ENG EILEEN  | 1,660,000          | 0.47             |
| 11           | CITIBANK NOMINEES SINGAPORE PTE LTD                         | 1,627,739          | 0.46             |
| 12           | PHILLIP SECURITIES PTE LTD                                  | 1,546,660          | 0.44             |
| 13           | EUNICE QUAH SIEW THYE                                       | 1,505,000          | 0.42             |
| 14           | IFAST FINANCIAL PTE LTD                                     | 1,388,900          | 0.39             |
| 15           | TAN KENG SOON HOMER   | 1,312,000          | 0.37             |
| 16           | HSBC (SINGAPORE) NOMINEES PTE LTD                           | 1,255,600          | 0.35             |
| 17           | TAN KUANGXU   | 1,228,000          | 0.35             |
| 18           | PANG CHEOW JOW  | 1,192,000          | 0.34             |
| 19           | TAN SIAK HUAN   | 912,000            | 0.26             |
| 20           | LOW LAN ENG   | 844,400            | 0.24             |
| <b>TOTAL</b> |   | <b>283,794,127</b> | <b>80.04</b>     |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 1 March 2023)

| SUBSTANTIAL SHAREHOLDER           | DIRECT INTEREST |                  | DEEMED INTEREST |                  |
|-----------------------------------|-----------------|------------------|-----------------|------------------|
|                                   | NO. OF SHARES   | % <sup>(1)</sup> | NO. OF SHARES   | % <sup>(1)</sup> |
| COMFORTDELGRO CORPORATION LIMITED | 237,760,000     | 67.06            | –               | –                |

### Note:

<sup>(1)</sup> The percentage of shareholding is calculated based on 354,568,000 issued shares of the Company as at 1 March 2023.

## COMPLIANCE WITH RULE 723 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 1 March 2023, approximately 31.83% of the ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

## VICOM LTD

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

**NOTICE IS HEREBY GIVEN** that the Forty-Second Annual General Meeting (the “**AGM**”) of VICOM Ltd (the “**Company**”) will be held on Wednesday, 26 April 2023, at 10.00 a.m. via electronic means and in person at:

**AUDITORIUM  
COMFORTDELGRO HEADQUARTERS  
205 BRADDELL ROAD  
SINGAPORE 579701**

The AGM is for the purpose of transacting the following businesses:

### ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following Resolutions:

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 3.32 Singapore cents (S\$0.0332) per ordinary share in respect of the financial year ended 31 December 2022. **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$723,943 for the financial year ended 31 December 2022. (FY2021: S\$508,502)  
[Please refer to Explanatory Note (a)] **(Resolution 3)**
4. 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)] **(Resolution 4)**
5. To re-elect Mr Soh Chung Hian, Daniel, a Director retiring pursuant to Regulation 98(b) of the Company’s Constitution.  
[Please refer to Explanatory Note (c)] **(Resolution 5)**
6. To re-elect Ms Tan Poh Hong, a Director retiring pursuant to Regulation 98(b) of the Company’s Constitution.  
[Please refer to Explanatory Note (d)] **(Resolution 6)**
7. To re-elect Mr Cheng Siak Kian, a Director retiring pursuant to Regulation 99 of the Company’s Constitution.  
[Please refer to Explanatory Note (e)] **(Resolution 7)**
8. To re-elect Mr Jackson Chia, a Director retiring pursuant to Regulation 99 of the Company’s Constitution.  
[Please refer to Explanatory Note (f)] **(Resolution 8)**
9. To re-elect Professor Ooi Beng Chin, a Director retiring pursuant to Regulation 99 of the Company’s Constitution.  
[Please refer to Explanatory Note (g)] **(Resolution 9)**
10. To appoint Messrs Ernst & Young LLP as the auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, to hold office until the conclusion of the next annual general meeting and to authorise the Directors of the Company to fix their remuneration.  
[Please refer to Explanatory Note (h)] **(Resolution 10)**

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF RECORD AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on Friday, 5 May 2023 for the purpose of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 3.32 Singapore cents (S\$0.0332) per ordinary share for the financial year ended 31 December 2022 (the "**Proposed Final Dividend**").

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, up to 5.00 p.m. on Friday, 5 May 2023 will be registered to determine Shareholders' entitlements to the Proposed Final Dividend. 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 Friday, 5 May 2023 will be entitled to such Proposed Final Dividend.

The Proposed Final Dividend, if approved by the Shareholders at the Forty-Second AGM of the Company, will be paid on Monday, 15 May 2023.

## BY ORDER OF THE BOARD

Angeline Joyce Lee Siang Pohr &  
Cher Ya Li Sheryl  
Company Secretaries  
Singapore  
28 March 2023

## EXPLANATORY NOTES:

### ORDINARY BUSINESS:

- (a) Ordinary Resolution 3, if passed, relates to the payment of the total Directors' Fees for the financial year ended 31 December 2022. Directors' Fees are for services rendered by the Non-Executive Directors on the Board as well as the various Board Committees. The amount includes Directors' basic fees and attendance fees for meetings held throughout the year. The Directors' Fees were aligned to that of mid-cap companies in Singapore, according to the Singapore Institute of Directors (SID) Board of Directors Survey 2022.
- (b) Mr Sim Wing Yew<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as the Chief Executive Officer of the Company, and a member of the Sustainability Committee and the Technology Committee. Mr Sim will be considered a Non-Independent Executive Director of the Company.
- (c) Mr Soh Chung Hian, Daniel<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committee. Mr Soh will be considered an Independent Non-Executive Director of the Company, pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- (d) Ms Tan Poh Hong<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as a member of the Audit and Risk Committee, the Nominating and Remuneration Committee and the Technology Committee. Ms Tan will be considered an Independent Non-Executive Director of the Company, pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.



# NOTICE OF ANNUAL GENERAL MEETING

- (e) Mr Cheng Siak Kian<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as the Deputy Chairman of the Board, and a member of the Nominating and Remuneration Committee and the Technology Committee. Mr Cheng will be considered a Non-Independent Non-Executive Director of the Company.
- (f) Mr Jackson Chia<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as a member of the Sustainability Committee. Mr Chia will be considered a Non-Independent Non-Executive Director of the Company.
- (g) Professor Ooi Beng Chin<sup>(1)</sup> will, if re-elected as a Director of the Company, continue to serve as a member of the Technology Committee. Professor Ooi will be considered a Non-Independent Non-Executive Director of the Company.
- (h) Resolution 10 is to approve the appointment of Ernst & Young LLP ("**EY**") as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP ("**Deloitte**"), and to authorise the Directors to fix their remuneration.

The Company has received the notice of nomination from its majority shareholder, ComfortDelGro Corporation Limited, dated 24 January 2023 on the appointment of EY in place of the retiring auditors, Deloitte. Deloitte has served as the external auditors of the Company and its subsidiaries (the "**Group**") since 30 May 2003.

The Audit and Risk Committee ("**ARC**") is of the view that the change of auditors is in the best interests of the Company as it would enable the Company to benefit from a change of perspectives. Moreover, having EY as the auditor of the Group would enable the Group to benefit from a more coordinated audit as EY is currently the auditor of ComfortDelGro Corporation Limited, the holding company of the Company. As both EY and Deloitte are considered as part of the "Big Four" audit firms, the quality of the audit services to be provided by EY is expected to be comparable to that currently provided by Deloitte. There will be no change in the scope of the audit to be undertaken by EY. The ARC has also considered the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") in assessing the suitability of EY as the Company's new auditors. Upon recommendation from the ARC and after due deliberation, the Board is of the view that it would be in the best interests of the Company to effect a change of auditors with effect from the financial year ending 31 December 2023. Accordingly, Deloitte will not be seeking re-appointment at the forthcoming Annual General Meeting of the Company.

EY is a leading professional services firm in Singapore. In Singapore, they have a history of 134 years, with 230 partners and directors, as well as approximately 4,200 professional staff offering assurance, tax, strategy and transactions, and consulting services to a wide-ranging clientele base consisting of public sector organisations, as well as private sector and multinational companies. Today, EY audits more than a quarter of Singapore's public listed companies.

EY has assigned Ms Lim Huijing Amanda as the Company's audit engagement partner, if they are appointed. Ms Lim has more than 18 years of audit experience in Singapore and has served a number of multinational companies and local listed companies with operations in multiple countries in a diverse range of industries. These include agri-commodity, shipping, diversified industries and hospitality. Ms Lim graduated with a Bachelor of Commerce (Majoring in Accountancy and Commercial Law) from the University of Sydney, Australia. She is a practicing member of the Institute of Singapore Chartered Accountants and a member of CPA Australia.

The ARC has enquired on whether the audit engagement partner has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the ARC has noted that the audit engagement partner, Ms Lim, has not been subject to a Practice Monitoring Programme review by ACRA.

# NOTICE OF ANNUAL GENERAL MEETING

Ms Lim has never served in any executive capacity in the Group nor is she considered to be an affiliate.

The Board, with the concurrence of the ARC, is satisfied that EY will be able to meet the audit requirements of the Group after having considered factors such as the adequacy of the resources and experience of EY and the audit engagement partner assigned to the audit, EY's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who will be assigned to the Group's audit.

EY has given their consent to be appointed as the auditors, subject to the approval of the shareholders at the Annual General Meeting.

For the purposes of completeness, Mr Soh Chung Hian Daniel, who is an Independent Non-Executive Director of the Company, was a partner in EY from 1990 to 2012. Mr Soh left EY more than 10 years ago and does not have any current financial interest in EY.

Assuming that Resolution 10 is approved by the shareholders, for the purposes of Rule 715 of the Listing Manual, EY will be appointed as the auditor of the Company's Singapore incorporated subsidiaries. The Company does not have any Singapore-incorporated significant associated companies.

The Board wishes to state that Deloitte had continued to discharge their duties well and professionally throughout their tenure as auditors of the Group and express their appreciation for the past services rendered by Deloitte. The appointment of EY as auditors in place of Deloitte will take effect subject to the approval of the same by the shareholders at the Annual General Meeting.

In accordance with Rule 1203(5) of the Listing Manual of the SGX-ST, the Company confirms that:

- (a) there were no disagreements with Deloitte on accounting treatments within the last twelve (12) months;
- (b) it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of shareholders of the Company;
- (c) there are no specific reasons for the proposed change of auditors save as disclosed above; and
- (d) it has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the proposed appointment of EY.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST, Deloitte has confirmed by way of their letter dated 27 March 2023 to EY that it is not aware of any professional reasons why EY should not accept the appointment as the auditors of the Company.

<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 FY2022 Annual Report of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

1. A proxy need not be a member of the Company. The Chairman of the Meeting, as proxy, need not be a member of the Company.
2. Where a member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Investors holding shares under the Central Provident Fund Investment Schemes (“**CPF Investors**”) and/or Supplementary Retirement Scheme (“**SRS Investors**”) who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 10.00 a.m. on Friday, 14 April 2023). CPF/SRS Investors should contact their respective agent banks for any queries they may have with regard to the appointment of proxy for the AGM.
  5. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted in the following manner:
    - (a) If submitted by post, be deposited at the Company’s registered office at 205 Braddell Road, Singapore 579701; or
    - (b) If submitted by electronic mail, be sent to **agm2023@vicom.com.sg**; or
    - (c) If submitted electronically, be lodged at the Company’s AGM pre-registration website, **www.conveneagm.sg/VICOM\_AGM2023**,

in each case, by 10.00 a.m. on Sunday, 23 April 2023, being not less than seventy-two (72) hours before the time appointed for the holding of the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

6. In the case of shares entered in the Depository Register, the Company may reject any instrument appointing proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 10.00 a.m. on Sunday, 23 April 2023), as certified by The Central Depository (Pte) Limited to the Company.
7. A corporation which is a member of the Company may authorise by resolutions of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.
8. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

## IMPORTANT INFORMATION

The AGM is being convened and will be held physically ("**Physical Meeting**") and by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Virtual Meeting**").

Shareholders of the Company ("**Shareholders**") shall take note of the following arrangements for the conduct of the AGM on Wednesday, 26 April 2023 at 10.00 a.m.:

### 1. Attendance

The pre-registration procedures are set out below:

#### **Virtual Meeting**

Proceedings of the AGM will be broadcasted through live audio visual and audio-only feeds ("**Live Webcast**").

All Shareholders who wish to follow the proceedings of the AGM must pre-register online at the URL: **www.conveneagm.sg/VICOM\_AGM2023** for verification purposes by 10.00 a.m. on Sunday, 23 April 2023.

Shareholders who are appointing proxy(ies) ("**Proxy(ies)**") to attend the Virtual Meeting should inform his/her Proxy(ies) to pre-register at the URL: **www.conveneagm.sg/VICOM\_AGM2023** not less than seventy-two (72) hours before the time appointed for the holding of the AGM (i.e. by 10.00 a.m. on Sunday, 23 April 2023), failing which the appointment shall be invalid.

#### **Physical Meeting**

Please pre-register for verification purposes by 10.00 a.m. on Sunday, 23 April 2023 at the URL: **www.conveneagm.sg/VICOM\_AGM2023** and indicate your interest to attend the AGM physically at the AGM venue.

Shareholders who are appointing Proxy(ies) to attend the Physical Meeting on his/her behalf should inform his/her Proxy(ies) to pre-register and specify his/her/their intention to attend the Physical Meeting at the URL: **www.conveneagm.sg/VICOM\_AGM2023** not less than seventy-two (72) hours before the time appointed for the holding of the AGM (i.e. by 10.00 a.m. on Sunday, 23 April 2023), failing which the appointment shall be invalid.

# NOTICE OF ANNUAL GENERAL MEETING

## Virtual Meeting

Following verification, the Company will provide verified Shareholders and Proxy(ies) with a confirmation email by Monday, 24 April 2023 ("**Confirmation Email for Virtual Meeting**") via the email address provided during the pre-registration or as indicated in the Proxy Form to access the Live Webcast to watch the live feed of the AGM proceedings via the log-in credentials created during the pre-registration or log-in with their SingPass account.

Please use the registered identification credentials to access the Live Webcast. Shareholders must not forward the above-mentioned link to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Shareholders who have registered by 10.00 a.m. on Sunday, 23 April 2023 but have not received the Confirmation Email for Virtual Meeting by Monday, 24 April 2023, please email to **ir@vicom.com.sg**.

If you have any queries on the Live Webcast, please email to **ir@vicom.com.sg** or **support@conveneagm.com** or call the telephone number +65 6856 7330.

## Physical Meeting

Verified Shareholders and Proxy(ies) who are successful in the pre-registration to attend the Physical Meeting will receive an email by Monday, 24 April 2023 ("**Confirmation Email for Physical Meeting**") via the email address provided during the pre-registration or as indicated in the Proxy Form.

Shareholders who have registered by 10.00 a.m. on Sunday, 23 April 2023 but have not received the Confirmation Email for Physical Meeting by Monday, 24 April 2023, please email to **ir@vicom.com.sg**.

If you have any queries on the attendance at the AGM venue, please email to **ir@vicom.com.sg**.

## 2. Submission of Questions

(a) Submission of questions in advance of the AGM:

Shareholders can submit questions in advance relating to the businesses of the AGM either via:

- (i) electronic mail, to **ir@vicom.com.sg**; or
- (ii) the Company's AGM pre-registration website, **www.conveneagm.sg/VICOM\_AGM2023**.

All questions must be submitted by 10.00 a.m. on Thursday, 13 April 2023.

The Company will endeavour to address questions which are substantial and relevant by 10.00 a.m. on Thursday, 20 April 2023, which is seventy-two (72) hours prior to the closing date and time for the lodgement of the proxy forms (i.e. 10.00 a.m. on Sunday, 23 April 2023).

# NOTICE OF ANNUAL GENERAL MEETING

- (b) Submission of questions during the AGM:

## **Virtual Meeting**

Shareholders and Proxy(ies) who have pre-registered and been verified to attend the AGM proceedings via the Live Webcast will be able to ask questions relating to the agenda of the AGM during the AGM by:

- (i) Submitting text-based questions via the Live Webcast by clicking the "Ask a Question" feature and then clicking "Type Your Question" to input their queries in the questions text box.
- (ii) Clicking the "Ask a Question" feature and then clicking the "Queue for Video Call" via the Live Webcast. The relevant Shareholder or Proxy will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audio-visual means during the AGM within a certain prescribed time limit.

## **Physical Meeting**

Verified Shareholders and Proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue.

- (c) Where there are substantially similar questions for the Virtual Meeting and Physical Meeting, the Company will consolidate such questions. As a result, the questions received may not be addressed individually.

### **3. Voting**

Live voting will be conducted during the AGM for Shareholders and Proxy(ies) attending the Physical Meeting or Virtual Meeting. It is important for Shareholders and Proxy(ies) to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting.

Shareholders and Proxy(ies) will be required to log-in via the email address provided during the pre-registration or as indicated in the Proxy Form.

The Proxy Form for the AGM may be accessed at the Company's website at [www.vicom.com.sg/agm2023proxyform](http://www.vicom.com.sg/agm2023proxyform), or on SGXNET. The electronic proxy form is also available on the Company's AGM pre-registration site, [www.conveneagm.sg/VICOM\\_AGM2023](http://www.conveneagm.sg/VICOM_AGM2023).

- (a) Live Voting

Shareholders and Proxy(ies) may cast their votes in real time for each resolution to be tabled during the AGM via the log-in credentials created during the pre-registration or via their SingPass accounts. Shareholders and Proxy(ies) will have the opportunity to cast their votes via the live voting feature. Shareholders and Proxy(ies) must bring a web-browser enabled device in order to cast their votes.

CPF/SRS Investors who have used their CPF/SRS monies to buy the Company's shares should instead approach their respective relevant intermediary as soon as possible to specify voting instructions.

# NOTICE OF ANNUAL GENERAL MEETING

- (b) Voting via appointing the Chairman of the Meeting as proxy:

As an alternative to the above, Shareholders may also vote at the AGM by appointing the Chairman of the Meeting as proxy to vote on their behalf. Duly completed Proxy Forms must be:

- (i) deposited at the Company's registered office at 205 Braddell Road, Singapore 579701; or
- (ii) sent via electronic mail to **agm2023@vicom.com.sg**; or
- (iii) lodged at the Company's AGM pre-registration website, **www.conveneagm.sg/VICOM\_AGM2023**,

and submitted by 10.00 a.m. on Sunday, 23 April 2023, being not less than seventy-two (72) hours before the time appointed for the holding of the AGM.

- (c) CPF/SRS Investors:

CPF/SRS Investors who have used their CPF/SRS monies to buy the Company's shares should not make use of the Proxy Form and should instead approach their respective intermediary as soon as possible to specify voting instructions. CPF/SRS Investors who wish to vote should approach their respective CPF Agent Bank/SRS Operator at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on Friday, 14 April 2023), to ensure that their votes are submitted.

## 4. Access to documents or information relating to the AGM

Copies of the following documents have been uploaded on SGXNET on 28 March 2023 and may be accessed via SGXNET and also the Company's website at **www.vicom.com.sg**:

- (a) Annual Report for the financial year ended 31 December 2022;
- (b) ComfortDelGro Corporation Limited's notice of nomination to the Company dated 24 January 2023 on the appointment of EY as the auditors of the Company;
- (c) Deloitte's professional clearance letter dated 27 March 2023 to EY; and
- (d) EY's letter dated 27 March 2023 to the Company in respect of its consent to act as auditors of the Company.

The copy of the Constitution of the Company is available for inspection at the registered office of the Company at 205 Braddell Road Singapore 579701 during normal business hours, from the date hereof up to and including the date of the AGM.

## 5. Filming and Photography

When a Shareholder or Proxy attends, speaks and votes at the AGM via electronic means or physically, he/she consents to his/her video and/or photographs being taken for the purpose of publication on the Company's website and publicity materials without further notification.

# NOTICE OF ANNUAL GENERAL MEETING

## FURTHER UPDATES

Shareholders should note that the manner of conducting the AGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of conducting the AGM will be announced by the Company on SGXNET. Shareholders are advised to check SGXNET and the Company's website regularly for any further updates.

## 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 actions, proceedings, penalties, liabilities, claims, demands, costs, expenses, losses and damages suffered or incurred by the Company as a result of the member's breach of warranty.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Cheng Siak Kian, Mr Sim Wing Yew, Mr Jackson Chia, Mr Soh Chung Hian, Daniel, Ms Tan Poh Hong and Professor Ooi Beng Chin, all of whom are seeking re-election as Directors of the Company at the 42nd Annual General Meeting to be held on Wednesday, 26 April 2023, is to be read in conjunction with their respective biographies on pages 8 to 12.

|   | <b>CHENG SIAK KIAN</b><br>Deputy Chairman<br>(Non-Independent<br>Non-Executive Director)   | <b>SIM WING YEW</b><br>Chief Executive Officer<br>(Non-Independent<br>Executive Director)  |
|---|--|--|
| Country of principal residence                                | Singapore  | Singapore  |
| The Board's comments on this appointment                      | Mr Cheng's wealth of business experience and strong leadership and management skills, will enhance board deliberations and put him in good stead to set direction for growth.  | Mr Sim, who has been the Chief Executive Officer (CEO) of VICOM Ltd since 2012, has the requisite experience, qualifications and capability to continue to contribute positively as the CEO and Executive Director and set direction for growth.   |
|   | <i>Please refer to Mr Cheng's profile on page 8 of the Annual Report 2022.</i>   | <i>Please refer to Mr Sim's profile on page 9 of the Annual Report 2022.</i>   |
| Working experience and occupation(s) during the past 10 years | <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* – Deputy Chairman (Appointed Director on 1 Jan 2023)</li> <li>ComfortDelGro Corporation Limited* – Managing Director/Group Chief Executive Officer (MD/GCEO) (Appointed Director on 1 Jan 2023)</li> <li>SBS Transit Ltd* – Non-Executive Deputy Chairman (Appointed Director on 29 Apr 2021)</li> <li>Mr Cheng's principal directorships of ComfortDelGro Group can be found under the section entitled 'Directors' Particulars' on page 51 of the Annual Report 2022.</li> </ol> | <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* (Appointed Director on 1 May 2012)</li> <li>ComfortDelGro Engineering Pte Ltd (Appointed Director on 14 Dec 2009)</li> <li>Mr Sim's directorships of VICOM Group can be found under the section entitled 'Directors' Particulars' on page 52 of the Annual Report 2022.</li> </ol> <p><b><u>Current Principal Commitments:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* – CEO (since 2012)</li> </ol> <p><b><u>Past 10 years Directorships and Principal Commitments:</u></b><br/>Nil</p> |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| <b>JACKSON CHIA</b><br>(Non-Independent<br>Non-Executive Director)   | <b>SOH CHUNG HIAN,<br/>                     DANIEL</b><br>(Independent<br>Non-Executive Director)  | <b>TAN POH HONG</b><br>(Independent<br>Non-Executive Director)  | <b>OOI BENG CHIN</b><br>(Non-Independent<br>Non-Executive Director)   |
|--|--|---|---|
| Singapore  | Singapore  | Singapore   | Singapore   |
| Mr Chia's extensive experience in risk and sustainability management as well as business experience will continue to contribute towards the core competencies of the Board.  | Mr Soh's extensive experience in audit and accounting will continue to complement the Board's decision-making process.   | Ms Tan's extensive experience in organisational leadership and management will further enhance Board deliberations and contribute towards the core competencies of the Board.   | Professor Ooi's extensive knowledge in information technology will help Management steer towards the Group's growth vision.   |
| <i>Please refer to Mr Chia's profile on page 11 of the Annual Report 2022.</i>   | <i>Please refer to Mr Soh's profile on page 9 of the Annual Report 2022.</i>   | <i>Please refer to Ms Tan's profile on page 12 of the Annual Report 2022.</i>   | <i>Please refer to Professor Ooi's profile on page 11 of the Annual Report 2022.</i>  |
| <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* (Appointed Director on 27 Apr 2022)</li> <li>Mr Chia's directorships in ComfortDelGro Group can be found under the section entitled 'Directors' Particulars' on page 52 of the Annual Report 2022.</li> </ol>                      | <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* (Appointed Director on 1 May 2018)</li> <li>British and Malayan Holdings Limited* (Appointed Director on 10 Feb 2017)</li> <li>Sunright Limited* (Appointed Director on 3 Dec 2018)</li> </ol>   | <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* (Appointed Director on 25 Apr 2019)</li> <li>Sheng Siong Group Ltd* (Appointed Director on 5 Jan 2018)</li> <li>Centurion Corporation Limited* (Appointed Director on 8 May 2018)</li> <li>AnnAik Limited* (Appointed Director on 26 Jul 2018)</li> <li>APAC Realty Limited* (Appointed Director on 1 Oct 2020)</li> <li>OTS Holdings Limited* (Appointed Director on 19 May 2021)</li> <li>Jilin Food Zone Pte Ltd (Appointed Director on 1 Oct 2019)</li> <li>Vanguard Healthcare Pte Ltd (Appointed Director on 1 Nov 2022)</li> </ol> | <p><b><u>Current Directorships:</u></b></p> <ol style="list-style-type: none"> <li>VICOM Ltd* (Appointed Director on 1 Jan 2023)</li> <li>ComfortDelGro Corporation Limited* (Appointed Director on 1 May 2018)</li> <li>Bestpeer Pte Ltd (Appointed Director on 5 Dec 2007)</li> <li>AlDigi Holdings Pte Ltd (Appointed Director on 7 Dec 2021)</li> <li>Medilot Technologies Pte Ltd (Appointed Director on 11 May 2018)</li> </ol> |
| <p><b><u>Current Principal Commitments:</u></b></p> <ol style="list-style-type: none"> <li>ComfortDelGro Corporation Limited* – Chief Executive Officer of Private Mobility Group (since 7 June 2021)</li> <li>ComfortDelGro Corporation Limited* – Chief Executive Officer of ComfortDelGro Taxi (since 17 Jan 2022)</li> </ol> | <p><b><u>Current Principal Commitments:</u></b><br/>NIL</p> <p><b><u>Past 10 years Directorships and Principal Commitments:</u></b></p> <ol style="list-style-type: none"> <li>British and Malayan Trustees Limited – Director (2016 to 2021)</li> <li>Lum Chang Holdings Limited* – Director (2013 to 2021)</li> <li>Agency for Integrated Care Pte Ltd – Director (2015 to 2021)</li> <li>JDJ Investment Pte Ltd – Director (till 2019)</li> <li>QAF Limited – Director (2014 – 2016)</li> <li>Eu Yan Sang International Ltd – Director (till 2016)</li> </ol> | <p><b><u>Current Principal Commitments:</u></b></p> <ol style="list-style-type: none"> <li>National University of Singapore - Lee Kong Chian Centennial Professor (since 2021)</li> <li>National University of Singapore – Professor, School of Computing (since 2000)</li> <li>Zhejiang University China – Adjunct Chang Jiang Professor (since 2011)</li> </ol>   |   |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## **CHENG SIAK KIAN**

Deputy Chairman  
(Non-Independent  
Non-Executive Director)

## **SIM WING YEW**

Chief Executive Officer  
(Non-Independent  
Executive Director)

### **Current Principal Commitments:**

1. ComfortDelGro Corporation Limited\*  
– MD/GCEO  
(since 1 Jan 2023)

### **Past 10 years Directorships and Principal Commitments:**

#### **Appointments in ComfortDelGro Group:**

1. SBS Transit Ltd\* -  
Chief Executive  
Officer (1 Mar 2021 –  
31 Dec 2022) and  
concurrently as  
Group Deputy Chief  
Executive Officer of  
ComfortDelGro  
Corporation Limited\*  
(16 Mar 2022 – 31  
Dec 2022)
2. SBS Transit Ltd\* –  
Executive Deputy  
Chairman (28 Apr  
2022 – 31 Dec 2022)
3. SBS Transit Ltd\* –  
Acting Chief Executive  
Officer (1 Mar 2020 –  
28 Feb 2021)
4. SBS Transit Ltd\* –  
Chief Operating  
Officer (1 Jul 2019 –  
29 Feb 2020)
5. ComfortDelGro  
Corporation Australia  
Pty Ltd (NSW) –  
Chief Executive  
Officer (1 Dec 2016 –  
30 Jun 2019)
6. ComfortDelGro  
Corporation Limited\*  
– Senior Vice-  
President (Overseas  
Assignee) (Oct 2016 –  
Nov 2016)
7. SBS Transit Ltd\* –  
Senior Vice-President,  
Bus Business (Sep  
2015 – Sep 2016)

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

**JACKSON CHIA**  
(Non-Independent  
Non-Executive Director)

**SOH CHUNG HIAN,  
DANIEL**  
(Independent  
Non-Executive Director)

**TAN POH HONG**  
(Independent  
Non-Executive Director)

**OOI BENG CHIN**  
(Non-Independent  
Non-Executive Director)

**Past 10 years  
Directorships and  
Principal Commitments:**

**Appointments in  
ComfortDelGro Group:**

1. ComfortDelGro Corporation Limited\* – Group Chief Sustainability Officer (1 Sep 2021 – May 2022)
2. ComfortDelGro Corporation Limited\* – Group Chief Risk and Sustainability Officer (Nov 2018 – 31 Aug 2021)
3. ComfortDelGro Corporation Limited\* – Senior Vice President of the Transformation Office (Jun 2018 – Oct 2018)
4. SBS Transit Ltd\* – Deputy Head of Rail (2017 to May 2018)

**Other Appointments:**

1. Advanced Material Engineering Pte Ltd (n.k.a. ST Engineering Advanced Material Engineering Pte Ltd) – Director (2012-2014)
2. ST Education & Training Pte Ltd – Director (2014-2016)
3. Republic of Singapore Navy – Chief-of-Staff, Naval Staff (2014 – 2016)
4. Republic of Singapore Navy – Head, Naval Operations (2011 – 2014)

**Current Principal  
Commitments:**  
NIL

**Past 10 years  
Directorships and  
Principal Commitments:**

1. Barramundi Asia Pte Ltd – Director (2018 to 2021)
2. Agri-Food and Veterinary Authority – Chief Executive Officer and Board Member (2009-2017)

**Past 10 years  
Directorships and  
Principal Commitments:**

1. National University of Singapore - Distinguished Professor (2013 - 2021)
2. National University of Singapore – Director of Smart Systems Institute (2011 to 2021)

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|  | <b>CHENG SIAK KIAN</b><br>Deputy Chairman<br>(Non-Independent<br>Non-Executive Director)   | <b>SIM WING YEW</b><br>Chief Executive Officer<br>(Non-Independent<br>Executive Director) |
|--|--|---|
|  | 8. Mr Cheng's other past principal directorships of ComfortDelGro Group can be found under the section entitled 'Directors' Particulars' on page 51 of the Annual Report 2022. |   |
|  | <b>Other Appointments:</b>   |   |
|  | 1. Republic of Singapore Airforce – Commander, Air Defence & Ops Command (2014 – 2015)   |   |
|  | 2. Ministry of Defence – Director, Policy Officer (2011 – 2014)  |   |
| Shareholding interest in the listed issuer and its subsidiaries  | NIL  | <b>Direct Interest:</b><br>VICOM Ltd* – 40,000 ordinary shares                            |
| 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   |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

**JACKSON CHIA**  
(Non-Independent  
Non-Executive Director)

**SOH CHUNG HIAN,  
DANIEL**  
(Independent  
Non-Executive Director)

**TAN POH HONG**  
(Independent  
Non-Executive Director)

**OOI BENG CHIN**  
(Non-Independent  
Non-Executive Director)

NIL

NIL

NIL

NIL

No

No

No

No

No

No

No

No

Yes

Yes

Yes

Yes

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | <b>CHENG SIAK KIAN</b><br>Deputy Chairman<br>(Non-Independent<br>Non-Executive Director) | <b>SIM WING YEW</b><br>Chief Executive Officer<br>(Non-Independent<br>Executive Director) |
|---|--|---|
| (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 judgment against him?  | No   | No  |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?  | No   | 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, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?  | No   | 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  |

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| <b>JACKSON CHIA</b><br>(Non-Independent<br>Non-Executive Director) | <b>SOH CHUNG HIAN,<br/>DANIEL</b><br>(Independent<br>Non-Executive Director) | <b>TAN POH HONG</b><br>(Independent<br>Non-Executive Director) | <b>OOI BENG CHIN</b><br>(Non-Independent<br>Non-Executive Director) |
|--|--|--|---|
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | <b>CHENG SIAK KIAN</b><br>Deputy Chairman<br>(Non-Independent<br>Non-Executive Director) | <b>SIM WING YEW</b><br>Chief Executive Officer<br>(Non-Independent<br>Executive Director) |
|---|--|---|
| (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  |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?   | No   | 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  |

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| <b>JACKSON CHIA</b><br>(Non-Independent<br>Non-Executive Director) | <b>SOH CHUNG HIAN,<br/>DANIEL</b><br>(Independent<br>Non-Executive Director) | <b>TAN POH HONG</b><br>(Independent<br>Non-Executive Director) | <b>OOI BENG CHIN</b><br>(Non-Independent<br>Non-Executive Director) |
|--|--|--|---|
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |
| No   | No   | No   | No  |

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# VICOM LTD

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

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT

1. The Forty-Second Annual General Meeting (the "AGM") of the Company will be held physically ("Physical Meeting") and by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Virtual Meeting").
2. CPF/SRS investors who intend to exercise the voting rights attached to their VICOM Ltd shares purchased using their CPF/SRS monies are requested to contact their respective CPF/SRS Approved Nominees.
3. 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 AGM dated 28 March 2023.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).

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

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

| Name    | NRIC/Passport No. | Proportion of Shareholdings |   |
|---------|-------------------|-----------------------------|---|
|         |                   | No. of Shares               | % |
| Address | Email Address     |                             |   |

and/or (delete as appropriate)

| Name    | NRIC/Passport No. | Proportion of Shareholdings |   |
|---------|-------------------|-----------------------------|---|
|         |                   | No. of Shares               | % |
| Address | Email Address     |                             |   |

or failing the person, or either or both of the persons, referred to above at the commencement of the live voting at the Annual General Meeting ("AGM" or "Meeting"), the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-Second AGM to be held at the Auditorium of the ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Wednesday, 26 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

| No.                      | Resolutions   | No. of Votes For <sup>(1)</sup> | No. of Votes Against <sup>(1)</sup> | No. of Votes Abstained <sup>(1)</sup> |
|--------------------------|---|---------------------------------|-------------------------------------|---------------------------------------|
| <b>Ordinary Business</b> |   |                                 |                                     |                                       |
| 1.                       | Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022   |                                 |                                     |                                       |
| 2.                       | Declaration of Final Dividend for the financial year ended 31 December 2022   |                                 |                                     |                                       |
| 3.                       | Approval of Directors' Fees amounting to S\$723,943 for financial year ended 31 December 2022   |                                 |                                     |                                       |
| 4.                       | Re-election of Mr Sim Wing Yew as a Director  |                                 |                                     |                                       |
| 5.                       | Re-election of Mr Soh Chung Hian, Daniel as a Director  |                                 |                                     |                                       |
| 6.                       | Re-election of Ms Tan Poh Hong as a Director  |                                 |                                     |                                       |
| 7.                       | Re-election of Mr Cheng Siak Kian as a Director   |                                 |                                     |                                       |
| 8.                       | Re-election of Mr Jackson Chia as a Director  |                                 |                                     |                                       |
| 9.                       | Re-election of Professor Ooi Beng Chin as a Director  |                                 |                                     |                                       |
| 10.                      | Appointment of Ernst & Young LLP as auditors in place of the retiring auditors, Deloitte & Touche LLP and authorising the Directors to fix their remuneration |                                 |                                     |                                       |

<sup>(1)</sup> If you wish to exercise all your votes "For", "Against" or "Abstain", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

| Total Number of Shares Held in <sup>(Note 4)</sup> : | Number of Shares |
|--|------------------|
| (a) CDP Register                                     |                  |
| (b) Register of Members                              |                  |

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## NOTES

1. A proxy need not be a member of the Company. The Chairman of the Meeting, as proxy, need not be a member of the Company.
2. Where a member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
3. A member, who is a relevant intermediary entitled to attend the meeting and vote, is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.  
"Relevant intermediary" means:
  - (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that 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.
5. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted in the following manner:
  - (a) If submitted by post, be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701; or
  - (b) If submitted by electronic mail, be sent to **agm2023@vicom.com.sg**; or
  - (c) If submitted electronically, be lodged at the Company's AGM pre-registration website, **www.conveneagm.sg/VICOM\_AGM2023**, in each case, by **10.00 a.m. on Sunday, 23 April 2023**, being not less than seventy-two (72) hours before the time appointed for the holding of the AGM.
6. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
7. CPF or SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 10.00 a.m. on Friday, 14 April 2023). CPF/SRS Investors should contact their respective agent banks for any queries they may have with regard to the appointment of proxy for the AGM.
8. The Company shall be entitled to reject an instrument appointing a proxy if it 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 any instrument appointing a proxy which has been lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, 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

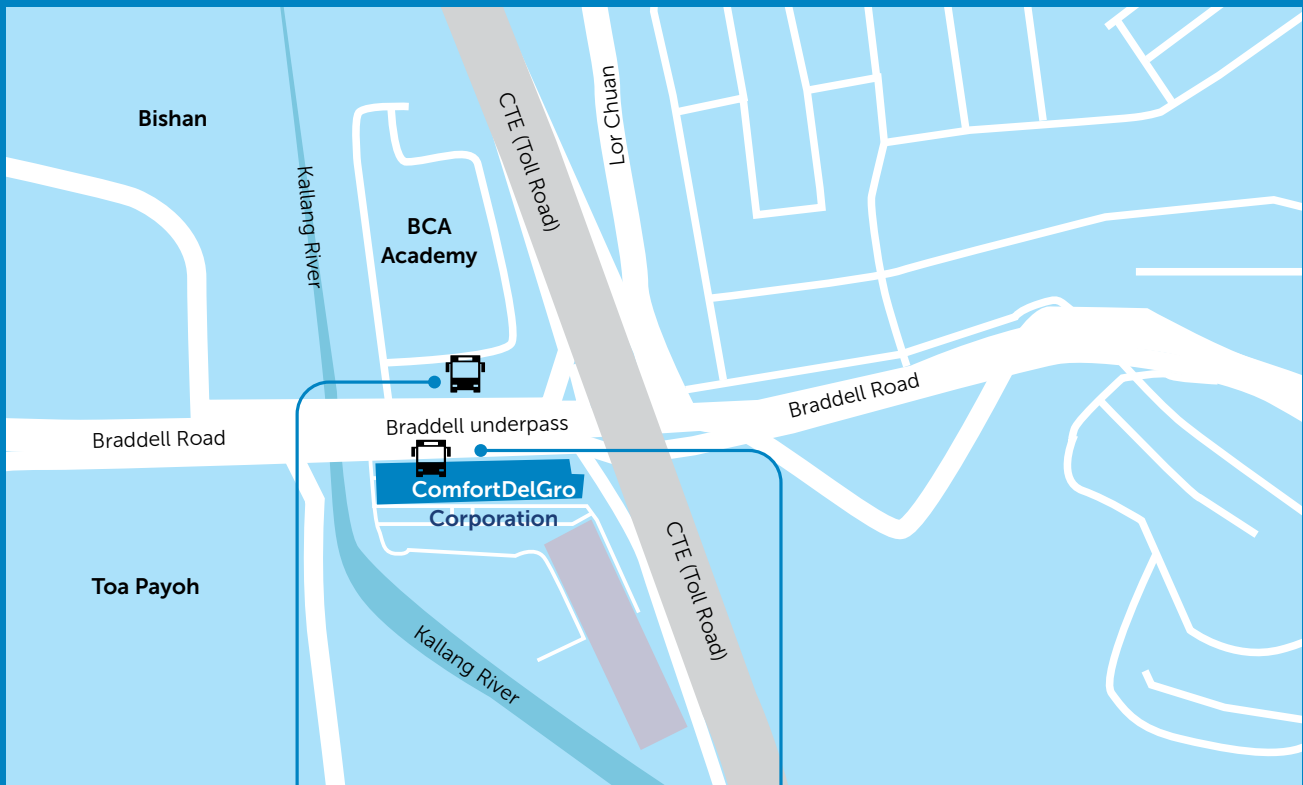
This flap is for sealing. Glue all sides firmly. Stapling and spot sealing are disallowed.

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

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

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**BY BUS:**

**BCA ACADEMY (52061)**

Bus 13, 28, 73, 93, 105,  
129, 153, 155, 159

About a four-minute  
walk from the bus stop

**BY BUS:**

**COMFORTDELGRO CORPORATION  
(52069)**

Bus 13, 28, 73, 93, 105,  
129, 153, 155, 159

About a two-minute  
walk from the bus stop

**PLEASE NOTE THAT THE FORTY-SECOND ANNUAL GENERAL MEETING OF  
VICOM LTD WILL BE HELD ON WEDNESDAY, 26 APRIL 2023,  
AT 10.00 A.M. VIA ELECTRONIC MEANS AND IN PERSON AT:**

AUDITORIUM  
COMFORTDELGRO HEADQUARTERS  
205 BRADDELL ROAD  
SINGAPORE 579701

