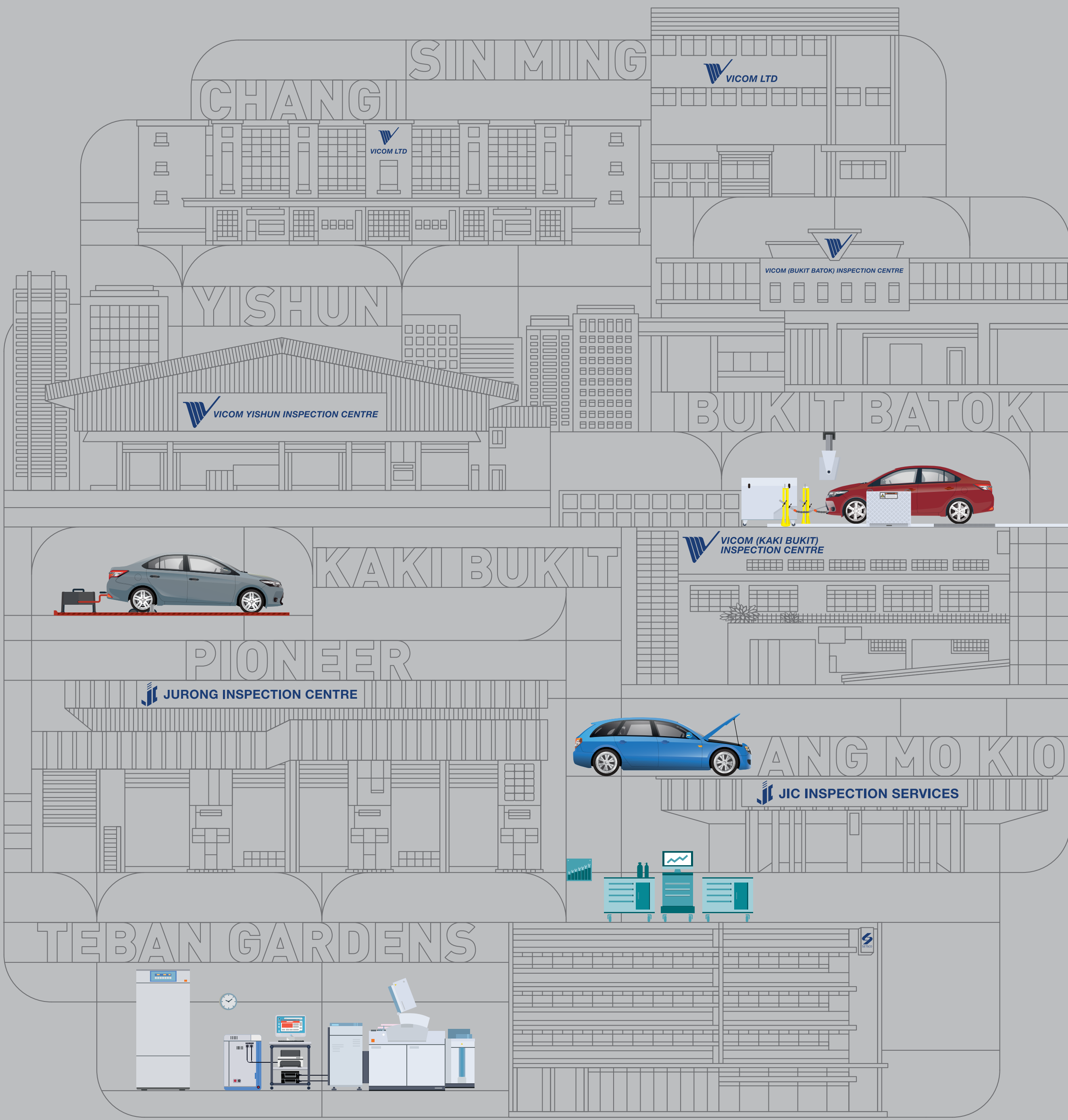
VICOM LTD

A member of ComfortDelGro



ANNUAL REPORT 2016

OUR VISION

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

OUR MISSION

To enable safer and greener motoring and provide professional testing services to our customers.

OUR CORE VALUES

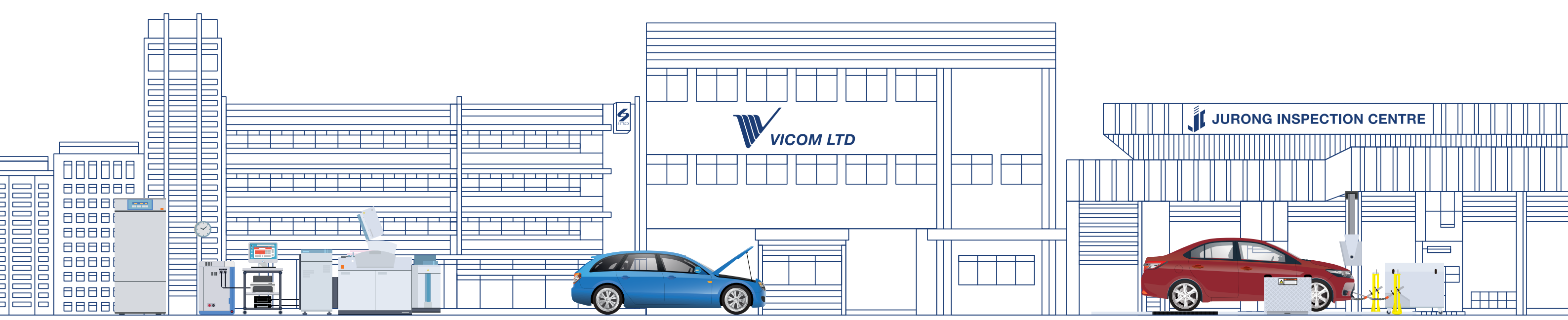
Versatility
To be able to adapt to changing environments, always staying ahead of the curve and inspiring creativity.

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

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

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

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



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CHAIRMAN'S STATEMENT

Introduction

2016 was a very challenging year for VICOM Ltd as weak global sentiment and strong competition continued to weigh on our businesses. Despite this, VICOM managed to deliver a respectable set of results and reinforced its position as Singapore's premier inspection and testing centre.

Our Business

The number of vehicle inspections fell amid a record number of de-registrations during the year. A total of 88,317 private cars were de-registered, 23% more than the previous year.

The increase in car de-registrations coupled with the Early Turnover Scheme for commercial vehicles, dampened demand for vehicle inspection services. In all, 488,186 vehicles passed through our inspection lanes, representing a 6.5% decrease from the 522,140 vehicles in 2015.

Despite the challenges, VICOM continued to command 74.4% of the market share through innovative marketing campaigns, new partnerships and an improved customer experience.

The Diners/VICOM 'V' Card, launched in August 2015, had garnered 20,000 members by the end of 2016. We enhanced its value proposition by introducing the Esso Fleet Card as a companion card, offering cardholders fuel discounts of up to 21.27%. There are plans to bring in more partners to further enhance its unique status as the premier motoring card in Singapore.

In welcoming our 10 millionth vehicle inspection in 2016, we held a "10 Millionth Inspection Lucky Draw" where more than 15,000 customers participated.

The large number of de-registered cars also meant that there was a steep increase in the number of Certificates of Entitlement (COE) issued. This was welcome news for VICOM Emission Test Laboratory (VETL). Besides doing more tests for the conventional diesel and petrol vehicles, it also conducted tests for full electric and plug-in hybrid vehicles during the year.

The Group's non-vehicle inspection and testing division, Setsco Services Pte Ltd (SETSCO), experienced a difficult year in 2016 due to the global economic slowdown.

Despite this, SETSCO successfully completed several notable projects including the Proof-of-Concept phase of the Sand Aquifer Project with the Jurong Town Corporation (JTC). It also secured a contract with PSA Corporation Ltd (PSA) to perform load tests on over-height gears, lifting gears and lifting appliances and another with Changi Airport Group (CAG) to carry out infra-red thermographic scanning of facilities.

Further afield, SETSCO set up a wholly-owned subsidiary in Dubai after being awarded a contract by Dubai Multi Commodities Centre (DMCC) to conduct glass inspection for the building façade of the Gold and Silver Towers.

SETSCO received a number of awards in 2016 including Spring Singapore's "Distinguished Partner" Award which was awarded to Mr Sze Thiam Siong, SETSCO's General Manager.

Corporate Social Responsibility

At VICOM, corporate responsibility is not just a catchphrase, but an integral part of who we are. It is central to the way we do our business, from health and safety, to recycling and waste management.

During the year, VICOM Group reached out to the elderly, poor and the sick by donating taxi vouchers for their travel needs and raising funds through donation boxes at our inspection centres. Our staff volunteers also spent hours cleaning up the Tanah Merah Beach as part of the International Coastal Clean-up Singapore, and went away with 497kg of trash!

On the safety front, SETSCO continued to improve on its safety management system by organising various safety orientation training courses for its staff. It was also successful in the renewal of its BS OHSAS 18001 certification for its Occupational Health & Safety Management System and the Eco-Office Scheme.

Financial Results

Group revenue decreased by 5.2% or $5.5 million to $101.2 million in 2016 while net profit attributable to shareholders dropped by 10.4% or $3.3 million to $28.2 million. Earnings per share was 31.77 cents, down from 35.45 cents a year ago.

Net asset value per ordinary share was $1.69 compared to $1.65 previously.

The Board has recommended a one-tier tax-exempt final dividend of 8.50 cents per ordinary share and a one-tier tax-exempt special dividend of 10.00 cents per ordinary share to be approved at the Annual General Meeting (AGM) to be convened on 24 April 2017. Together with the one-tier tax-exempt interim dividend of 8.00 cents per share paid earlier, the total dividend of 26.50 cents per share for the year is lower than the 2015 figure of 28.50 cents, a drop of 7.0%. It represents about 83.4% of the Group's net profit attributable to shareholders and is better than our declared dividend policy of 50% and 2015's 80.4%.

Rankings

VICOM's ranking in the annual Business Times Governance and Transparency Index was impressive for a company of our size. We ranked 20th from a list of 631 companies, up from the 38th spot previously. We were also awarded the 'Merit' Award at the Singapore Corporate Governance Awards 2016, Big Cap Category under the 17th Investors' Choice Awards 2016.

In a difficult year, VICOM under-performed against the FTSE ST All-Share Index and FTSE ST Mid Cap Index by 6.9% and 7.2% points respectively.

The Year Ahead

Demand for vehicle inspection service in 2017 is projected to remain soft as there is still a significant number of vehicles due for de-registration but this will be mitigated partially by more vehicles that have extended their COEs in 2016.

In 2017, we will also celebrate 35 years of vehicle inspection service and have planned some activities to thank our loyal customers for their continuous support over the past three-and-a-half decades.

Challenges posed to SETSCO will remain as the global economy remains weak. We will look at developing and building up our capabilities for new areas of testing and explore new opportunities for growth.

Appreciation

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

Deputy Chairman Mr Kua Hong Pak, who is also Managing Director/ Group Chief Executive Officer of our parent ComfortDelGro Corporation Limited, has decided to step down from his position in ComfortDelGro on 30 April 2017. Accordingly, he would also step down as Deputy Chairman of our Company. In his place, we will be appointing his successor Mr Yang Ban Seng, as a Director and Deputy Chairman from 1 May 2017. I would like to register my appreciation to Mr Kua for his many valuable and significant contributions over a period of 14 years, from 2003 to 2017. I welcome Ban Seng and look forward to his contributions. I also wish to add my grateful appreciation to my fellow Directors for their advice and suggestions over these formative years. We have embarked on a process of director renewals starting with the coming AGM where Dr Ho Kah Leong will retire. I would like to thank Kah Leong who has been with us since 2003 as an independent Director of the Company. He is a member of both the Audit and Risk Committee and Remuneration Committee.

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

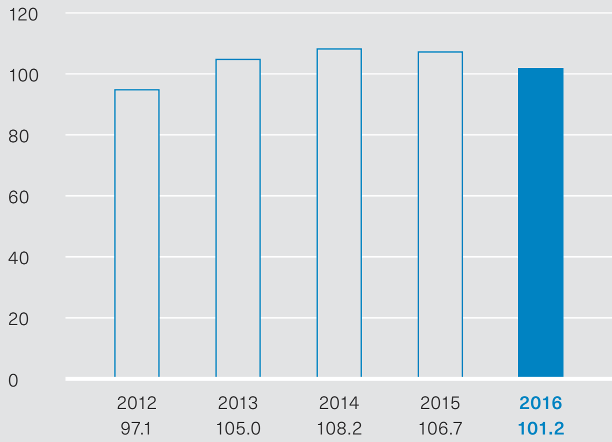
To our Business Associates, Union Leaders and the Authorities, thank you for your partnership and support.

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

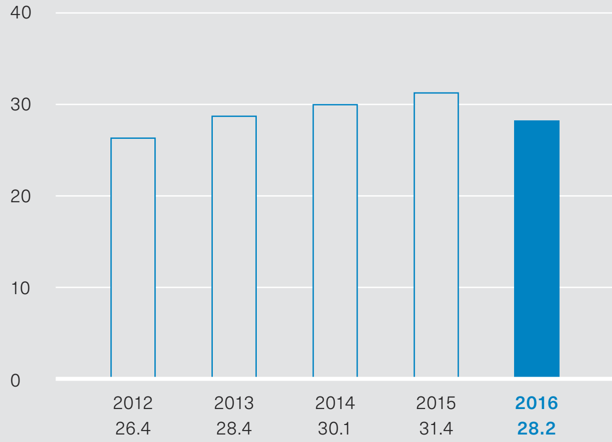
Lim Jit Poh
Chairman
March 2017

GROUP FINANCIAL HIGHLIGHTS

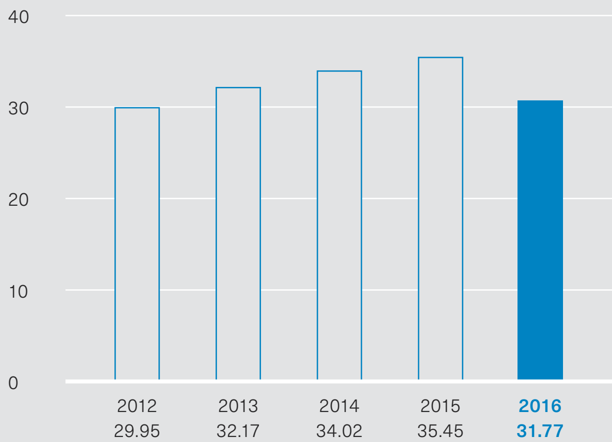
Revenue
($'mil)



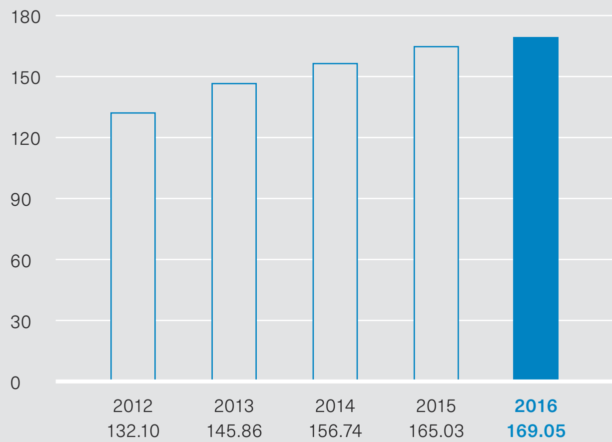
Profit Attributable to Shareholders
($'mil)



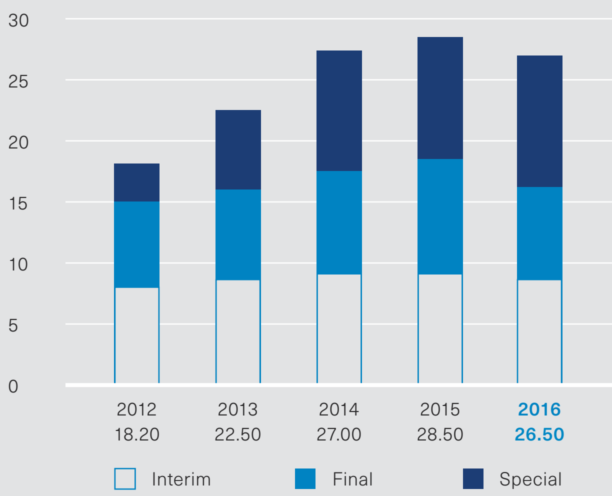
Earnings Per Ordinary Share
(cents)



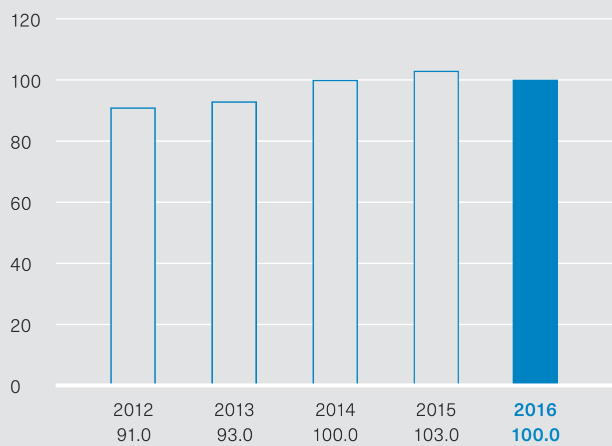
Net Asset Value Per Ordinary Share
(cents)



Total Dividend Per Ordinary Share
(cents)



Value-Added Per Employee
($'000)



Financial Summary

	2012	2013	2014	2015	2016
Revenue ($'mil)	97.1	105.0	108.2	106.7	101.2
Operating costs ($'mil)	65.3	71.0	72.6	70.3	68.8
Operating profit ($'mil)	31.8	34.0	35.6	36.4	32.4
Profit attributable to shareholders ($'mil)	26.4	28.4	30.1	31.4	28.2
EBITDA ($'mil)	37.5	39.8	41.6	42.5	38.9
Issued capital ($'mil)	35.2	35.9	36.2	36.2	36.3
Capital and reserves ($'mil)	116.5	129.1	138.9	146.3	149.9
Capital disbursement ($'mil)	4.6	3.9	5.1	3.7	4.0
Return on shareholders' equity (%)	23.8	23.2	22.5	22.0	19.0
Earnings per ordinary share (cents)	29.95	32.17	34.02	35.45	31.77
Net asset value per ordinary share (cents)	132.10	145.86	156.74	165.03	169.05
Interim dividend per ordinary share (cents)	7.50	8.00	8.75	8.75	8.00
Final dividend per ordinary share (cents)	7.50	8.10	8.75	9.50	8.50
Special dividend per ordinary share (cents)	3.20	6.40	9.50	10.25	10.00
Total dividend per ordinary share (cents)	18.20	22.50	27.00	28.50	26.50
Dividend cover (number of times)	1.6	1.4	1.3	1.2	1.2

Value-Added For The Group

	2012		2013		2014		2015		2016	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Suppliers of capital - dividends	16,498	20.6	16,971	19.7	21,055	23.5	24,379	27.1	25,061	29.6
Taxation to the government	5,780	7.2	6,108	7.1	6,255	7.0	6,291	7.0	5,958	7.0
Retained earnings	15,936	20.0	17,575	20.5	15,164	16.9	13,255	14.8	9,255	10.9
Employees - salaries and other staff costs	41,709	52.2	45,256	52.7	47,078	52.6	45,916	51.1	44,453	52.5
Total value-added	79,923	100.0	85,910	100.0	89,552	100.0	89,841	100.0	84,727	100.0
Number of employees	881		920		893		870		848	
Value-added per employee ($'000)	**91**		**93**		**100**		**103**		**100**	

CORPORATE INFORMATION

Board of Directors

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Sim Wing Yew
Chief Executive Officer

Goh Yeow Tin
Lead Independent Director

Ho Kah Leong
Ong Teong Wan
Sim Cheok Lim
Teo Geok Har, Nancy

Audit and Risk Committee

Goh Yeow Tin
Chairman

Ho Kah Leong
Ong Teong Wan
Teo Geok Har, Nancy

Remuneration Committee

Teo Geok Har, Nancy
Chairman

Ho Kah Leong
Lim Jit Poh
Sim Cheok Lim

Nominating Committee

Goh Yeow Tin
Chairman

Lim Jit Poh
Ong Teong Wan
Sim Cheok Lim

Corporate Directory

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

Company Secretary
Chan Wan Tak, Wendy

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

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

Partner-in-Charge:
Ang Poh Choo

Date of Appointment:
7 August 2012

BOARD OF DIRECTORS

LIM JIT POH

CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT)

Date of appointment as Director of the Company: 21 January 1981

Mr Lim Jit Poh has been a non-executive Director since 1981 and the Chairman of VICOM Ltd since 1985. He is a non-independent Director of the Company. He is a member of both the Nominating Committee and Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited and SBS Transit Ltd. These are listed companies with business interest in land transport. Mr Lim is also the Chairman of several non-listed companies owned by the Singapore Labour Foundation, the National Trades Union Congress (NTUC) and CapitaLand Limited Group.

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

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

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

Date of last re-appointment as Director of the Company: 26 April 2016

KUA HONG PAK

DEPUTY CHAIRMAN (NON-EXECUTIVE & NON-INDEPENDENT)

Date of appointment as Director of the Company: 1 May 2003

Mr Kua Hong Pak has been a non-executive Director and the Deputy Chairman of VICOM Ltd since 2003. He is a non-independent Director of the Company. Mr Kua is presently the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited and Deputy Chairman of SBS Transit Ltd. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited, where he managed its Singapore and overseas operations in the United States, United Kingdom, China, Japan, Hong Kong and Australia.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd and PSA Corporation Limited. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991, the Public Service Star in 1996 and the Public Service Star (Bar) in 2016 by the President of the Republic of Singapore and re-appointed a Justice of the Peace in 2015. He was awarded the Medal of Commendation in 2005 and the Medal of Commendation (Gold) in 2010 by the National Trades Union Congress.

Mr Kua holds a Bachelor of Accountancy from the University of Singapore and is a Fellow of the United Nations Asian Institute. He also attended the Advanced Management Programme at the Harvard Business School.

Date of last re-appointment as Director of the Company: 26 April 2016

BOARD OF DIRECTORS

SIM WING YEW

CHIEF EXECUTIVE OFFICER & DIRECTOR

Date of appointment as Director of the Company: 1 May 2012

Mr Sim Wing Yew has been the Chief Executive Officer and a Director of VICOM Ltd since 2012. He is a non-independent Director of the Company. Prior to this appointment, he was Chief Operating Officer of ComfortDelGro Engineering Pte Ltd since August 2008 before assuming the role as Chief Executive Officer on 1 March 2011. Mr Sim first joined the Group in September 2002 as a General Manager in charge of two maintenance workshops in SBS Transit Ltd's Fleet Management Department. In June 2006, he assumed responsibility as the General Manager for all five SBS Transit's workshops.

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

Date of last re-election as Director of the Company: 26 April 2016

GOH YEOW TIN

DIRECTOR (NON-EXECUTIVE & LEAD INDEPENDENT)

Date of appointment as Director of the Company: 1 September 2010

Mr Goh Yeow Tin has been a non-executive Director of VICOM Ltd since 2010. He is an independent Director of the Company and was appointed Lead Independent Director on 1 January 2013. Mr Goh is the Chairman of both the Audit and Risk Committee and Nominating Committee. Mr Goh is also a Member of the Singapore Institute of Directors and an independent Director of Lereno Bio-Chem Ltd, Sheng Siong Group Ltd, AsiaPhos Limited and TLV Holdings Limited. Prior to that, Mr Goh was the Vice President of Times Publishing Ltd and was responsible for the Group's Retail and Distribution businesses. Mr Goh began his career with the Economic Development Board (EDB) where he headed the Local Industries Unit and was subsequently appointed as a Director of EDB's Automation Applications Centre located in the Singapore Science Park. Mr Goh was the founding member of the Association of Small and Medium Enterprise (ASME) and founded International Franchise Pte Ltd, a pioneer in franchising business in Singapore. Mr Goh was previously the Deputy Managing Director of Tonhow Industries Ltd, the first SESDAQ listed plastic injection moulding company. In recognition of his many years of social and community services, Mr Goh was awarded the Public Service Star (Bar) in 2015 and appointed a Justice of the Peace in September 2015.

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

Date of last re-election as Director of the Company: 21 April 2015

HO KAH LEONG

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 1 May 2003

Dr Ho Kah Leong has been a non-executive Director of VICOM Ltd since 2003. He is an independent Director of the Company. Dr Ho is a member of both the Audit and Risk Committee and Remuneration Committee. He is also a Director of Fuxing China Group Ltd and KOP Ltd.

Dr Ho was formerly the Senior Parliamentary Secretary to the Minister for the Environment from 1994 to 1997. From 1997 to 2003, he was the Principal of Nanyang Academy of Fine Arts.

As an accomplished artist who has held numerous exhibitions of his works, Dr Ho often donates his paintings for charitable purposes.

Dr Ho holds a Bachelor of Science from the Nanyang University in Singapore. In 2001, he was conferred Honorary Doctorate by Wisconsin International University, USA.

Dr Ho will retire pursuant to Article 95(2) of the Company's Articles of Association and he will not be seeking re-election at the forthcoming Annual General Meeting on 24 April 2017.

Date of last re-appointment as Director of the Company: 26 April 2016

ONG TEONG WAN

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 29 July 1983

Mr Ong Teong Wan has been a non-executive Director of VICOM Ltd since 1983. He is an independent Director of the Company. Mr Ong is a member of both the Audit and Risk Committee and Nominating Committee. Mr Ong had been the Consulting Partner at the Singapore Institute of Management from 1984 to 2010. He is currently Chairman and Managing Consultant of ManagementWise (International) Pte Ltd. He is a Lead Independent Director of LTC Corporation Ltd and the Chairman of its Audit Committee and Nominating Committee.

Mr Ong was awarded the Friend of Labour Award in 1991 by the National Trades Union Congress and is a Fellow of the Singapore Human Resource Institute. He was a Board Member of the Economic Development Board and the National Productivity Board.

He was in government service for 12 years and worked for two American multi-national companies for 12 years. Prior to joining the Singapore Institute of Management, he was Group Director (Personnel) for the Union Carbide Group of Companies in Singapore and Area Training Manager of NS Electronics (SEA).

Mr Ong holds a Bachelor of Arts in Economics/Geography and a post-graduate Diploma in Education from the University of Malaya in Singapore. He also undertook post-graduate education studies in Teacher Training at Oxford University and completed a Master of Business Administration in International Business from the University of Southern California.

Date of last re-appointment as Director of the Company: 26 April 2016

BOARD OF DIRECTORS

SIM CHEOK LIM

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 11 September 1984

Mr Sim Cheok Lim has been a non-executive Director of VICOM Ltd since 1984. He is an independent Director of the Company. Mr Sim is a member of both the Nominating Committee and Remuneration Committee. In public service, he was Singapore's Ambassador (non-resident) to Kazakhstan till 2014 and was Ambassador to Uzbekistan from 1999 to April 2011. Mr Sim was previously the Chairman of Commercial & Industrial Security Corporation (CISCO) from 1994 to 2002, and Chairman/Director of several of its subsidiary companies. He was also the Marketing Director of Shell Eastern Petroleum (Pte) Ltd from 1987 to 1994, a Director of Keppel Transportation and Telecommunications Ltd from 1989 to 2003 and Boardroom Limited from 2000 to 2014.

Mr Sim was awarded the Friend of Labour Award in 1991 by the National Trades Union Congress and conferred the Public Service Medal in 1998, Public Service Star in 2003 and Public Service Star (Bar) in 2013 by the President of the Republic of Singapore.

Mr Sim holds a Bachelor of Engineering (First Class Honours) from the University of Adelaide, Australia and a Diploma in Competitive Strategic Marketing from the University of California Berkeley.

Date of last re-appointment as Director of the Company: 26 April 2016

TEO GEOK HAR, NANCY

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 31 March 1995

Ms Teo Geok Har, Nancy has been a non-executive Director of VICOM Ltd since 1995. She is an independent Director of the Company. Ms Teo is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. She was formerly the Chief Executive Officer of the Singapore Labour Foundation, a position she held from 1 July 1994 to 31 December 2006. She is also a Director of Dashmesh Singapore Pte Ltd. Since 1 February 2009, she has been appointed by the Singapore Association of Social Workers as the Head of Accreditation. She has also been appointed the Programme Director on 1 July 2015.

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

Date of last re-election as Director of the Company: 23 April 2014

KEY MANAGEMENT

SZE THIAM SIONG LEE PECK KIM, MARY LEE SWEET CHOONG, ELIZABETH YUSOOF AYNUDDIN

SZE THIAM SIONG

SENIOR VICE PRESIDENT/DIRECTOR,
SETSCO SERVICES PTE LTD

Mr Sze Thiam Siong is responsible for the overall management of the Setsco Group. He joined the former Singapore Institute of Standards and Research (SISIR) in 1980 and was appointed Technical Manager of one of its subsidiary firms, Setsco Services Pte Ltd, in 1985. He was subsequently promoted to his present position in 1989. Mr Sze holds a Bachelor of Engineering (Mechanical) from the University of Strathclyde (UK), and a Diploma in Management Studies from the Singapore Institute of Management. He also sits in various committees in the governmental and non-governmental as well as professional bodies.

LEE SWEET CHOONG, ELIZABETH

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

Ms Lee Sweet Choong, Elizabeth oversees the daily operations of the Biological & Chemical Technology Division. She joined Setsco Services Pte Ltd in 1993 as a Chemist and was promoted to her present position in 2001. Ms Lee holds a Bachelor of Science (Biochemistry & Chemistry) and a Master of Science (Environmental Engineering), both from the National University of Singapore. She is also a Qualified Environmental Professional on the Board of Trustees of the Institute of Professional Environmental Practice, USA.

LEE PECK KIM, MARY

VICE PRESIDENT (SPECIAL GRADE),
FINANCE

Ms Lee Peck Kim, Mary is responsible for the Group's finance and accounting functions. She is an ACCA qualified accountant and holds an MBA in Finance from the University of Hull, United Kingdom. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants.

Prior to her current appointment on 2 July 2012, 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 in various industries.

YUSOOF AYNUDDIN

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

Mr Yusoof Aynuddin joined the Company 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.

KEY MANAGEMENT

CHUNG TYING CHUN

YIP CHUN WAH

TAN LI KOON, ANN

CHUNG TYING CHUN

VICE PRESIDENT (SPECIAL GRADE), ANCILLARY OPERATIONS DIVISION/SPECIAL PROJECTS

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

TAN LI KOON, ANN

ASSISTANT VICE PRESIDENT, SALES & MARKETING

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

YIP CHUN WAH

VICE PRESIDENT, OPERATIONS

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

TAN I-LIN, TAMMY

CHOO PENG YEN

ONG POH SIM, MAY

CHAN WAN TAK, WENDY

TAN I-LIN, TAMMY

CORPORATE COMMUNICATIONS OFFICER, COMFORTDELGRO GROUP

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

ONG POH SIM, MAY

INTERNAL AUDIT OFFICER, COMFORTDELGRO GROUP

Ms Ong Poh Sim, May is ComfortDelGro Corporation's Group Internal Audit Officer. She is responsible for the internal audit functions of the Group, including VICOM Ltd's. She joined the Group in 1981 as Internal Auditor and was subsequently appointed to head the Internal Audit Division. She holds a Bachelor of Accountancy from Nanyang University.

CHOO PENG YEN

INVESTOR RELATIONS AND SPECIAL PROJECTS OFFICER, COMFORTDELGRO GROUP

Mr Choo Peng Yen is the Group Investor Relations and Special Projects Officer of ComfortDelGro Corporation Limited. He is responsible for the investor relations functions of the Group, including VICOM Ltd's. He was the General Manager of the North East China Business Unit. Mr Choo joined the ComfortDelGro Group in 1978 and was Senior Vice President (Group Business Development) prior to his appointment in China. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD (France).

CHAN WAN TAK, WENDY

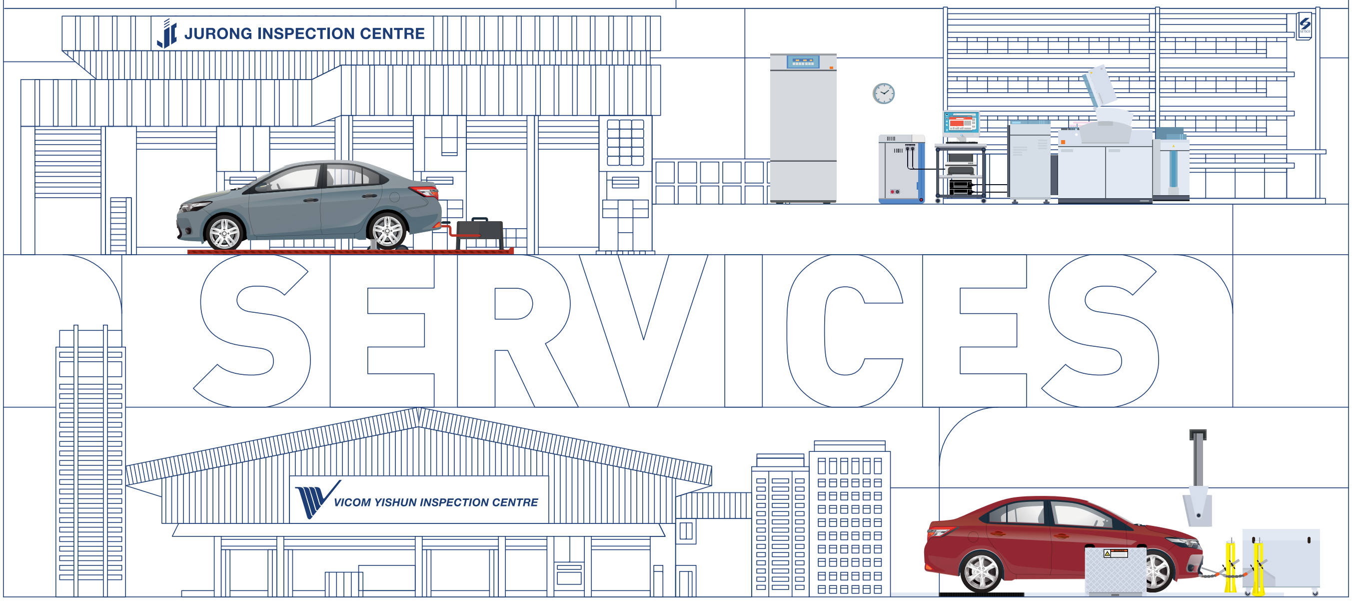
COMPANY SECRETARY

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

OPERATIONS REVIEW

Revenue ($'mil)
101.2

Total number of employees
848



Sin Ming • Changi • Bukit Batok • Yishun
Kaki Bukit • Pioneer • Ang Mo Kio • Teban Gardens • Kuala Lumpur (Malaysia)

The Year in Review

The VICOM Group faced a very challenging year in 2016 as the weak global economy continued to have an adverse impact on the broad range of industries that we serve, and poor sentiment continued to weigh on car owners.

A record 88,317 cars were de-registered in 2016 – 23% more than the previous year. This meant there was a smaller pool of vehicles due for inspection. Indeed, during the year, a total of 488,186 vehicles were inspected, representing a drop of 6.5% compared to the previous year. While Certificate of Entitlement (COE) extensions hit a record high in 2016, these cars will only be due for inspection in 2017.

To mitigate the overall drop in demand, we embarked on several innovative marketing campaigns including introducing the Esso Fleet Card as a companion card to the Diners/VICOM Card which was launched to great success in 2015. With the new Esso Fleet Card, cardholders can get up to 21.27% in fuel discounts – further cementing its status as a unique motoring card in Singapore. Other benefits include discounted inspection services, road tax payments by instalments, 25% discount off car rentals at ComfortDelGro Rent-A-Car Pte Ltd and complimentary 24-hour road side assistance provided by ComfortDelGro Engineering Pte Ltd. We will continue to work at bringing in new motoring partners and their value added benefits to the Diners/VICOM cardholders.

In August 2016, we launched the 'VICOM's 10 Millionth Customer Draw' to mark another milestone in our 34-year history. A total of 13 e-kiosks were set up across all centres for customers to 'Spin the VICOM wheel'. We gave out 924 weekly prizes across five months and in February 2017, we handed out 10 grand prizes including the First Prize which comprised of $2,888 cash, a year's worth of Motor Insurance with NTUC Income and a lifetime of free vehicle inspections. In all, over 15,000 participants took part.

The VICOM FIT™ (VFIT) service, which evaluates pre-owned vehicles, saw a drop in demand during the year as there were fewer cars aged between three and seven years. But as more vehicles were de-registered, more COEs were issued. This was good news for the VICOM Emission Test Laboratory (VETL) which provides emission testing for new vehicles. As a result, VETL experienced strong growth which was further boosted by the increase of parallel imported vehicles. Besides doing more tests for the conventional diesel and petrol vehicles, VETL also tested full electric and plug-in hybrid vehicles during the year.

As we further improved our ties with our insurance partners, the number of vehicle surveys conducted by the Vehicle Assessment Centre (VAC) increased by 15.7%. In addition, VAC assisted 995 motorists with the repair of their vehicles at approved workshops and filed 13,443 accidents at our three accident reporting centres at Sin Ming, Bukit Batok and Kaki Bukit.

A year after rolling out the Automated Payment Machines (APM), customer usage rate had increased to over 80%, thereby reducing queues and boosting operational effectiveness. We are confident that we will be able to achieve the target of automating 95% of all transactions, a move which will significantly reduce the inspection turnaround time for customers.

Our wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO) had a difficult year in 2016 due to the overall global economic slowdown.

Despite this, SETSCO completed several notable projects during the year, including the Proof-of-Concept (POC) phase of the Sand Acquifer Project with the Jurong Town Corporation (JTC), and a major shutdown maintenance testing and inspection job at one of the chemical plants in Jurong Island.

It also secured a contract involving the sampling and testing of coastal waters around Singapore, a two-year contract with the PSA Corporation Ltd to perform load tests on over-height gears, lifting gears and lifting appliances, and another two-year contract to carry out infra-red thermographic scanning of facilities at Changi Airport.

SETSCO has been aggressively promoting its clinical services and has conducted numerous health screening packages for corporations and individuals, including the analysis of arsenic, lead, manganese, cadmium, trichloroacetic acid (TCA), mercury, s-phenylmercapturic acid (SPMA) in blood and urine. An occupational health screening exercise was also conducted for staff of a toxic waste collection company.

To further broaden its reach, new services were introduced during the year. These included the development of test rigs for wind driven rain tests; fatigue/cyclic tests; as well as air erosion tests. Other initiatives include the testing of innovative construction products/materials such as Prefabricated Bathroom Units (PBU) and Cross-Laminated Timber (CLT)/Glulam Laminated Timber (GLT).

SETSCO's client base extends beyond our borders.

During the year, SETSCO was contracted by Dubai Multi Commodities Centre (DMCC), a government entity of Dubai, to conduct a trial test and investigation of the façade of the Gold and Silver Towers after some glass shattered. This was on the back of the successful completion of the glass inspection projects for the "Flame Tower" in Azerbaijan and the "Four Seasons Hotel" in Abu Dhabi in 2015. Additionally, SETSCO secured contracts in Malaysia to perform structural monitoring and system analysis of a tall building, as well as sampling and analysis of water and soil for a dam project.

Awards

VICOM was awarded the 'Merit' Award for the Singapore Corporate Governance Award 2016, Big Cap Category under the 17th Investors' Choice Awards 2016.

SETSCO received a special recognition from Deputy Prime Minister Mr Tharman Shanmugaratnam on 26 July 2016 for being the pioneer batch of SINGLAS laboratories to be accredited by SISIR in 1987. Separately, SETSCO received the certificate of appreciation from the Singapore Environmental Council for our invaluable support at the Singapore Environmental Achievement Awards 2016 and was also named Value Industry Partner by the Republic Polytechnic for providing training opportunities to their students.

For its extensive contribution to safety and sustainability, SETSCO received a number of awards in 2016. SETSCO's continued push towards safety has been lauded by companies such as ExxonMobil *for an injury-free 2015*, Petrochemical Corporation of Singapore *for achieving 35-million hours worked without a lost time incident*.

Service Initiatives

Several service-centric initiatives were implemented during the year to inculcate the concept of "PPC" (Professionalism, Productivity and Customer Service) in all our staff.

We continue to emphasise and drive high customer service standards with additional training sessions in the evenings and constant communication and reminders sent to our frontline service staff.

In 2016, over 1,028 compliments were received, up from 121 in 2015 – a marked improvement.

In order to give recognition to our staff for achieving good customer service, inspectors and inspection centres who received the most compliments individually and as a whole were duly recognised with the Best Customer Service Award (Individual) and Best Customer Service Award (Centre). They were then inducted into the 'Engines of

OPERATIONS REVIEW

Excellence' wall – VICOM's very own hall of fame.

To improve air circulation for customers awaiting their vehicle inspection, two High Volume Low Speed (HVLS) fans were installed at the Kaki Bukit and Bukit Batok centres. Additionally, an LED panel was installed at each centre to broadcast operational and promotional messages.

To better serve customers, the road tax and insurance counters at the Bukit Batok Inspection Centre were given makeovers with brand new furniture, a fresh coat of paint and new air-conditioners.

In October, two members of the Management were sent to a seminar in Indonesia to further understand developments on the Real Driving Emission and Fuel Consumption (RDE) test procedures, protocols and legislation in Europe and other parts of the world.

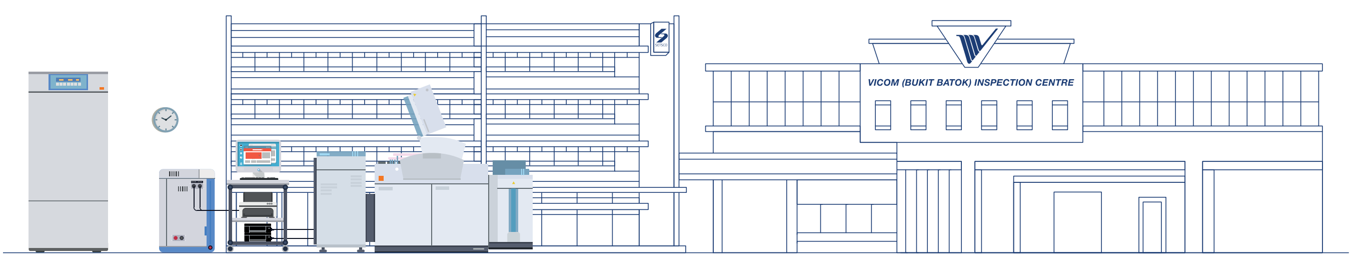
During the year, four training courses were rolled out to keep our inspectors updated with the latest regulatory requirements set out by the relevant Authorities. We also conducted regular proficiency tests for all our inspectors to ensure they are well versed with existing requirements and kept abreast with new regulatory updates.

Improving Operational Efficiency

VICOM continues to implement new systems and processes to improve efficiency and cut costs. VETL developed the V-BRIS (VETL e-Booking, Report and Invoicing System) – an IT system to simplify and streamline the entire emission testing process, from booking to quotation and finally to invoicing. Since this system was introduced in March 2016, the waiting and processing time of all VETL jobs has been halved, from four weeks previously to just two weeks now.

A new electronic performance management system (EPMS) is now on trial, with the aim of replacing the current manual performance appraisal process. Jointly undertaken and developed by VICOM Group's Human Resources (HR) and Information Technology Departments, the system aims to reduce the turnaround time associated with the manual passing of papers from staff to reporting officers, countersigning officers and HR Department; as well as facilitate the generation of data and reports for decision making; and eliminate the voluminous amounts of paper currently used.

Other support divisions like Finance, Engineering, Marketing and Facilities Management have also initiated programmes to drive efficiency.



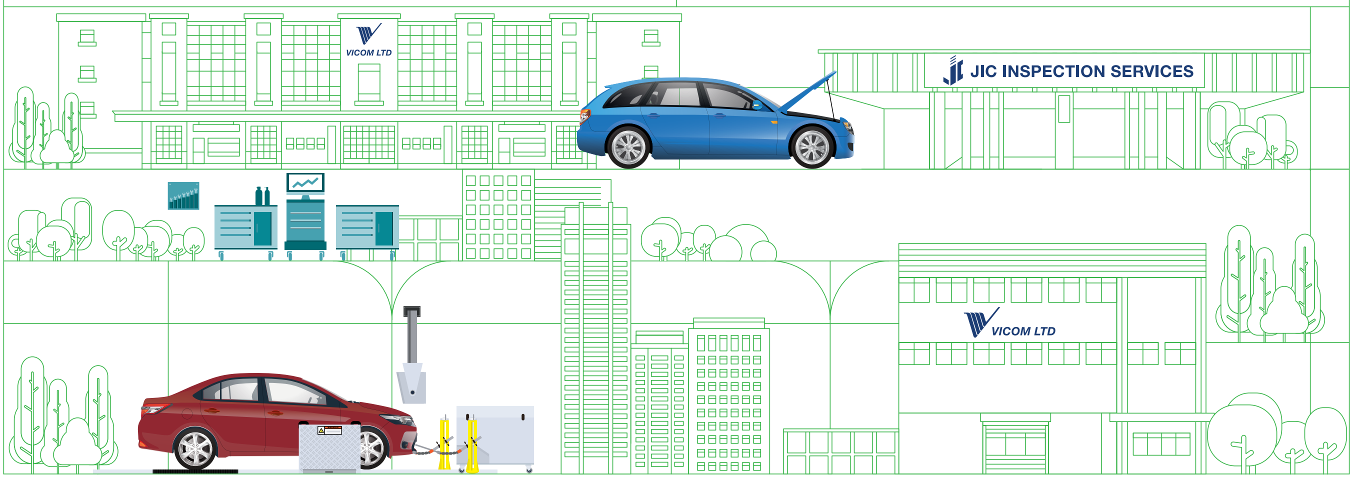
SUSTAINABILITY REPORT

745
volunteer hours

4,960
meals for the needy

Reached out to over
600
beneficiaries

Raised
$10,642
for palliative care services



In the last 12 months, we have focussed our attention on building on the foundations that we have laid in the area of sustainability. From health and safety to recycling and waste management, from energy efficiency to people empowerment, we have been, and continue to be, deeply committed to ensuring a more sustainable future, for current and future generations.

Environmental

It is VICOM's mission to keep the environment clean and reduce pollution by ensuring that vehicles are road worthy and operate within emission limits. Internally, Standards Of Procedures are in place to ensure that VICOM's own usage of energy and natural resources are regulated.

We installed energy-saving electrical components, appliances such as energy-saving induction lamps, energy efficient air-conditioning units, motion detectors as well as water-saving devices in our premises. Our consumption of energy was also closely monitored and corrective action taken where needed.

High energy consumption equipment came under scrutiny during the year. For example, all the inspection centres' high bay lightings (metal halite and induction types) as well as perimeter and flood lighting, were replaced with energy-efficient LED options. This further cut the energy consumption by nearly half with almost double the usage life. In addition, all perimeter and flood lights were put on automatic timer. They are switched on at 7.30pm and switched off at 6.30am. In addition, staff are also constantly reminded to practise energy-saving and water-saving habits.

In 2016, about 5.59 million kWh in electricity was consumed, representing an increase of 4.7% over the previous year, due mainly to an increase in the number of jobs completed by SETSCO.

The Group saw an increase of 3.5% in water consumption in 2016, rising to an estimated of 41,132 CuM, as compared to 39,743 CuM in 2015. The increase was mainly attributed to the construction of storage facilities at SETSCO's premises from May to September 2016, which utilised more water than usual.

VICOM holds regular talks for both local and international delegates, where we share the best practices used in keeping Singapore's roads safer and greener. In 2016, nine such talks were held with delegates from various countries including Japan, Philippines, Niger, Kazakhstan, Fiji and more. In total, over 30 hours worth of such sessions were conducted.

To encourage better use of natural resources, VICOM continued to support the Earth Hour initiative by turning off lights during lunch. The air-conditoning system was also turned off at the Sin Ming office.

Other 'Green' – activities include a coastal clean-up in September 2016, where about 500kg of waste materials was removed from the Tanah Merah Beach by a team of 22 SETSCO volunteers.

In December 2016, VICOM volunteered to decorate two trees in conjunction with NParks' 'Give to the Gardens Programme', which promotes recycling and the re-use of daily materials.

Product Responsibility: Safety and Security

SETSCO regularly organises various safety orientation and refresher training for its staff to equip them with the latest skills in first-aid, forklift driving, risk management and work-at-heights safety.

To encourage and drive safety awareness amongst drivers of heavy goods vehicles (HGVs), VICOM sponsored the 'Use your Road Sense' seminar, an initiative pioneered by the Traffic Police and Singapore Road Safety Council. The initiative included giving out pledge cards on behalf of Traffic Police to HGV drivers at VICOM's inspection centres to educate and encourage them to be safer drivers.

Social: Human Rights and Labour Practices

The VICOM Group continues to leverage on ComfortDelGro's talent management programme to groom its talents to sustain its talent pipeline. We also aligned ourselves with ComfortDelGro's rigorous processes of recruitment, deployment, talent development, recognition and rewards to ensure our pipeline of Management staff remains consistent and of high quality.

Our next tier of talents completed their Axle Programme in 2016. This is a cross-business and off-line Mentoring Programme that started in mid-2012. As part of the self-directed learning and development, the identified staff reviewed and discussed various leadership articles and competencies on the e-learning platform Leadership LINK. Selected talents continued to be given exposure through special projects and engagement opportunities with our Senior Management.

Society

Community engagement forms an integral part of the Group's corporate social responsibility (CSR) activities. For more than a decade, VICOM's Care and Share Committee has given back to the community through a variety of activities. The monthly contributions from staff has reached out to the elderly, the underprivileged, the sick and the young. For every dollar that is donated by staff, the Company matches it, dollar-for-dollar.

During the Chinese New Year period, 220 elderly folks from the Thye Hwa Kwan @ Indus Moral centre were treated to a luncheon and given 'red packets'. Similarly, over 200 elderly beneficiaries from various charity organisations were treated to the "Fong Fei Fei" concert at the Esplanade during the Mid-Autumn Festival. In September, a day trip to the Tooth Relic Temple was organised for members of the Thong Kheng Seniors Activity Centre. They had a great time sharing many stories of yesteryears with the VICOM volunteers.

To end the year, a clay modelling and ice cream making workshop was organised for 25 participants of Star PALS (Paediatric Advance Life Support) – an organisation providing palliative home care services for the young with life-threatening or life limiting conditions. Additionally, VICOM continued to support Star PALS with taxi vouchers to ease the transportation needs of its members and raised $8,242 via donation boxes located at our seven inspection centres.

SETSCO continued its partnership with the Willing Hearts Soup Kitchen with 34 volunteers preparing, cooking and distributing 4,960 hot meals for the needy. Two blood donation drives were also held together with the Singapore Red Cross Society.

For the first time, volunteers from SETSCO spent a day at the Animal Lovers League's shelter at Pasir Ris, cleaning pet cages and overall premises, which houses about 700 animals. A donation of $450 was also presented to the Shelter. To round off the year, 20 volunteers teamed up with the Society for the Physically Disabled to raise funds through Christmas carols.

In total, our staff volunteered a total of 745 hours in various initiatives to reach out to the community.

More details of our Sustainability efforts, including the GRI Content Index G4 (Core), can be found in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

CORPORATE GOVERNANCE

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

We will continue to:

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

Corporate Governance Statement

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

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

This Report sets out the corporate governance practices that were in place during the year, with specific references to the Code. For the Financial Year 2016, we are pleased to report that the Company complied substantially with the key principles and supporting guidelines set out in the Code except where specifically identified and disclosed in this Report.

1. Board Matters

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

Principle 1: The Board's Conduct of Affairs

Board's Role

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

(i) Providing the entrepreneurial leadership and guidance, setting strategic direction and objectives of the Group, and ensuring that adequate financial and human resources are in place to achieve the objectives;

(ii) Ensuring that appropriate and adequate systems of internal control, risk management processes and Financial Authority Limits are in place to safeguard Shareholders' interests and the Group's assets;

(iii) Monitoring Management performance;

(iv) Identifying the key Stakeholder groups and guiding Management in the Company's strategy and approach in addressing the concerns of these key Stakeholder groups;

(v) Setting the Company's values and standards (including ethical standards), and ensure that obligations to Shareholders and other Stakeholders are understood and met; and

(vi) Considering environmental, social and governance as part of its strategic formulation on sustainability.

Reserved Matters

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

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

Independent Judgement

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

Delegation by the Board

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision-making, three Board Committees are formed, namely, the Audit and Risk Committee (ARC), the Nominating Committee (NC) and the Remuneration Committee (RC). Ad hoc committees are also formed to look at specific issues from time to time.

Each Board Committee is governed and regulated by its own terms of reference, which sets out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken. Although the Board Committees are empowered to make their own decisions, the Board is ultimately responsible for all decisions made by the Board Committees.

Directors' Attendance at Board and Board Committee Meetings

At least four scheduled Board Meetings are held every year for the purpose of approving the release of the Financial Results every quarter and the Annual Budget. The Board Meetings to approve the Financial Results are held within 45 days after the end of each quarter and the financial year. The Annual Budget is approved at the Board Meeting convened for the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. Directors who are unable to attend the meetings in person can still participate in the discussions through tele-conferencing. Decisions of the Board and Board Committees may also be obtained via circular Resolutions. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

Attendance of Directors at Annual General Meeting, Board and Board Committee Meetings in 2016

	Annual General Meeting	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
Name	Attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	√	4	4	–	–	1	1	2	2
Kua Hong Pak	√	4	4	–	–	1	1*	2	2*
Sim Wing Yew	√	4	4	4	4*	–	–	2	2*
Goh Yeow Tin	√	4	4	4	4	1	1	–	–
Ho Kah Leong	√	4	4	4	4	–	–	2	2
Ong Teong Wan	√	4	4	4	4	1	1	–	–
Sim Cheok Lim	√	4	4	–	–	1	1	2	2
Teo Geok Har, Nancy	√	4	4	4	4	–	–	2	2

* Attended meetings by invitation of the Board Committee.

Induction and Training of Directors

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

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

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

The Company Secretary also updates the Board on corporate governance practices and circulates articles relating to changes in laws relevant to the Group's businesses.

During the year, the ComfortDelGro Corporation Limited (ComfortDelGro) Group engaged an external law firm and an external accounting firm to brief the Boards of the three listed companies in the ComfortDelGro Group including the Company on changes to corporate laws, listing requirements and new accounting standards. Details of the two training sessions are as follows:

Date	Training provider	Topic
14 March 2016	Wong Partnership LLP	Changes to Singapore corporate laws and listing requirements
4 October 2016	Deloitte & Touche LLP	Changes to financial reporting standards

Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Group's businesses.

Principle 2: Board Composition and Guidance

Board Independence

The Board comprises eight Directors and there is a strong element of independence in the Board. The Chief Executive Officer (CEO) is an executive Director. Of the remaining seven non-executive Directors (NED), five are considered by the NC to be independent. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors. No person will be able to influence the decisions of the Board as the over-whelming majority of the Directors are independent NEDs.

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

As at 31 December 2016, four out of five independent Directors have served on the Board for more than nine years. They are Dr Ho Kah Leong, Mr Ong Teong Wan, Mr Sim Cheok Lim and Ms Teo Geok Har, Nancy. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. 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. Hence, the Board does not impose a limit on the length of service of the independent Directors. In taking a holistic approach, the Board and the NC exercise due and careful review, taking into consideration all other factors, in assessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his/her independence and interfere with the exercise of his/her independent business judgement. The Board is of the view that all independent Directors remain independent in the exercise of their judgement on Board matters.

Board Size, Composition and Competency

The NC annually examines the size of the Board with a view to determine its overall effectiveness, taking into account the scope and nature of the operations of the Group and the requirements of the Group's businesses.

The Directors are individuals with a broad diversity of expertise and experience including financial, legal, regulatory and business management, both domestically and internationally. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively.

The individual profile of the Directors, their principal directorships and chairmanships held currently and their directorships and chairmanships held in listed companies in the preceding three years, are found in the 'Board of Directors' and 'Directors' Particulars' sections on pages 7 to 10 and pages 37 and 38 of this Annual Report.

Non-Executive Directors' Participation

NEDs participate actively at Board and Board Committee Meetings. To facilitate this, they are kept informed of the Group's businesses and performance through monthly and quarterly reports from the Management and have unrestricted access to the Management.

Principle 3: Chairman and CEO

Roles of Chairman and CEO

The roles of the Chairman and the CEO are kept separate and distinct. This is a deliberate policy and one that is strictly adhered to. This ensures Management accountability and Board independence.

The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Group's businesses. The CEO reports to the Deputy Chairman. The Chairman, Deputy Chairman and the CEO are not related.

The Chairman:

(i) Leads the Board and promotes comprehensive, rigorous and open discussions at Board Meetings among the Directors, as well as between the Board and Management;

(ii) Oversees the translation of the Board's decisions into executive actions;

(iii) Ensures adequacy and timeliness of information flow between the Board and Management and effective communications with Shareholders;

(iv) Encourages constructive relations within the Board and between the Board and Management; and

(v) Promotes high standards of Corporate Governance and transparency.

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

Lead Independent Director

Consistent with the guidelines of the Code, as the Chairman, Mr Lim Jit Poh, is deemed non-independent, the Board had unanimously appointed Mr Goh Yeow Tin as the Lead Independent Director on 1 January 2013.

Principle 4: Board Membership

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

Nominating Committee

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

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

(i) Review the Board's succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;

(ii) Assess the effectiveness of the Board as a whole and contribution by each individual Director; and

(iii) Develop a process for evaluation of the Board's performance, including comparison with industry peers and review of training and development plans for the Board.

Multiple Board Representations

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

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

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

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

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

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

As at 31 December 2016, all Directors comply with the guideline on multiple board representation.

Alternate Director

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

Process for Selection, Appointment and Re-appointment of Directors

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

The process for selection of new Directors is as follows:

(i) The NC assesses the desired competencies and attributes of the Board taking into account the Group's businesses and its strategic objectives.

(ii) The NC then assesses the competencies and attributes to include into the current representation to achieve the desired mix. This forms the basis for selection of new Directors.

(iii) New Directors are sourced through recommendations of Directors and Management and external search services.

(iv) Potential candidates are interviewed by the NC to assess suitability and commitment.

(v) The NC makes recommendations to the Board for approval.

The Articles of Association of the Company provide that one-third of the Directors are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however, not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended to Shareholders for re-election. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. At the forthcoming AGM, Mr Goh Yeow Tin, Dr Ho Kah Leong and Ms Teo Geok Har, Nancy are due for re-election pursuant to Article 95(2) of the Articles of Association. Dr Ho Kah Leong will not be seeking re-election and will retire at the conclusion of the forthcoming AGM.

Principle 5: Board Performance

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

In the last quarter of 2016, the NC conducted an evaluation of Board Performance which included key points on Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

Principle 6: Access to Information

Complete, Adequate and Timely Information

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

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

Company Secretary

The Company Secretary assists in scheduling Board and Board Committee Meetings and prepares the agenda in consultation with the Chairman and CEO. The Company Secretary attends the Board and Board Committee Meetings. The Company Secretary keeps the Directors informed of any significant developments or events relating to the Group, including compliance with all relevant rules and regulations. The Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to the approval of the Board.

2. Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

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

Remuneration Committee

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

In accordance with the Code, the RC comprises four NEDs, of whom three including the Chairman are independent. Members of the RC are independent of Management and also free from any business or other relationships, which may materially interfere with the exercise of independent judgement.

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

The terms of reference of the RC are to:

(i) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution;

(ii) Review and approve the remuneration of Senior Management staff that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate key executives; and

(iii) Review the Group's obligations arising in the event of termination of Directors' and key executives' services in a fair, reasonable and equitable manner, including the cessation of financial incentives that have been earned but not yet disbursed due to exceptional circumstances of misstatement or misconduct.

The RC has access to relevant remuneration data and would seek expert advice from external remuneration consultants whenever required. During the year, there was no particular requirement for the engagement of external consultants.

Principle 8: Level and Mix of Remuneration

Performance-related Remuneration

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

Short-term and Long-term Incentive Schemes

The Group advocates a performance-based remuneration system that is responsive to the evolving operating environment and labour market and the Group's and individual's performance. The amount and mix of compensation are aligned to the interests of Shareholders and promote the long-term success of the Group.

The last grant of employee share options under the 2001 VICOM Share Option Scheme was in 2010. However, the options may be exercised up to the 10th anniversary of the date of grant of the options, i.e. 2020. Where appropriate, consideration of other forms of longer term incentive schemes will be made. The current remuneration mix of fixed and variable components is considered appropriate for the Group and for each key executive role.

Remuneration of Non-Executive Directors

The structure for the payment of fees to NEDs is based on a framework comprising basic fees and additional fees for serving on Board Committees, and also for undertaking additional services for the Group. The fees are subject to the approval of Shareholders at the AGM. The CEO does not receive Director's fees for his Board Directorship with the Company.

Directors' Fee Structure

The Directors' fee structure is set out below:

Board		Basic fee (per annum)
Chairman		$56,500
Deputy Chairman		$42,375*
Lead Independent Director		$33,900
Member		$28,250
Board Committee	**Additional fees (per annum) as**	
	Chairman	**Member**
Audit and Risk Committee	$18,833	$13,183
Nominating Committee	$9,417	$6,592
Remuneration Committee	$9,417	$6,592
Meetings		**Attendance fee (per meeting)**
Board		$1,000**
Board Committee		$1,000**

* Fee paid to ComfortDelGro Corporation Limited, holding company of VICOM Ltd.
** Directors are only paid one attendance fee when two or more meetings are held on the same day.

Principle 9: Disclosure on Remuneration

Remuneration of Directors and Key Executives

The remuneration of the Directors and the key executives of the Group (who are not Directors) for the Financial Year 2016 can be found on pages 77 to 79 of this Annual Report.

Remuneration of Certain Related Employees

During the Financial Year 2016, no key executive was an immediate family member of any Director of the Company.

3. Accountability and Audit

Principle 10: Accountability

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

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

All Directors and executives of the Group are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and SBS Transit on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities. In line with the changes to the SGX-ST Listing Manual, the Group has put in place a Standard Operating Procedure (SOP) on compilation of information on privy persons who have access to material information of transactions that have yet to be disclosed to the public. The SOP prescribes that the person-in-charge of such transactions must remind all privy persons to keep all material information strictly confidential.

Principle 11: Risk Management and Internal Controls

Risk management is an important and integral part of VICOM's strategic planning and decision-making process. Key risks are identified and presented to the ARC and Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the risk governance, risk policy and internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management can be found from pages 39 to 41 of this Annual Report.

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

For the Financial Year 2016, the Board has received assurance from the CEO and the Vice President (Special Grade), Finance that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

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

Principle 12: Audit and Risk Committee

The Company's ARC comprises four independent NEDs. None of the ARC members are previous partners or directors of the External Auditors within the previous 12 months and none of the ARC members hold any financial interest in the External Auditors.

The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities. The members of the ARC collectively have current and related financial management expertise and experience. They keep abreast of relevant changes to accounting standards and issues through attendance at relevant seminars/ talks, articles and news circulated by the Company Secretary and regular updates by the External Auditors at ARC Meetings.

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

(i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;

(ii) Review the effectiveness of the Group's internal audit function;

(iii) Review the quarterly and annual financial statements, and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance, and recommend to the Board the acceptance of such financial statements;

(iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;

(v) Review Interested Person Transactions;

(vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;

(vii) Review the audit plans and reports of the Internal and External Auditors; and

(viii) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on page 41 of this Annual Report.

Audit and Risk Committee's Activities

The ARC held four meetings during the financial year under review. The CEO, Vice President (Special Grade), Finance, Group Financial Officer of ComfortDelGro, Group Internal Audit Officer (GIAO) and the External Auditors were present at these meetings. The ARC reviewed and considered the following:

(i) Overall scope of both internal and external audits and results of their respective audits;

(ii) Significant internal and external audit observations and Management's responses;

(iii) Quarterly and full year results announcements and the financial statements and recommendation to the Board;

(iv) Interested Person Transactions;

(v) Adequacy of internal controls;

(vi) Independence of the External Auditors; and

(vii) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

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

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

Significant Financial Reporting Matters

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

Significant Matters	Review of significant matters by ARC
Goodwill impairment review	The ARC considered the approach and methodology applied to the valuation model for goodwill impairment assessment. Following the review and discussions with Management and the External Auditor, the ARC is satisfied that the key assumptions used in the impairment assessment of goodwill are reasonable.
Allowance for expected credit losses for trade receivables	The ARC reviewed the aging profiles of the trade receivables and Management's assessment of the recoverability of trade receivables. Following the review and discussions with Management and the External Auditor, the ARC concurs with the judgements made by Management in making the allowance for expected credit losses for trade receivables.

Following the review and discussions on the above, the ARC recommended to the Board to approve the financial statements of the Group for the financial year ended 31 December 2016.

Review of Independence of External Auditor

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

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

Principle 13:
Internal Audit

The internal audit function of the Group is performed by the ComfortDelGro Group Internal Audit Division comprising six suitably qualified and experienced Internal Audit staff including the GIAO. Most of the Group Internal Audit staff have professional qualifications and are members of the Institute of Singapore Chartered Accountants; Information Systems Audit and Control Association or Institute of Internal Auditors. The GIAO reports functionally to the Chairman of the ARC.

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. Based on the audit plan, it provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group. The audit plan is developed by the GIAO 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 summary reports are also prepared and submitted to the ARC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC has full access to the GIAO and the independence of the internal audit function is ensured as the ARC meets with the GIAO at least once a year in the absence of Management. The ComfortDelGro Group Internal Audit Division is given unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

The activities and organisational structure of the ComfortDelGro Group Internal Audit Division are monitored and reviewed by the ARC periodically to ensure that it has the necessary resources to adequately perform its functions and that there are no unjustified restrictions and limitations placed on the performance of its duties.

The ComfortDelGro Group Internal Audit Division has adopted the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The ComfortDelGro Group Internal Audit Division successfully completed its external Quality Assurance Review in 2014 by PricewaterhouseCoopers LLP and continues to meet or exceed the IIA Standards in all key aspects.

4. Shareholders Rights and Responsibilities

Principle 14: Shareholders Rights

Disclosure of Information to Shareholders

The Company notifies Shareholders in advance of the dates of release of its Financial Results through the Company's website as well as SGXNet. Communications with Stakeholders is conducted through announcements to the SGXNet, media and analyst briefings after the announcement of the Financial Results, as well as the posting of announcements and press releases on the Company's website. Shareholders may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's IR team is accessible throughout the year to address Shareholders' queries. The contact details of the Group Investor Relations & Special Projects Officer (GIRSPO) can be found on the website.

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

(i) The Notice of AGM is released publicly at least 28 days before the AGM is held; and

(ii) The Annual Report (by way of a CD-ROM) is sent to all Shareholders (including foreign Shareholders) at least 21 days before the AGM to ensure that all Shareholders have adequate time to review the Annual Report before the AGM. The move to electronic documentation demonstrates the Group's commitment towards Green and sustainable efforts. Upon request, hard copies are provided to Shareholders.

Principle 15: Communication with Shareholders

Regular, Effective and Fair Communications with Shareholders

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

Communications with the SGX-ST is handled by the Company Secretary, while communications with Shareholders, analysts and fund managers is handled by the GIRSPO. 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 also put in place operational procedures to respond promptly to queries from the SGX-ST on any unusual trading activities in its securities.

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

Dividend Policy

The Company's dividend policy is to pay out at least 50% of profit attributable to Shareholders of the Company. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividend semi-annually and informs its Shareholders of the dividend payments via announcements in the SGXNet. Dividends are paid to Shareholders in an equitable and timely manner.

Principle 16: Conduct of Shareholder Meeting

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

All Directors including the Chairman of the Board, CEO and the Chairmen of the various Board Committees together with Senior Management and the Company Secretary 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 the Resolutions 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 share issue was mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

The Articles of Association of the Company provide for voting in person and by proxy at the AGM of the Company. Each Shareholder is allowed to appoint up to two proxies to vote on his behalf at Shareholders' Meetings through proxy forms sent in advance. With the amendments to the Companies

Act, Cap. 50 which took effect on 3 January 2016, relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend, speak and vote at Shareholders' Meetings. Shareholders who hold shares through these relevant intermediaries will be allowed to attend, speak and vote at the forthcoming AGM subject to being appointed a proxy by their respective relevant intermediaries. The Company's Articles of Association will also be amended, subject to Shareholders' approval, to reflect the same.

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

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

The Company has adopted electronic poll voting for General Meetings since 2013 to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the Resolutions by poll, using an electronic voting system. The results of all votes cast for or against each Resolution or abstentions if any and the respective percentages ("Voting Results") and the names of the independent scrutineers for the AGM are presented during the AGM and are announced via the SGXNet after the AGM. Voting by poll is the most accurate means of tabulating Shareholders' votes according to the number of shares owned. We believe 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.

5. Additional Measures to Enhance Corporate Governance

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

Corporate Gifts/Entertainment Policy

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

The Group discourages the receipt of gifts or acceptance of entertainment, loans or other favours as these may compromise an employee's ability to make objective, independent and fair business decisions. Offering excessive gifts in whatever form or entertainment to others can also be opened to misinterpretation. Employees are therefore not permitted to offer or accept any gifts or entertainment without first seeking their supervisor's authorisation.

Employees who receive gifts directly or indirectly in relation to their employment with the Group are expected to notify their supervisors and declare such gifts to the Group Human Resource Department. All gifts declared are processed through structured corporate procedures to ensure proper accountability.

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

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.

Information Protection Policy

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

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

Data Protection Policy

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

Interested Person Transactions

Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than $100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920
ComfortDelGro and Associates	$2,243,440

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

CORPORATE GOVERNANCE

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions		How has the Company complied?
General	(a)	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, the Company has complied with all the principles and guidelines of the Code except for the detailed disclosure of the remuneration of Chief Executive Officer (CEO) and the Group's top five key executives. The Board had considered this matter carefully and has decided against such disclosure. Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
	(b)	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The remuneration of the key executives are reviewed and approved by the Remuneration Committee, which comprises four non-executive Directors, of whom three including the Chairman, are independent.
Board Responsibility			
Guideline 1.5	What are the types of material transactions which require approval from the Board?		VICOM has adopted internal guidelines setting forth certain matters that require the Board's approval. Under these guidelines, acquisitions of businesses, disposals or changes in equity interests in existing subsidiaries/associates, capital expenditure, investment in financial instruments, tender for businesses above the prescribed limits, assessing and approving key business decisions, funding and investment initiatives and other corporate actions, including approval of the Financial Authority Limits, Annual Budget and Capital Expenditure and the release of the quarterly and full-year Financial Results require approval from the Board. In addition, the acceptance of credit facilities from banks, the establishment of capital market programmes and the issuance of debt instruments require the approval of the Board.
Members of the Board			
Guideline 2.6	(a)	What is the Board's policy with regard to diversity in identifying director nominees?	The Board believes that it is important to have diversity of competencies including gender diversity to support the growth of the Group. The Nominating Committee (NC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board.

Guideline	Questions		How has the Company complied?
	(b)	Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Yes. The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their responsibilities effectively. The Company has one female Director on its Board since 1995.
	(c)	What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The NC reviews the composition of the Board annually to ensure that the Board is of an adequate size with the right mix of skills and experience that facilitates effective decision making.
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.		**For new Directors** The NC annually reviews the size, effectiveness, diversity of skills and core competencies of the Board taking into consideration the current and future business needs of the Group. The NC considers the range of skills, knowledge, attributes and experience of the existing Directors, the retirement and re-election of Directors, each Director's contribution and commitment and whether new competencies are required to enhance the effectiveness of the Board. When the need for a new Director arises, the NC will shortlist and meet potential candidates and recommend the most suitable candidate to the Board for appointment as a Director. **For incumbent Directors** Pursuant to the Company's Articles of Association, one-third of the Directors retire from office at the Company's Annual General Meeting (AGM). Newly appointed Directors are subject to retirement and re-election at the AGM immediately following their appointments. The NC reviewed each of the retiring Director's contribution and performance, such as attendance, preparedness, participation and candour, and made the relevant recommendations to the Board for subsequent Shareholders' approval at the AGM.
Guideline 1.6	(a)	Are new directors given formal training? If not, please explain why.	Yes.

Guideline	Questions		How has the Company complied?
	(b)	What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference. The Company Secretary assists in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and arranging for the Directors to attend such courses when requested. The Company Secretary also updates the Board on corporate governance practices and circulates articles relating to changes in laws relevant to the Group's businesses.
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately.
	(b)	If a maximum number has not been determined, what are the reasons?	Not Applicable
	(c)	What are the specific considerations in deciding on the capacity of directors?	The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.
Board Evaluation			
Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	In the last quarter of 2016, the NC conducted an evaluation of Board Performance which included key points on Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the NC Chairman to the Board during its Meeting for the Board to deliberate on the findings and discuss possible areas of improvement to enhance the Board's overall effectiveness.
	(b)	Has the Board met its performance objectives?	Yes. The Board was effective as a whole based on the overall assessment for 2016.
Independence of Directors			
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.		Yes. The Board comprises the CEO and seven non-executive Directors. Of the seven non-executive Directors, five of them are considered by the NC to be independent which exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director.

Guideline	Questions	How has the Company complied?
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not Applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes, Dr Ho Kah Leong, Mr Ong Teong Wan, Mr Sim Cheok Lim and Ms Teo Geok Har, Nancy are independent Directors who have served on the Board for more than nine years as at 31 December 2016. The NC considered that these Directors have each demonstrated independent judgement at Board and Board Committee Meetings, and was of the firm view that they have at all times been exercising independent judgement in the best interests of the Company in the discharge of their duties as Directors.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	For non-executive Directors, disclosures are made in accordance with the provisions of the Code. For CEO, disclosure is made in bands of $250,000 and deviation from the Code is explained in the Notes to Financial Statements as follows: Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of $250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Disclosures are made in bands of $250,000 and deviation from the Code is explained in the Notes to Financial Statements as follows: Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.

Guideline	Questions	How has the Company complied?
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Disclosed as an aggregate together with remuneration of the Directors and deviation from the Code is explained in the Notes to Financial Statements as follows: Given the wage disparities and the keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds $50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Nil.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The Group advocates a performance-based remuneration system that aligns the remuneration of CEO and Senior Management to business results and shareholder returns. The total remuneration mix comprises fixed and variable components. The variable component, in the form of an annual performance incentive bonus, forms a significant proportion of the remuneration packages. The annual performance incentive is linked to the Group's and the individual's performance. The Performance Scorecard is used to measure both financial and non-financial performance of Senior Executives. The individual's scorecard performance areas are linked to the overall strategic goals and objectives of the Group.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The amount and mix of reward incentives, which are developed with a focus on long-term shareholders' returns, are responsive to the operating environment and labour market. In awarding the incentives, the Group takes into account the Senior Executive's performance in four key broad areas of the Performance Scorecard, namely a) Financial; b) Customers; c) Processes; and d) People Development.

Guideline	Questions		How has the Company complied?
	(c)	Were all of these performance conditions met? If not, what were the reasons?	Yes.
Risk Management and Internal Controls			
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?		Prior to each Board and Board Committee Meeting, Management provides Directors with complete, adequate and timely information. The Board also receives monthly management accounts and quarterly Investor Relations (IR) Reports covering IR activities and updates of analysts' views and comments. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.		Yes.
Guideline 11.3	(a)	In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Risk management is an important and integral part of VICOM's strategic planning and decision-making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee (ARC), that there are adequate and effective internal controls in place within the Group to address its financial, operational, compliance and information technology risks.
	(b)	In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	For the Financial Year (FY) 2016, the Board has received assurance from the CEO and the Vice President (Special Grade), Finance that (i) the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards and are correct in all material aspects and give a true and fair view of the operations and finances of the Group; and (ii) the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The audit and non-audit fees to the External Auditors of the Company and its subsidiaries for FY 2016 are $64,140 and $21,690 respectively.

Guideline	Questions		How has the Company complied?
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence and objectivity of the External Auditors by reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the External Auditors were not substantial and would not affect their independence.
Communication with Shareholders			
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes, the Company is committed to disseminating accurate and pertinent information to the Shareholders in a timely manner. Communications with Shareholders and investors are handled centrally at the ComfortDelGro Group level. In FY 2016, nearly 220 meetings and conference calls were held with institutional investors and analysts and also participation in seven investor conferences in Singapore, Kuala Lumpur, Taipei, London, Edinburgh and Hong Kong. These provided access to a wide cross-section of institutional investors from around the world. For the retail investors, they can send in their queries through a link on the IR page of the Company's website. The telephone and email contact details of the Group Investor Relations & Special Projects Officer are also listed on the page. All Shareholders also have the opportunity to interact and speak with the Directors and Senior Management at the Company's AGMs and thereafter.
	(b)	Is this done by a dedicated IR team (or equivalent)? If not, who performs this role?	Yes, there is a dedicated IR team, which works closely with Senior Management to carry out the investor engagement programme.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	All announcements to SGX-ST, news releases, financial results, financial calendar and the Annual Reports are posted on the IR page of the Company's website.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.		Not Applicable.

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2016)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)	Principal Commitments
Lim Jit Poh ***Chairman*** ***(Non-executive & Non-independent)***	77	Principal Directorships in the ComfortDelGro Group • ComfortDelGro Corporation Limited* • SBS Transit Ltd* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Cabcharge Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd Other Companies • Family Leisure Pte Ltd • NCI Golf Pte Ltd • Pasir Ris Resort Pte Ltd • SLF Leisure Enterprises (Pte) Ltd • Surbana Property Investment Pte Ltd • CapitaLand Township Development Fund Pte Ltd • CapitaLand Township Development Fund II Pte Ltd	• Ascott Residence Trust Management Ltd*	Nil
Kua Hong Pak ***Deputy Chairman*** ***(Non-executive & Non-independent)***	73	Principal Directorships in the ComfortDelGro Group • ComfortDelGro Corporation Limited* • SBS Transit Ltd* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Cabcharge Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd Other Companies • PSA Corporation Limited • PSA International Pte Ltd • Temasek Holdings (Private) Limited	• Starhub Ltd*	Nil

*Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2016)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2014 to 31 December 2016)	Principal Commitments
Sim Wing Yew ***Chief Executive Officer & Director***	49	Directorship in the ComfortDelGro Group • ComfortDelGro Engineering Pte Ltd Directorships in the VICOM Group • VICOM Inspection Centre Pte Ltd • Setsco Services Pte Ltd • JIC Inspection Services Pte Ltd • Setsco Consultancy International Pte Ltd • Setsco Services (M) Sdn Bhd • Setsco Middle East Laboratory LLC	Nil	Nil
Goh Yeow Tin ***Director (Non-executive & Lead Independent)***	66	Other Companies • TLV Holdings Limited* • Lereno Bio-Chem Ltd* • Sheng Siong Group Ltd* • AsiaPhos Limited* • Edu-Community Pte Ltd • Kiran Electronics B&C Services Pte Ltd • Seacare Manpower Services Pte Ltd • Seacare Medical Holdings Pte Ltd • WaterTech Pte Ltd	• OEL (Holdings) Limited* • Singapore Post Limited*	Nil
Ho Kah Leong ***Director (Non-executive & Independent)***	79	Other Companies • Fuxing China Group Ltd* • KOP Ltd* • Ang Mo Kio – Thye Hua Kwan Hospital Ltd • Pioneers & Leaders (M) Sdn Bhd	Nil	Nil
Ong Teong Wan ***Director (Non-executive & Independent)***	78	Other Companies • LTC Corporation Ltd* • ManagementWise (International) Pte Ltd	Nil	• Singapore Training and Development Association (Advisory Council – Member)
Sim Cheok Lim ***Director (Non-executive & Independent)***	79	Nil	• Boardroom Limited*	Nil
Teo Geok Har, Nancy ***Director (Non-executive & Independent)***	62	Other Company • Dashmesh Singapore Pte. Ltd.	Nil	Nil

*Listed Company

RISK MANAGEMENT

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

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

- The risk management process is a continuous, iterative and developing one, as the Group's businesses and their operating environments are dynamic. Risk identification and assessment and risk management practices are reviewed and updated regularly to manage risks proactively.

- We promote and inculcate risk awareness among all our employees by embedding risk management processes into day-to-day business operations and setting an appropriate tone at the top. Regular exercises, continuous education and training, as well as communications through various forums on risk management, are carried out to sustain a risk-informed and risk-aware culture in the Group.

- Ownership of and accountability for the risk management process is clearly defined and assigned to the Business Units, departments and individuals. Managers at each level have intimate knowledge of their businesses and assume ownership of risk management, with stewardship retained at Senior Management.

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

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

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

Financial Risks

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

Financial Authority Limits

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

Budgetary Control

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

Financial Risk Management

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

A detailed description of the financial risks and how the Group manages them are set out in the Notes to the Financial Statements on pages 57 to 84.

Economic cycle

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

Operational Risks

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

RISK MANAGEMENT

Safety
Managing the safety and security of our customers and our staff is the cornerstone of the Group's safety and security plan. We run safety awareness and training programmes to instil a safety and security conscious culture in employees at all levels. Safety audits are conducted regularly as part of the management and review process to ensure that safety standards are maintained.

Environmental
The Group is committed to being a socially responsible organisation through minimising the impact our business activities have on the environment. Our operations, accidents and natural events can cause pollution or other environmental risks. To limit these risks, we engage in active environmental risk management, ensuring that we target the problems that could arise and implement preventive measures. We comply with all relevant regulations in the countries that we operate in. Ways in which the Group works to protect the environment can be found in our Sustainability Report.

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

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

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

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

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

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

Audit Process
The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Non-compliance and recommendations for improvements are reported to the Audit and Risk Committee, which

reviews the effectiveness of the actions taken to mitigate the risks. In the course of their audits, the Internal and External Auditors highlight to the Audit and Risk Committee and Management areas where there are material deficiencies and weaknesses or the occurrence or potential occurrence of significant risk events and propose mitigating measures and treatment plans. The recommendations are followed up as part of the Group's continuous review of the system of internal controls.

Code Of Business Conduct And Whistle Blowing Policy

The Group has adopted a Code of Business Conduct which sets out the principles and policies upon which our businesses are conducted, as well as implemented a Whistle Blowing Policy 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. Employees are given a Company handbook detailing how they can go about raising their concerns. Incidents can also be reported through a direct link to the CEO, the ComfortDelGro Group Human Resource Officer or the ComfortDelGro Group Internal Audit Officer on the Group's Intranet. All cases are investigated and dealt with promptly and thoroughly.

Opinion Of The Board

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

FINANCIAL CALENDAR

2016

Announcement of 2015 Full Year Results	4 February 2016
Annual General Meeting	26 April 2016
Announcement of 1st Quarter 2016 Results	10 May 2016
Payment of 2015 final and special dividends (19.75 cents/share)	12 May 2016
Announcement of 2nd Quarter 2016 Results	10 August 2016
Payment of 2016 interim dividend (8.00 cents/share)	25 August 2016
Announcement of 3rd Quarter 2016 Results	9 November 2016

2017

Announcement of 2016 Full Year Results	8 February 2017
Annual General Meeting	24 April 2017
Announcement of 1st Quarter 2017 Results	8 May 2017*
Payment of 2016 final and special dividends (18.50 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	11 May 2017
Announcement of 2nd Quarter 2017 Results	7 August 2017*
Announcement of 3rd Quarter 2017 Results	8 November 2017*

* Provisional – Updates will be posted on www.vicom.com.sg

FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

The Directors present their report together with the audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2016 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2016.

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 51 to 84 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 2016, 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 report are:

Lim Jit Poh	(Chairman)
Kua Hong Pak	(Deputy Chairman)
Sim Wing Yew	(Chief Executive Officer)
Goh Yeow Tin	
Ho Kah Leong	
Ong Teong Wan	
Sim Cheok Lim	
Teo Geok Har, Nancy	

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 4 below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

	Shareholdings registered in the name of Directors		
	At 1 January 2016	**At 31 December 2016**	**At 21 January 2017**
Interest in the Company			
(a) Ordinary shares			
Lim Jit Poh	190,000	190,000	190,000
Kua Hong Pak	54,000	54,000	54,000
Ho Kah Leong	39,000	39,000	39,000
Ong Teong Wan	40,000	40,000	40,000
Sim Cheok Lim	100,000	100,000	100,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings registered in the name of Directors		
	At 1 January 2016	At 31 December 2016	At 21 January 2017
Interest in related company, SBS Transit Ltd			
(a) Ordinary shares			
Sim Wing Yew	10,000	110,000	110,000
Kua Hong Pak	90,000	90,000	90,000
(b) Options to subscribe for ordinary shares			
Sim Wing Yew	340,000	240,000	240,000
Interest in holding company, ComfortDelGro Corporation Limited			
(a) Ordinary shares			
Lim Jit Poh	4,425	244,425	244,425
Kua Hong Pak	1,524,530	3,924,530	3,924,530
Sim Wing Yew	420,000	500,000	500,000
Ho Kah Leong	83,540	83,540	83,540
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	240,000	–	–
Kua Hong Pak	6,000,000	3,600,000	3,600,000
Sim Wing Yew	200,000	120,000	120,000

4 SHARE OPTIONS

The 2001 VICOM Share Option Scheme ("The 2001 Scheme")

The 2001 Scheme for a period of 10 years was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 April 2001. It expired on 26 April 2011 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of The 2001 Scheme and the respective grants. The 2001 Scheme is administered by the Remuneration Committee comprising Messrs Teo Geok Har, Nancy (Chairman), Ho Kah Leong, Lim Jit Poh and Sim Cheok Lim.

Statutory information regarding options granted pursuant to The 2001 Scheme is as follows:

– the dates of expiration of options as defined in the circular dated 5 April 2001 are 10 years after the relevant offer date for the Executive Options, and 5 years after the relevant offer date for the Non-Executive Options, unless such option has ceased by reason of Rule 11 of the Rules of The 2001 Scheme relating to termination of employment, bankruptcy, misconduct or death of the grantee;

– the options may be exercised only after the first anniversary of the relevant offer dates of the options; and

– the persons to whom the options have been granted may also be eligible for participation in any other share option scheme implemented by any subsidiary or associated company (as the case may be) of the Company, at the absolute discretion of the Remuneration Committee administering The 2001 Scheme.

4 SHARE OPTIONS (cont'd)

As at the end of the financial year, details of the unissued ordinary shares of the Company under options granted pursuant to The 2001 Scheme were as follows:

	Number of options to subscribe for ordinary shares					
Date of grant	Outstanding at 1 January 2016	Exercised	Lapsed	Outstanding at 31 December 2016	Subscription price per share	Expiry date
13 July 2010	20,000	20,000	–	–	$2.680	12 July 2020
	20,000	20,000	–	–		

(i) The last grant of share options was issued to the Directors of the Company on 24 February 2005 and expired on 23 February 2010. As such, there were no share options granted to the Directors since 24 February 2005 and no outstanding share options held by the Directors since 23 February 2010 as all options granted were exercised. Details of the options granted and exercised by the Directors since the commencement of The 2001 Scheme up to 31 December 2016 are not disclosed as there were no movements in options granted and exercised and such details had been disclosed in the prior years.

(ii) No options have been granted to the controlling shareholders or their associates, parent group employees, and no employee has received 5% or more of the options available under the scheme.

(iii) No options have been granted at a discount to the market price of shares of the Company.

5 AUDIT AND RISK COMMITTEE

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

Goh Yeow Tin (Chairman)
Ho Kah Leong
Ong Teong Wan
Teo Geok Har, Nancy

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

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

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

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Sim Wing Yew
Chief Executive Officer

Singapore
8 February 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of VICOM Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of VICOM Ltd (the "Company") and its subsidiaries (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2016, and the Income Statement, Comprehensive Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Group 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 51 to 84.

In our opinion, the accompanying Consolidated Financial Statements of the Group and the Statement of Financial Position and Statement of Changes in Equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Goodwill impairment review

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

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

Allowance for expected credit losses for trade receivables

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

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

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon. The Directors' Statement was obtained prior to the date of this auditor's report and the remaining other information included in the annual report is expected to be made available to us after that date.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of VICOM Ltd

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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

8 February 2017

STATEMENTS OF FINANCIAL POSITION

31 December 2016

	Note	The Group		The Company	
		2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
ASSETS					
Current assets					
Cash and cash equivalents	5	105,681	100,064	102,955	98,193
Trade receivables	6	13,259	13,762	2,125	2,281
Other receivables and prepayments	7	1,948	1,662	965	788
Inventories		21	19	–	–
Total current assets		120,909	115,507	106,045	101,262
Non-current assets					
Subsidiaries	8	–	–	25,941	25,941
Associate	9	25	25	–	–
Club memberships	10	219	251	219	251
Vehicles, premises and equipment	11	47,164	49,638	24,668	26,407
Goodwill	12	11,325	11,325	–	–
Total non-current assets		58,733	61,239	50,828	52,599
Total assets		179,642	176,746	156,873	153,861
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	21,298	21,205	5,168	4,608
Due to subsidiaries	14	–	–	36,194	38,631
Income tax payable		5,752	6,567	3,029	2,601
Total current liabilities		27,050	27,772	44,391	45,840
Non-current liability					
Deferred tax liabilities	15	1,769	1,722	263	240
Total liabilities		28,819	29,494	44,654	46,080
Capital, reserves and non-controlling interests					
Share capital	16	36,284	36,225	36,284	36,225
Other reserves	17	3,073	3,078	3,073	3,078
Foreign currency translation reserve		(265)	(244)	–	–
Accumulated profits		110,760	107,196	72,862	68,478
Equity attributable to shareholders of the Company		149,852	146,255	112,219	107,781
Non-controlling interests		971	997	–	–
Total equity		150,823	147,252	112,219	107,781
Total liabilities and equity		179,642	176,746	156,873	153,861

See accompanying notes to the Financial Statements.

GROUP INCOME STATEMENT

Year ended 31 December 2016

	Notes	The Group 2016 $'000	The Group 2015 $'000
Revenue	18	101,181	106,707
Staff costs	19	(44,453)	(45,916)
Depreciation and amortisation	10, 11	(6,462)	(6,101)
Repairs and maintenance costs		(1,579)	(1,436)
Materials and consumables		(2,523)	(2,647)
Contract services		(3,701)	(3,866)
Premises costs		(3,668)	(3,728)
Utilities and communication costs		(1,568)	(1,641)
Other operating costs		(4,793)	(4,924)
Total operating costs		(68,747)	(70,259)
Operating profit		32,434	36,448
Interest income		1,527	1,133
Profit before taxation		33,961	37,581
Taxation	20	(5,362)	(5,701)
Profit after taxation	21	28,599	31,880
Attributable to:			
Shareholders of the Company		28,162	31,417
Non-controlling interests		437	463
		28,599	31,880
Earnings per share (in cents):			
Basic	22	31.77	35.45
Diluted	22	31.77	35.45

See accompanying notes to the Financial Statements.

GROUP COMPREHENSIVE INCOME STATEMENT
Year ended 31 December 2016

	The Group	
	2016 $'000	2015 $'000
Profit after taxation	28,599	31,880
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(21)	(137)
Other comprehensive income for the year	(21)	(137)
Total comprehensive income for the year	28,578	31,743
Total comprehensive income attributable to:		
Shareholders of the Company	28,141	31,280
Non-controlling interests	437	463
	28,578	31,743

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2016

	The Group						
	Attributable to shareholders of the Company						
	Share capital $'000	Other reserves $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015	36,225	3,078	(107)	99,707	138,903	985	139,888
Total comprehensive income for the year							
Profit for the year	–	–	–	31,417	31,417	463	31,880
Other comprehensive income for the year	–	–	(137)	–	(137)	–	(137)
Total	–	–	(137)	31,417	31,280	463	31,743
Transactions recognised directly in equity							
Payment of dividends (Note 27)	–	–	–	(23,928)	(23,928)	–	(23,928)
Total	–	–	–	(23,928)	(23,928)	–	(23,928)
Payments to non-controlling interests	–	–	–	–	–	(451)	(451)
Balance at 31 December 2015	36,225	3,078	(244)	107,196	146,255	997	147,252
Total comprehensive income for the year							
Profit for the year	–	–	–	28,162	28,162	437	28,599
Other comprehensive income for the year	–	–	(21)	–	(21)	–	(21)
Total	–	–	(21)	28,162	28,141	437	28,578
Transactions recognised directly in equity							
Exercise of share options	59	(5)	–	–	54	–	54
Payment of dividends (Note 27)	–	–	–	(24,598)	(24,598)	–	(24,598)
Total	59	(5)	–	(24,598)	(24,544)	–	(24,544)
Payments to non-controlling interests	–	–	–	–	–	(463)	(463)
Balance at 31 December 2016	36,284	3,073	(265)	110,760	149,852	971	150,823

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2016

	The Company			
	Share capital $'000	**Other reserves $'000**	**Accumulated profits $'000**	**Total equity $'000**
Balance at 1 January 2015	36,225	3,078	60,303	99,606
Profit for the year, representing total comprehensive income for the year	–	–	32,103	32,103
Transactions recognised directly in equity				
Payment of dividends (Note 27)	–	–	(23,928)	(23,928)
Total	–	–	(23,928)	(23,928)
Balance at 31 December 2015	36,225	3,078	68,478	107,781
Profit for the year, representing total comprehensive income for the year	–	–	28,982	28,982
Transactions recognised directly in equity				
Exercise of share options	59	(5)	–	54
Payment of dividends (Note 27)	–	–	(24,598)	(24,598)
Total	59	(5)	(24,598)	(24,544)
Balance at 31 December 2016	36,284	3,073	72,862	112,219

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT

Year ended 31 December 2016

	The Group	
	2016 $'000	**2015 $'000**
Operating activities		
Profit before taxation	33,961	37,581
Adjustments for:		
Depreciation and amortisation	6,462	6,101
Interest income	(1,527)	(1,133)
Gain on disposal of vehicles, premises and equipment	(11)	(5)
Allowance for expected credit losses	746	613
Bad debts written off	–	6
Operating cash flows before movements in working capital	39,631	43,163
Trade receivables	(243)	(1,084)
Other receivables and prepayments	(137)	(118)
Inventories	(2)	2
Trade and other payables	93	(208)
Cash generated from operations	39,342	41,755
Income tax paid	(6,130)	(5,400)
Net cash from operating activities	33,212	36,355
Investing activities		
Purchase of vehicles, premises and equipment	(3,978)	(3,719)
Proceeds from disposal of vehicles, premises and equipment	19	13
Interest received	1,378	779
Net cash used in investing activities	(2,581)	(2,927)
Financing activities		
Proceeds from exercise of share options	54	–
Payments to non-controlling interests	(463)	(451)
Dividends paid (Note 27)	(24,598)	(23,928)
Net cash used in financing activities	(25,007)	(24,379)
Net effect of exchange rate changes in consolidating subsidiaries	(7)	(13)
Net increase in cash and cash equivalents	5,617	9,036
Cash and cash equivalents at beginning of year	100,064	91,028
Cash and cash equivalents at end of year (Note 5)	105,681	100,064

See accompanying notes to the Financial Statements.

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 rounded to the nearest thousand ($'000) except when otherwise indicated.

The Consolidated Financial Statements of the Group for the financial year ended 31 December 2016 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2016 were authorised for issue by the Board of Directors on 8 February 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The Financial Statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRSs").

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 Company 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 FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets.*

ADOPTION OF NEW AND REVISED FINANCIAL STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs that are relevant to its operations and effective for annual periods beginning on 1 January 2016.

The adoption of these new and revised FRSs 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 are not yet effective:

FRS 115 – *Revenue from Contracts with Customers (with classifications issued)*[1]
FRS 116 – *Leases*[2]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted, if FRS 115 is adopted.

These standards are not expected to have any material impact on the Group's Financial Statements when they are adopted, except for the additional disclosures in respect of the new standards and the effects of FRS 116 which may result in certain operating lease arrangements being recorded in the Statements of Financial Position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group Income Statement and Group Comprehensive Income Statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

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

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

BUSINESS COMBINATIONS – The acquisition of subsidiaries is 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 FRS 103 *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 FRS 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 as recognised.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

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.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade and other receivables". Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method less allowance for expected credit losses. Receivables at amortised cost are assets that are held for collection of contractual cash flows. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Provision for impairment of financial assets

Trade and other receivables are assessed for indicators of impairment at the end of each reporting period.

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

For trade receivables, the Group applies the simplified approach permitted under FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying amount of the trade and other receivables is reduced through the use of an allowance account.

When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to Profit or Loss. Changes in the carrying amount of the allowance account are recognised in Profit or Loss.

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date and expected credit losses as at end of the reporting period. It considers available, reasonable and supportive forward-looking information, where relevant.

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

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include taking into consideration observable data about the significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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

The Group as lessor

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

The Group as lessee

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

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

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

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

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

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

On the disposal of premises carried at valuation, the revaluation surplus relating to the premises is transferred directly to accumulated profits.

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 or valuation of the assets, other than capital projects in progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and buildings	–	Over the remaining lease period
Furniture, fittings and equipment	–	5 years
Workshop machinery, tools and equipment	–	5 to 20 years
Motor vehicles	–	5 years
Computers and automated equipment	–	5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

The results and assets and liabilities of associates are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the Profit or Loss and Other Comprehensive Income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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.

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 and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company 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 period, taking into account the risks and uncertainties surrounding the obligation.

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.

(iii) **Share-Based Payments** – Under The 2001 Scheme which expired on 26 April 2011, the Company issued share options to certain employees and Directors. Share options are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share options is expensed on a straight-line basis over the vesting period with a corresponding adjustment against share option reserve, based on the Group's and the Company's estimate of the number of equity instruments that will eventually vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANT – Government grant are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grant will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to Profit or Loss on a systematic and rational basis over the useful lives of the related assets.

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

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

Rendering of services
Revenue from inspection and testing services is recognised as and when service is completed.

Where the outcome of a consultancy project cannot be estimated reliably, project revenue is recognised to the extent of project costs incurred that are probably recoverable. Project costs are recognised as expenses in the period in which they are incurred.

When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

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.

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 period.

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, 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 period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred tax are recognised as an expense or income in Profit or Loss, except when they relate to items credited or debited outside Profit or Loss (either in Other Comprehensive Income or directly in equity), in which case the tax is also recognised outside Profit or Loss (either in Other Comprehensive Income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at rates prevailing at the end of each reporting period. 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), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in Other Comprehensive Income and accumulated in the currency translation reserve.

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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty

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

Goodwill impairment review

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

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

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by Management for the next year and extrapolates cash flows for the following 4 years based on an estimated growth rates of approximately 2.2% (2015 : 2.9%). The estimated growth rate does not exceed the average long-term growth rate for the relevant country in which the CGU operates.

The discount rate applied to the forecast is assumed at 5.39% (2015 : 5.80%).

As at 31 December 2016 and 31 December 2015, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amount to be below the carrying amount of the CGU.

Allowance for expected credit losses

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

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

4 HOLDING COMPANY AND RELATED COMPANY/PARTY TRANSACTIONS

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

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

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

4 HOLDING COMPANY AND RELATED COMPANY/PARTY TRANSACTIONS (cont'd)

Significant related company transactions are as follows:

	The Group	
	2016 $'000	2015 $'000
Inspection and testing services charged to related companies	(2,325)	(2,348)
Diesel outlet (variable rental) income charged to related company	(401)	(422)
Rental income charged to related companies	(482)	(455)
Assessment fee charged to related companies	(372)	(327)
Other fees charged to related companies	(79)	(77)
Corporate service charges paid to holding company	350	350
Other charges paid to holding company	110	107
Other charges paid to related companies	216	319
Rental expense paid to related companies	207	206

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and bank balances	3,102	2,015	895	608
Fixed deposits with financial institutions	102,579	98,049	102,060	97,585
Total	105,681	100,064	102,955	98,193

Fixed deposits are placed on a staggered basis based on the Group's cash flow projections, bore interest at effective interest rates of between 1.22% to 1.97% (2015 : 1.17% to 1.95%) per annum and for a weighted average tenure of approximately 429 days (2015 : 384 days). These deposits are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

6 TRADE RECEIVABLES

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties	14,505	14,308	799	797
Allowance for expected credit losses	(1,298)	(789)	(86)	(21)
Allowance for discount allowed	(413)	(300)	–	–
Net	12,794	13,219	713	776
Holding company (Note 4)	–	–	–	–
Subsidiaries (Note 4)	–	–	1,312	1,324
Related companies (Note 4)	465	543	100	181
Total	13,259	13,762	2,125	2,281

6 TRADE RECEIVABLES (cont'd)

The average credit period on sale of goods and provision of services is 30 days (2015 : 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 $1,298,000 (2015 : $789,000). This allowance which has been determined by reference to past default experience and expected credit losses, ranging from 2% to 13.1% (2015 : 2.2% to 3.2%) for receivable that are current to more than 180 days past due. The expected credit losses incorporate forward looking estimates. In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers, taking into consideration information including internal and external credit ratings, and adjust for forward-looking macroeconomic data.

Approximately 66% (2015 : 67%) of the Group's trade receivables are neither past due nor impaired. Included in the Group's trade receivable balance are debtors with a carrying amount of $3,689,000 (2015 : $3,991,000) 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 43 days (2015 : 66 days).

Approximately 94% (2015 : 95%) of the Company's trade receivables are neither past due nor impaired. Included in the Company's trade receivable balance are debtors with a carrying amount of $53,000 (2015 : $95,000) 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 17 days (2015 : 34 days).

Movements in allowance for expected credit losses:

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Balance at beginning of the year	789	287	21	24
Amounts written off during the year	(237)	(111)	(3)	–
Increase (Decrease) in allowance recognised in Profit or Loss	746	613	68	(3)
Balance at end of the year	1,298	789	86	21

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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Denominated in:				
Malaysian ringgit	4	110	–	–
United States dollars	145	181	–	–

As at 31 December 2016, included in the gross carrying amounts of the trade receivables and allowance of the Group and the Company are credit impaired financial assets amounting to $1,025,000 (2015 : $525,000) and $76,000 (2015 : $8,000) respectively.

6 TRADE RECEIVABLES (cont'd)

During the year, the credit impaired financial assets of the Group and the Company written off amounted to $237,000 (2015 : $111,000) and $3,000 (2015 : $Nil) respectively; and the allowance recognised in Profit or Loss amounted to $669,000 (2015 : $349,000) and $68,000 (2015 : reversal of $16,000) 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 $68,000 (2015 : $349,000) and $3,000 (2015 : $Nil) respectively.

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Other receivables	780	536	–	29
Interest receivable	804	655	778	628
Deposits	118	199	10	14
Prepayments	246	272	177	117
Total	1,948	1,662	965	788

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

8 SUBSIDIARIES

	The Company	
	2016 $'000	**2015 $'000**
Unquoted equity shares, at cost	25,941	25,941

Details of subsidiaries at 31 December 2016 are as follows:

Name of entity	**Principal activity**	**Country of incorporation/ operation**	**Company's effective interest**		**Cost of investment**	
			2016 %	**2015 %**	**2016 $'000**	**2015 $'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

8 SUBSIDIARIES (cont'd)

Name of entity	Principal activity	Country of incorporation/ operation	Company's effective interest		Cost of investment	
			2016 %	2015 %	2016 $'000	2015 $'000
Subsidiaries of Setsco Services Pte Ltd						
Setsco Services (M) Sdn Bhd	Provision of testing, inspection and consultancy services	Malaysia	100	100	–	–
Setsco Consultancy International Pte Ltd	Provision of professional inspection and engineering services	Singapore	100	100	–	–
SETS Services DMCC	Building inspection services	United Arab Emirates	100	–	–	–
					25,941	25,941

All the companies are audited by Deloitte & Touche LLP, Singapore, except for Setsco Services (M) Sdn Bhd, which is audited by another firm of auditors, WT Ng & Co, Kuala Lumpur. There is no requirement for SETS Services DMCC to be audited as at 31 December 2016.

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

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	
		2016	2015
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
Building inspection services	United Arab Emirates	1	–
		5	4

Principal activity	Place of incorporation and operation	Number of non wholly–owned subsidiaries	
		2016	2015
Vehicle inspection and other related services	Singapore	1	1

9 ASSOCIATE

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity shares, at cost	50	50	–	–
Less: Share of post-acquisition reserves	(25)	(25)	–	–
Net	25	25	–	–

a) Details of the associate at 31 December 2016 is as follows:

Associate of Setsco Consultancy International Pte Ltd	Principal activity	Country of incorporation/ operations	Group's effective interest		Cost of investment	
			2016 %	2015 %	2016 $'000	2015 $'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. The associate is insignificant.

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

	2016 $'000	2015 $'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 CLUB MEMBERSHIPS

	The Group and The Company	
	2016 $'000	2015 $'000
Cost:		
At beginning and end of year	451	451
Accumulated amortisation:		
At beginning of year	64	32
Amortisation for the year	32	32
At end of the year	96	64
Accumulated impairment:		
At beginning and end of year	136	136
Carrying amounts at end of year	219	251

In 2014, the Company had reassessed the useful life of the club membership from indefinite useful life to 10 years. Accordingly, the Company has amortised the club membership over 10 years.

11 VEHICLES, PREMISES AND EQUIPMENT

	Leasehold buildings $'000	Leasehold land $'000	Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital projects in progress $'000	Total $'000
Group								
Cost or valuation:								
At 1 January 2015	55,549	14,813	1,080	36,175	2,691	1,144	479	111,931
Additions	450	–	184	1,946	533	454	152	3,719
Disposals	–	–	(65)	(1,157)	(263)	(101)	–	(1,586)
Transfers from capital projects in progress	461	–	–	–	–	–	(461)	–
Exchange differences	(117)	–	(3)	(58)	(29)	(3)	–	(210)
At 31 December 2015	56,343	14,813	1,196	36,906	2,932	1,494	170	113,854
Additions	248	–	94	3,300	279	57	–	3,978
Disposals	(14)	–	(38)	(2,224)	(191)	(57)	–	(2,524)
Transfers from capital projects in progress	162	–	8	–	–	–	(170)	–
Exchange differences	(14)	–	–	(10)	(3)	–	–	(27)
At 31 December 2016	56,725	14,813	1,260	37,972	3,017	1,494	–	115,281
Comprising:								
At cost	56,725	7,513	1,260	37,972	3,017	1,494	–	107,981
At valuation	–	7,300	–	–	–	–	–	7,300
Total	56,725	14,813	1,260	37,972	3,017	1,494	–	115,281
Accumulated depreciation:								
At 1 January 2015	27,219	4,171	366	25,470	1,530	1,055	–	59,811
Depreciation	1,970	412	302	2,901	416	68	–	6,069
Disposals	–	–	(63)	(1,153)	(261)	(101)	–	(1,578)
Exchange differences	(17)	–	(2)	(47)	(17)	(3)	–	(86)
At 31 December 2015	29,172	4,583	603	27,171	1,668	1,019	–	64,216
Depreciation	2,002	411	295	3,105	464	153	–	6,430
Disposals	(14)	–	(38)	(2,217)	(190)	(57)	–	(2,516)
Exchange differences	(4)	–	–	(6)	(3)	–	–	(13)
At 31 December 2016	31,156	4,994	860	28,053	1,939	1,115	–	68,117
Carrying amounts:								
At 31 December 2016	25,569	9,819	400	9,919	1,078	379	–	47,164
At 31 December 2015	27,171	10,230	593	9,735	1,264	475	170	49,638

11 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

	Leasehold buildings $'000	Leasehold land $'000	Furniture, fittings and equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Computers and automated equipment $'000	Capital projects in progress $'000	Total $'000
Company								
Cost or valuation:								
At 1 January 2015	38,197	14,813	231	2,264	135	133	10	55,783
Additions	178	–	48	23	–	325	–	574
Disposals	–	–	(11)	(4)	–	(22)	–	(37)
Transfers from capital projects in progress	10	–	–	–	–	–	(10)	–
At 31 December 2015	38,385	14,813	268	2,283	135	436	–	56,320
Additions	9	–	22	–	78	19	–	128
Disposals	–	–	(10)	–	(54)	(5)	–	(69)
At 31 December 2016	38,394	14,813	280	2,283	159	450	–	56,379
Comprising:								
At cost	38,394	7,513	280	2,283	159	450	–	49,079
At valuation	–	7,300	–	–	–	–	–	7,300
Total	38,394	14,813	280	2,283	159	450	–	56,379
Accumulated depreciation:								
At 1 January 2015	23,007	4,172	155	653	92	86	–	28,165
Depreciation	1,186	411	26	136	13	13	–	1,785
Disposals	–	–	(11)	(4)	–	(22)	–	(37)
At 31 December 2015	24,193	4,583	170	785	105	77	–	29,913
Depreciation	1,185	412	33	134	24	79	–	1,867
Disposals	–	–	(10)	–	(54)	(5)	–	(69)
At 31 December 2016	25,378	4,995	193	919	75	151	–	31,711
Carrying amounts:								
At 31 December 2016	13,016	9,818	87	1,364	84	299	–	24,668
At 31 December 2015	14,192	10,230	98	1,498	30	359	–	26,407

11 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

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

Held by	Group's effective interest	Location	Approximate land area	Tenure	Usage
The Company	100%	No. 511 Bukit Batok Street 23 Singapore 659545	9,625.0 sq metre	30 years from October 1995 with option to renew another 30 years	Inspection, testing and assessment services
The Company	100%	No. 385 Sin Ming Drive Singapore 575718	10,852.6 sq metre	30 years from January 2011	Inspection, assessment services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	5,190.3 sq metre	60 years from July 1983	Inspection services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	1,104.9 sq metre	30 years from July 2013	Inspection services
The Company	100%	No. 23 Kaki Bukit Avenue 4 Singapore 415933	9,796.9 sq metre	30 years from January 1997 with option to renew another 30 years	Inspection, assessment services
The Company	100%	No. 20 Changi North Crescent Singapore 499613	6,015.0 sq metre	30 years from May 1995	Inspection services
Setsco Services Pte Ltd	100%	No. 18 Teban Gardens Crescent Singapore 608925	9,829.7 sq metre	30 years from February 2009	Testing, inspection and consultancy services
Setsco Services (M) Sdn Bhd	100%	31 Jln Industri Mas 12 Taman Mas 47100 Puchong Selangor Darul Ehsan West Malaysia	791.5 sq metre	99 years from December 2009	Testing, inspection and consultancy services
JIC Inspection Services Pte Ltd	78%	No. 53 Pioneer Road Singapore 628505	9,190.0 sq metre	30 years from December 1994	Inspection services
JIC Inspection Services Pte Ltd	78%	No. 15 Ang Mo Kio Street 63 Singapore 569117	2,145.0 sq metre	3 years from March 2014, renewed for another 3 years from March 2017	Inspection services

12 GOODWILL

	The Group	
	2016 $'000	2015 $'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	
	2016 $'000	2015 $'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.

13 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties	2,888	2,543	1,282	719
Holding company (Note 4)	97	97	58	54
Related companies	35	51	2	2
Accruals	14,570	15,298	3,052	2,935
Deferred income	899	612	–	–
Deposits received from customers	1,420	1,100	488	484
Others	1,389	1,504	286	414
Total	21,298	21,205	5,168	4,608

The average credit period on purchases of goods and services is 30 days (2015 : 30 days).

14 DUE TO SUBSIDIARIES

Included in the payable to subsidiaries is an amount of $34,445,000 (2015 : $36,787,000) pertaining to funds held under central pooling which is unsecured and repayable on demand. Subsidiaries, except wholly-owned subsidiaries, receive interest at the rate of 1.22% to 1.80% (2015 : 1.20% to 1.70%) per annum.

15 DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation $'000	Provisions $'000	Total $'000
Group			
At 1 January 2015	1,781	(295)	1,486
Charge to Profit or Loss for the year (Note 20)	188	48	236
At 31 December 2015	1,969	(247)	1,722
Charge to Profit or Loss for the year (Note 20)	13	34	47
At 31 December 2016	1,982	(213)	1,769
Company			
At 1 January 2015	386	(178)	208
Charge to Profit or Loss for the year	1	31	32
At 31 December 2015	387	(147)	240
Charge to Profit or Loss for the year	13	10	23
At 31 December 2016	400	(137)	263

16 SHARE CAPITAL

	The Group and The Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	88,622,000	88,622,000	36,225	36,225
Exercise of share options	20,000	–	59	–
At end of year	88,642,000	88,622,000	36,284	36,225

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

Share options

As at 31 December 2016, all share options have been excercised. Further details of the employee share option plan are contained in Note 19(e).

17 OTHER RESERVES

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Share option reserve:				
At beginning of year	5	5	5	5
Exercise of share options	(5)	–	(5)	–
At end of year	–	5	–	5
Revaluation reserve:				
At beginning and end of year	3,073	3,073	3,073	3,073
Net	3,073	3,078	3,073	3,078

The revaluation reserve relates to valuation of leasehold land (Note 11), which is not available for distribution to the Company's shareholders.

The share option reserve arises from the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set out in Notes 16 and 19(e).

18 REVENUE

	The Group	
	2016 $'000	2015 $'000
Inspection and testing services	96,783	102,544
Rental income	2,705	2,741
Others	1,693	1,422
	101,181	106,707

19 STAFF COSTS

a) Directors' remuneration (included in staff costs)

The remuneration of the Directors is determined by the Remuneration Committee having regard to the performance of the individual and the Group, as follows:

	The Group			
Remuneration band	**Salary %**	**Bonus %**	**Others %**	**Total compensation %**
2016				
$500,000 to $749,999				
Sim Wing Yew	47	45	8	100
2015				
$250,000 to $499,999				
Sim Wing Yew	49	46	5	100

19 STAFF COSTS (cont'd)

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

	The Group 2016 $
Lim Jit Poh	69,684
Kua Hong Pak	42,375*
Goh Yeow Tin	62,150
Ho Kah Leong	48,025
Ong Teong Wan	48,025
Sim Cheok Lim	41,434
Teo Geok Har, Nancy	50,850

*Fee paid to the Company's ultimate holding company, ComfortDelGro Corporation Limited.

b) Key executives' remuneration (included in staff costs)

The remuneration of the key executives (excluding Directors of the Group) is determined by the Remuneration Committee having regard to the performance of the individuals and the Group, as follows:

	The Group			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2016				
$250,000 to $499,999	54	35	11	100
No. of executives : 4				
Below $250,000				
No. of executives : 2	60	33	7	100
2015				
$250,000 to $499,999				
No. of executives : 3	51	38	11	100
Below $250,000				
No. of executives : 3	61	32	7	100

The Code of Corporate Governance 2012 recommends the disclosure of the remuneration of the Directors and the Group's top five key executives. The Board had considered this matter carefully and has decided against such disclosure except for non-executive Directors. Given the wage disparities and keen competition in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure outweigh the benefits.

19 STAFF COSTS (cont'd)

c) The remuneration of the Directors and key executives comprises mainly of short term benefits amounting to $2,754,000 (2015 : $2,646,000).

d)

	The Group	
	2016 $'000	2015 $'000
Cost of defined contribution plans (included in staff costs)	4,207	4,270

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.

e) Share-based Payments (included in staff costs)

Share option scheme

The Company has a share option scheme for certain employees and Directors of the Company which expired on 26 April 2011 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the scheme and the respective grants. The scheme is administered by the Remuneration Committee. Information on the share option plans is disclosed in paragraph 4 to the Directors' statement. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is 1 year. If the options remain unexercised after a period of 10 years (5 years for non-executive Directors) from the date of the grant, the options expire. Options granted will lapse when the option holder ceases to be a full-time employee or a Director of the Group, subject to certain exceptions at the discretion of the Remuneration Committee.

	The Group and The Company			
	2016		2015	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	20,000	2.68	20,000	2.68
Exercised during the year	(20,000)	2.68	–	–
Outstanding at the end of the year	–	–	20,000	2.68
Exercisable at the end of the year	–	–	20,000	2.68

The weighted average share price at the date of exercise for share options exercised during the year was $5.99 (2015 : $Nil). There is no outstanding options at the end of the year.

No options were granted since 2011.

From 2006 onwards, no options were granted to Directors.

20 TAXATION

	The Group	
	2016 $'000	2015 $'000
Taxation charge (credit) in respect of profit for the financial year:		
Current taxation		
Singapore	5,481	6,358
Foreign	53	72
Deferred tax (Note 15)	(27)	(2)
Adjustments in respect of under (over) provision in prior years:		
Current taxation	(219)	(965)
Deferred tax (Note 15)	74	238
	5,362	5,701

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2015 : 17%) to profit before taxation as a result of the following differences:

	The Group	
	2016 $'000	2015 $'000
Profit before taxation	33,961	37,581
Taxation at the domestic income tax rate of 17% (2015 : 17%)	5,773	6,389
Non-allowable items	462	428
Tax-exempt income	(104)	(104)
Overprovision in prior years (net)	(145)	(727)
Tax benefits under Productivity and Innovation Credit Scheme	(637)	(299)
Effect of different tax rates of subsidiary operating in other jurisdiction	13	14
	5,362	5,701

21 PROFIT AFTER TAXATION

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

	The Group	
	2016 $'000	2015 $'000
Directors' fees	400	390
Foreign currency exchange adjustment (gain) loss	(2)	129
Gain on disposal of vehicles, premises and equipment	(11)	(5)
Allowance for expected credit losses	746	613
Bad debts written off	–	6
Cost of inventories recognised as expense	4	5
Government Grants:		
Special Employment Credit Scheme	(185)	(172)
Wage Credit Scheme	(791)	(626)
Temporary Employment Credit	(258)	(146)
Audit fees:		
Auditors of the Company	64	64
Other auditors	2	2
Non-audit fees:		
Auditors of the Company	22	26
Other auditors	1	1

22 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:

	2016	2015
Profit attributable to shareholders of the Company ($'000)	28,162	31,417
Weighted average number of ordinary shares in issue (thousands)	88,642	88,622
Basic earnings per share (in cents)	31.77	35.45

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options.

	2016	2015
Profit attributable to shareholders of the Company ($'000)	28,162	31,417
Weighted average number of ordinary shares in issue (thousands)	88,642	88,622
Adjustments for share options (thousands)	–	11
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands)	88,642	88,633
Diluted earnings per share (in cents)	31.77	35.45

23 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.

24 CAPITAL EXPENDITURE COMMITMENTS

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

	The Group	
	2016 $'000	**2015 $'000**
Purchase of vehicles, premises and equipment	976	1,626

25 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group	
	2016 $'000	**2015 $'000**
Minimum lease payments under operating leases recognised as an expense in the year	2,031	1,925

The annual rentals for certain premises are subject to review every year at a variable rate up to a maximum of 5.5% (2015 : 5.5%) of the immediate preceding years' annual rent. Leases are negotiated for an average term of 30 years and rentals are fixed for an average of a year.

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

	The Group	
	2016 $'000	**2015 $'000**
Within one year	2,151	2,155
In the second to fifth year inclusive	7,470	7,197
After five years	16,274	17,863
Total	25,895	27,215

The Group as lessor

The Group rents out their lettable space in Singapore. Rental income earned by the Group during the year was $2,705,000 (2015 : $2,741,000).

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

	The Group	
	2016 $'000	**2015 $'000**
Within one year	2,287	2,218
In the second to fifth year inclusive	831	2,109
Total	3,118	4,327

26 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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 the risk.

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.

Credit risk management

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

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

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

Liquidity risk management

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

Fair values of financial assets and financial liabilities

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

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

a. quoted prices in active markets for identical assets or liabilities (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

c. inputs for the asset or liability that are not based on observable market data (Level 3).

26 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Capital risk 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 2016 and 2015.

27 DIVIDENDS

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

	2016 $'000	2015 $'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 9.50 cents (2015 : 8.75 cents) per ordinary share	8,421	7,755
Tax-exempt one-tier special dividend in respect of the previous financial year:		
– 10.25 cents (2015 : 9.50 cents) per ordinary share	9,086	8,418
Tax- exempt one-tier interim dividend in respect of the current financial year:		
– 8.00 cents (2015 : 8.75 cents) per ordinary share	7,091	7,755
Total	24,598	23,928

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

(i) a tax-exempt one-tier final dividend of 8.50 cents per ordinary share totalling $7,535,000 be paid for the financial year ended 31 December 2016; and

(ii) a tax-exempt one-tier special dividend of 10.00 cents per ordinary share totalling $8,864,000 be paid for the financial year ended 31 December 2016.

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

Together with the tax exempt one-tier interim dividend of 8.00 cents per ordinary share (2015 : 8.75 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2016 will be 26.50 cents per ordinary share (2015 : 28.50 cents per ordinary share).

28 IFRS CONVERGENCE IN 2018

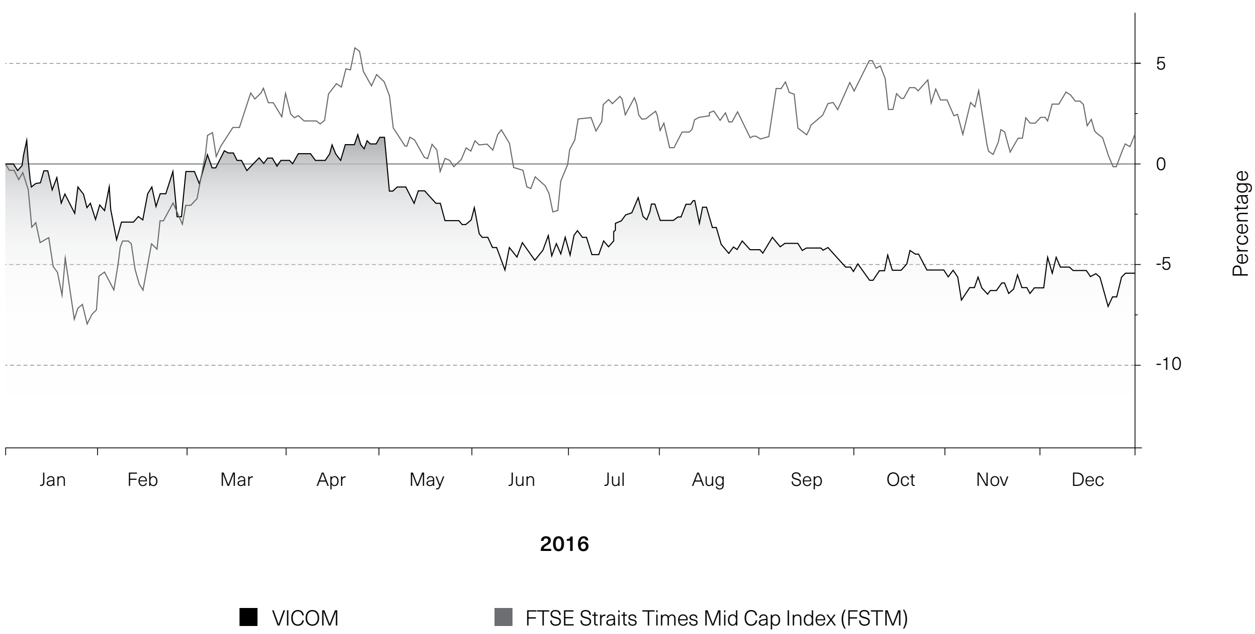
Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening Statement of Financial Position as at 1 January 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1, including financial effects on transition to the new framework.

SHARE PRICE MOVEMENT CHART

31 December 2016

VICOM's Share Price Movement and Volume Turnover

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



Source: Bloomberg Finance L.P.

SHAREHOLDING STATISTICS
As at 6 March 2017

No. of shares issued : 88,642,000
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1	0.03	2	0.00
100 - 1,000	1,664	52.76	1,460,898	1.65
1,001 - 10,000	1,232	39.06	4,727,834	5.33
10,001 - 1,000,000	253	8.02	15,244,270	17.20
1,000,001 & above	4	0.13	67,208,996	75.82
Total	3,154	100.00	88,642,000	100.00

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	59,440,000	67.06
Raffles Nominees (Pte) Ltd	3,794,600	4.28
DBS Nominees Pte Ltd	2,474,396	2.79
Quah Wee Lai	1,500,000	1.69
Chu Chee Leong	942,000	1.06
Citibank Nominees Singapore Pte Ltd	798,970	0.90
Sze Thiam Siong	772,000	0.87
United Overseas Bank Nominees Pte Ltd	716,100	0.81
Mrs Helen Ong Yong Khee nee Tang Helen @Helen Tan Siok Wan	532,000	0.60
Low Lan Eng	430,000	0.49
CIMB Securities (Singapore) Pte Ltd	385,400	0.43
Poh Eng Choo	365,000	0.41
OCBC Nominees Singapore Pte Ltd	337,200	0.38
Tan Keng Soon Homer	328,000	0.37
Tam Wui Kuern	324,000	0.37
Tan Kuangxu	307,000	0.35
Pang Cheow Jow	301,000	0.34
Tan Siak Huan	228,000	0.26
DBS Vickers Securities (S) Pte Ltd	214,100	0.24
HSBC (Singapore) Nominees Pte Ltd	196,700	0.22
Total	74,386,466	83.92

Substantial Shareholder (as shown in the Register of Substantial Shareholders)	No. of Shares	%
ComfortDelGro Corporation Limited	59,440,000	67.06

As at 6 March 2017, approximately 31.60% of the issued ordinary shares of VICOM Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting* of the Company will be held at the **Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701** on Monday, 24 April 2017 at 10.00 a.m. for the purpose of transacting the following business:

Ordinary Business:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the Financial Year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax-exempt one-tier final dividend of 8.5 cents per ordinary share and a tax-exempt one-tier special dividend of 10.0 cents per ordinary share in respect of the Financial Year ended 31 December 2016. **(Resolution 2)**

3. To approve the payment of Directors' fees of $362,543 for the Financial Year ended 31 December 2016. (FY2015: $352,918) **(Resolution 3)**

4. To re-elect Mr Goh Yeow Tin, a Director retiring pursuant to Article 95(2) of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Ms Teo Geok Har, Nancy, a Director retiring pursuant to Article 95(2) of the Company's Articles of Association. **(Resolution 5)**

6. To note that Dr Ho Kah Leong will be retiring pursuant to Article 95(2) of the Company's Articles of Association and he will not be seeking re-election at this Annual General Meeting.

7. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their remuneration. **(Resolution 6)**

Books Closure and Dividend Payment Dates
NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 4 May 2017 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 8.5 cents per ordinary share and a tax-exempt one-tier special dividend of 10.0 cents per ordinary share for the Financial Year ended 31 December 2016.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8, Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 3 May 2017 will be registered to determine Shareholders' entitlements to the final and special dividends. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 May 2017 will be entitled for the proposed final and special dividends.

***LIGHT REFRESHMENTS WILL BE SERVED AFTER THE ANNUAL GENERAL MEETING**

The final and special dividends, if approved by the Shareholders at the Thirty-Sixth Annual General Meeting of the Company, will be paid on 11 May 2017.

By Order of the Board

Chan Wan Tak, Wendy
Company Secretary
Singapore
24 March 2017

Notes:

1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

2 A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

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

Additional Information on Ordinary Business:

Mr Goh Yeow Tin is the Chairman of the Audit and Risk Committee while Ms Teo Geok Har, Nancy is a Member of the Audit and Risk Committee. They are considered independent Directors of the Company. If re-elected, Mr Goh Yeow Tin will continue as Chairman of the Audit and Risk Committee and Ms Teo Geok Har, Nancy will continue as a Member of the Audit and Risk Committee.

VICOM LTD

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who intend to exercise the voting rights attached to their VICOM Ltd shares purchased using their CPF monies are requested to contact their respective CPF Approved Nominees.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 24 March 2017.

I/We ______________________ (Name) ______________________ (NRIC/Passport Number)

of ____ (Address)

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

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

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Monday, 24 April 2017 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

NOTE: The Chairman of the AGM will be exercising his right under Article 63(i) of the Articles of Association of the Company to demand a poll in respect of the Resolutions to be put on the vote of the members at the AGM and at any adjournment thereof. Accordingly, such Resolutions at the AGM will be voted on by way of poll.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final and Special Dividends		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Goh Yeow Tin as Director		
5.	Re-election of Ms Teo Geok Har, Nancy as Director		
6.	Re-appointment of Auditors and authorising Directors to fix their remuneration		

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

Dated this __________ day of __________ 2017

Total Number of Shares Held (Note 1)

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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

Email Address: ______________________ Mobile Phone No: ______________________

LIGHT REFRESHMENTS WILL BE SERVED AFTER THE AGM

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time set for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

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

THE COMPANY SECRETARY
VICOM Ltd
205 Braddell Road
Singapore 579701

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

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LIGHT REFRESHMENTS WILL BE SERVED AFTER THE ANNUAL GENERAL MEETING

Design and Production by Silicon+

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