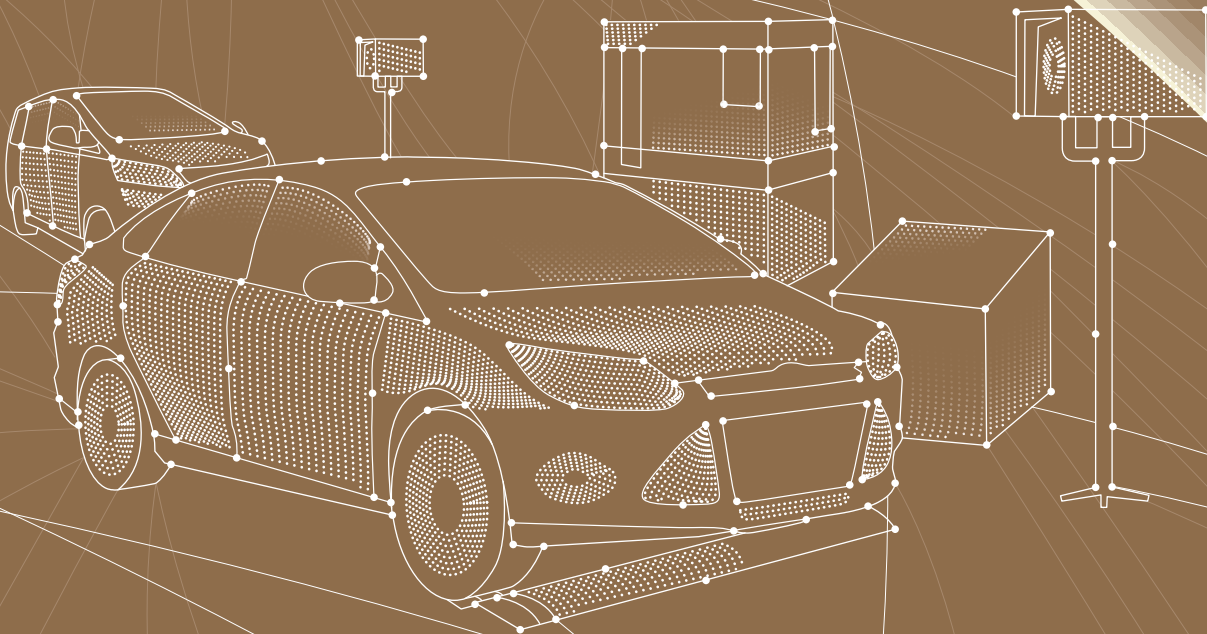


OVER 30,000
VICOM CARD MEMBERS

OVER 10 MILLION
VEHICLES INSPECTED

OVER 50 YEARS OF TECHNICAL
TESTING EXPERIENCE

OVER 70% MARKET SHARE
FOR VEHICLE INSPECTION



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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Introduction

2017 was a challenging year for VICOM Ltd as it continued to face intense competition in the non-vehicle inspection and testing sector. But the Group also continued to roll out new and innovative services whilst investing in productivity-driven equipment and processes. Its efforts did not go unrewarded and it ended the year in a strong position as Singapore's leading inspection and testing provider.

Our Businesses

The large number of vehicles which continued to be de-registered translated automatically into fewer inspections. In all, 468,807 vehicles were inspected at our seven centres during the year, which was a 4% decrease from the 488,186 vehicles inspected in 2016. Despite the challenges, VICOM continued to retain its leadership position with a 74.5% share of the vehicle inspection market through continuous innovative marketing campaigns, new partnerships and improved customer service experience.

One of our most successful marketing efforts has been the partnership with Diners Club Singapore. In 2017, we built on this partnership with the launch of Diners Club/VICOM Cobrand Credit Card or the "V" Card. The card, which offers a slew of motoring related discounts and rebates, including up to 21.27% discount at Esso pumps, now has more than 30,000 cardholders.

During the year, the National Environment Agency announced several changes to the Emission Regulations. For example, new petrol and diesel vehicles had to meet Euro 6 standards by 1 September 2017 and 1 January 2018 respectively. A new Vehicular Emission Scheme was also introduced to replace the old Carbon Emissions-Based Vehicle Scheme from 1 January 2018. In addition, existing petrol vehicles and motorcycles will be subjected to tighter emissions standards during periodic compulsory inspections from 1 April 2018. To cater to the new regulations, we upgraded our equipment both at the VICOM Emission Test Laboratory (VETL) as well as those at the inspection lanes.

Another new regulation that was introduced by the Land Transport Authority (LTA) during the year was the requirement for private hire vehicles to display tamper-evident decals prominently on the front and rear windscreens and for these to be inspected regularly. VICOM has, and will continue to offer this service.

Two very high-profile Compressed Natural Gas (CNG) taxi explosions took place in 2017 – prompting the LTA to recall all CNG taxis and public buses for an urgent two-day inspection. VICOM, as an Authorised Inspection Centre, was tasked to see through the exercise. We were also involved in the subsequent Phase 2 exercise which involved all CNG passenger cars. In all, VICOM inspected 450 taxis, 12 buses and 1,140 private cars.

In terms of inspection and test fees, there was some adjustment upwards that was effected in November 2017. Fees for vehicle inspection and the chassis-dynamometer smoke test for smaller and larger vehicles were raised by \$2. Both tests have not seen a fee increase since January 2007.

Our non-vehicle inspection and testing division, Setsco Services Pte Ltd (SETSCO), completed several notable projects – both locally and internationally – during the year. SETS Services DMCC, a wholly-owned subsidiary company, was set up by SETSCO in Dubai, United Arab Emirates to provide building glass inspection services. It won a contract to undertake glass inspection work on the external facades of Gold Tower and Silver Tower, Cluster I, in Dubai.

Additionally, SETSCO secured contracts for the testing of sand and granite from the Building and Construction Authority and also various testing services for the Changi Terminal 5 project in Singapore. During the year, SETSCO also completed a shutdown project at a chemical plant in Jurong Island.

To broaden our scope of services, SETSCO launched two new services in the year – certification services to companies which seek compliances to the requirements of different systems such as ISO 9001, ISO 14001 and ISO 18001 and consultancy services to provide investigation, evaluation, analysis and advisory to the clients that we serve.

Financial Results

Group revenue decreased by 4.1% or \$4.1 million to \$97.0 million in 2017 while net profit attributable to shareholders fell by 5.9% or \$1.7 million to \$26.5 million. Earnings per share was 29.90 cents, down from 31.77 cents a year ago.

Net asset value per ordinary share was \$1.67 compared to \$1.69 previously.

In 2017, the Board decided to increase its dividend payout policy by declaring 90% of its net profit attributable to shareholders as dividends compared to the 50% previously. In line with the new policy, the Board has recommended a one-tier tax-exempt final dividend of 22.88 cents per ordinary share to be approved at the Annual General Meeting (AGM) to be convened on 24 April 2018. Together with the one-tier tax-exempt interim dividend of 13.12 cents per share paid earlier, the total dividend of 36.00 cents per share for the year is higher than the 2016 figure of 26.50 cents, a rise of 35.8%. This represents about 120.4% of the Group's profit after tax and is also better than our new dividend policy. This policy change reflects my earlier remarks in the past AGMs that so long as we do not need the extra cash, we shall return it to the shareholders. I have kept my promise. Viewed against the year's end closing price of \$5.80, the 2017 dividend will give a dividend yield of 6.2%.

Rankings

VICOM continued to improve its standing in the Singapore Governance and Transparency Index. In 2017, out of 606 companies covered, VICOM was ranked 16th with a score of 95 compared to 2016's ranking of 20th and a score of 88. The overall average score in 2017 is 52.3.

VICOM was also awarded the Securities Investors Association Singapore (SIAS) Transparency Award Winner - Small and Mid-Cap Category at the Investors' Choice Award 2017.

In a difficult year, VICOM underperformed against the FTSE ST All-Share Index and FTSE ST Mid Cap Index by 15.8% and 11.1% points respectively.

Relocation of SETSCO

Jurong Town Corporation (JTC) has notified SETSCO that our present premises at Teban Gardens Crescent, acquired in 1995, have been zoned for redevelopment. Consequently, SETSCO will need to be relocated. Management is actively looking for an alternative site to house SETSCO's existing operations as well as taking advantage of the situation to expand further. The present land lease is not due to expire until 2039. We will be appropriately compensated. More details on the subject will be announced as and when they are available.

The Year Ahead

The Government has announced that the growth rate for cars and motorcycles will be cut from 0.25% to 0% for the next three years starting from February 2018. The growth rate for commercial vehicles will remain unchanged at 0.25% per annum till the first quarter of 2021 to provide businesses more time to improve the efficiency of their logistics operations and reduce the number of commercial vehicles that they require. This policy will not have an immediate impact on the vehicle inspection business.

The rate of vehicle de-registrations is expected to slow in 2018 - which is good news for our inspection business. Coupled with the introduction of a new high idling emission test for petrol vehicles, we expect the vehicle inspection business to remain stable.

SETSCO's performance will largely be dependent on the general economic condition - both in Singapore and globally. We will continue to develop new product offerings and build new testing capabilities arising from future industrial demands.

The Group will continue to explore new opportunities for growth and development.

Directors Renewal

As this was initiated last year with the retirement of a long time Director, the coming AGM will see two of our senior Directors retiring too. Mr Ong Teong Wan and Mr Sim Cheok Lim, first appointed in 1983 and 1984 respectively, will retire at the AGM on 24 April 2018. The Board and the

Group are very grateful for their exemplary and dedicated services over more than three decades of tenure. These are not mean feats which can be repeated easily. We shall miss you, Teong Wan and Cheok Lim.

In 2017, we welcomed two new independent Directors in Prof Victor Shim Phiau Wui and Ms June Seah Lee Kiang. The former is a testing specialist from the National University of Singapore while the latter had been involved in the banking and service industry for many years. They have made many valuable contributions since joining the Board. We look forward to their continued contributions. I also look forward to your support at the forthcoming AGM when they will present themselves for elections as Directors.

With Ms Seah's appointment, we now have two female Directors on the board which translates into a 22% representation - higher than the Diversity Action Committee's target of 20% in 2020.

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.

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

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

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

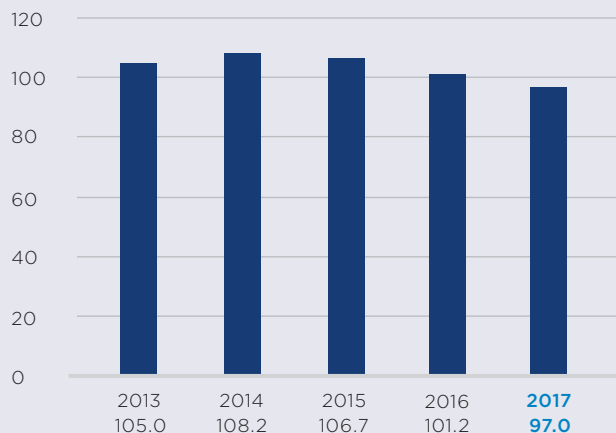
And finally, to our Shareholders, thank you for your continued confidence and trust in us.

Lim Jit Poh

Chairman
March 2018

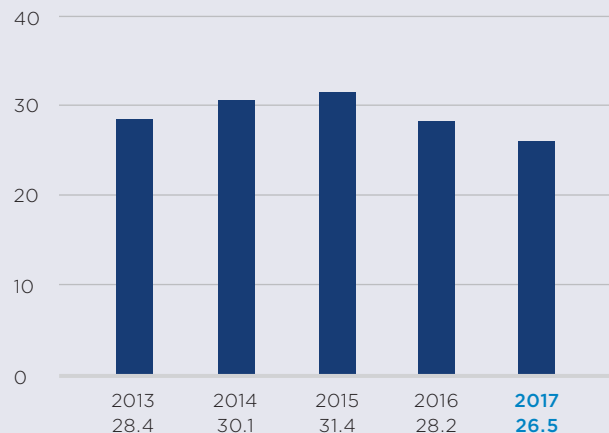
Revenue

(\$'mil)



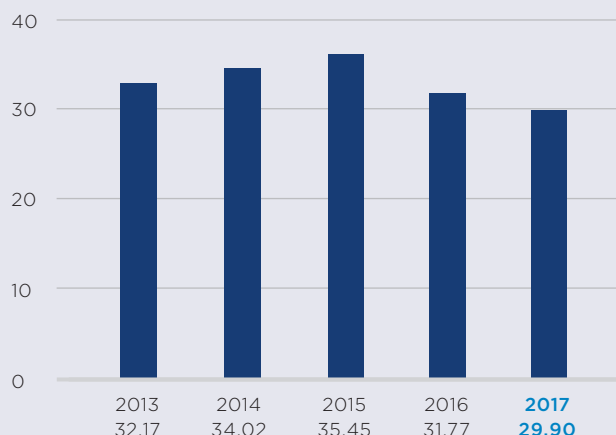
Profit Attributable to Shareholders

(\$'mil)



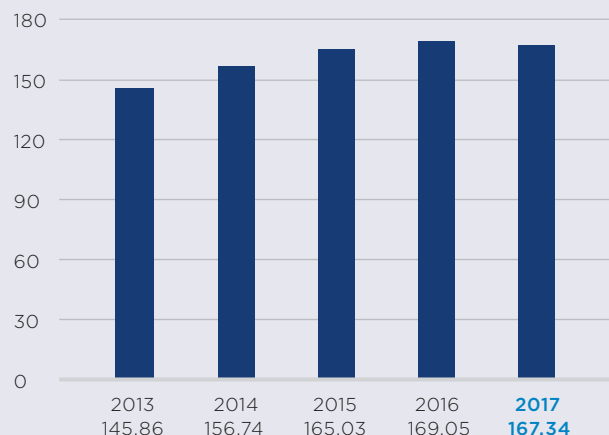
Earnings Per Ordinary Share

(cents)



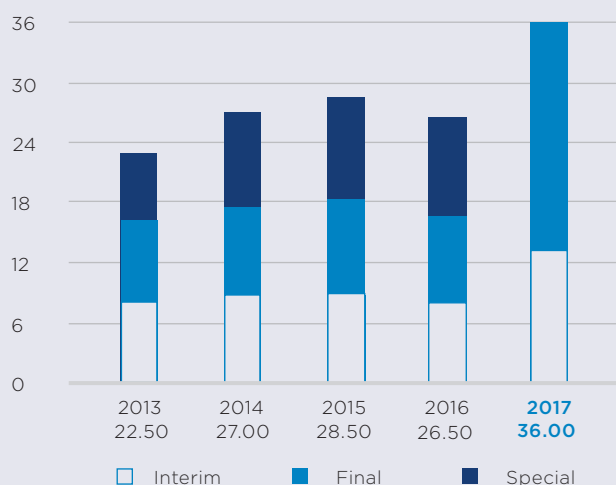
Net Asset Value Per Ordinary Share

(cents)



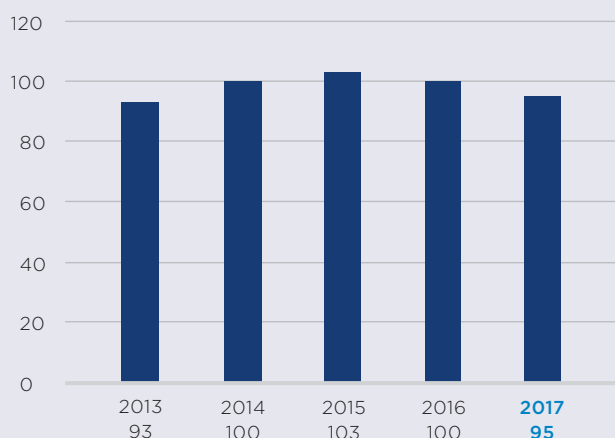
Total Dividend Per Ordinary Share

(cents)



Value-Added Per Employee

(\$'000)



Financial Summary

	2013	2014	2015	2016	2017
Revenue (\$'mil)	105.0	108.2	106.7	101.2	97.0
Operating Costs (\$'mil)	71.0	72.6	70.3	68.8	66.5
Operating Profit (\$'mil)	34.0	35.6	36.4	32.4	30.5
Profit Attributable to Shareholders (\$'mil)	28.4	30.1	31.4	28.2	26.5
EBITDA (\$'mil)	39.8	41.6	42.5	38.9	36.7
Issued capital (\$'mil)	35.9	36.2	36.2	36.3	36.3
Capital and reserves (\$'mil)	129.1	138.9	146.3	149.9	148.3
Capital disbursement (\$'mil)	3.9	5.1	3.7	4.0	4.4
Return on shareholders' equity (%)	23.2	22.5	22.0	19.0	17.8
Earnings per ordinary share (cents)	32.17	34.02	35.45	31.77	29.90
Net asset value per ordinary share (cents)	145.86	156.74	165.03	169.05	167.34
Interim dividend per ordinary share (cents)	8.00	8.75	8.75	8.00	13.12
Final dividend per ordinary share (cents)	8.10	8.75	9.50	8.50	22.88
Special dividend per ordinary share (cents)	6.40	9.50	10.25	10.00	-
Total dividend per ordinary share (cents)	22.50	27.00	28.50	26.50	36.00
Dividend cover (number of times)	1.4	1.3	1.2	1.2	0.8

Value-Added for the Group

	2013		2014		2015		2016		2017	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital dividends	16,971	19.7	21,055	23.5	24,379	27.1	25,061	29.6	28,454	35.1
Taxation to the government	6,108	7.1	6,255	7.0	6,291	7.0	5,958	7.0	5,621	6.9
Retained earnings	17,575	20.5	15,164	16.9	13,255	14.8	9,255	10.9	3,522	4.3
Employees - salaries and other staff costs	45,256	52.7	47,078	52.6	45,916	51.1	44,453	52.5	43,558	53.7
Total value-added	85,910	100.0	89,552	100.0	89,841	100.0	84,727	100.0	81,155	100.0
Number of employees	920		893		870		848		855	
Value-added per employee (\$'000)	93		100		103		100		95	

Board of Directors

Lim Jit Poh
Chairman

Goh Yeow Tin
Lead Independent Director

Kua Hong Pak
Deputy Chairman
(Stepped down on 30 April 2017)

Ong Teong Wan
Seah Lee Kiang, June (Appointed on 1 October 2017)
Shim Phiau Wui, Victor (Appointed on 1 June 2017)
Sim Cheok Lim
Teo Geok Har, Nancy
Ho Kah Leong (Retired on 24 April 2017)

Yang Ban Seng
Deputy Chairman
(Appointed on 1 May 2017)

Sim Wing Yew
Chief Executive Officer

Audit and Risk Committee

Goh Yeow Tin
Chairman

Ong Teong Wan
Shim Phiau Wui, Victor (Appointed on 1 June 2017)
Teo Geok Har, Nancy
Ho Kah Leong (Stepped down on 24 April 2017)

Remuneration Committee

Teo Geok Har, Nancy
Chairman

Lim Jit Poh
Seah Lee Kiang, June (Appointed on 1 October 2017)
Shim Phiau Wui, Victor (Appointed on 1 June 2017)
Sim Cheok Lim
Ho Kah Leong (Stepped down on 24 April 2017)

Nominating Committee

Goh Yeow Tin
Chairman

Lim Jit Poh
Ong Teong Wan
Seah Lee Kiang, June (Appointed on 1 October 2017)
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

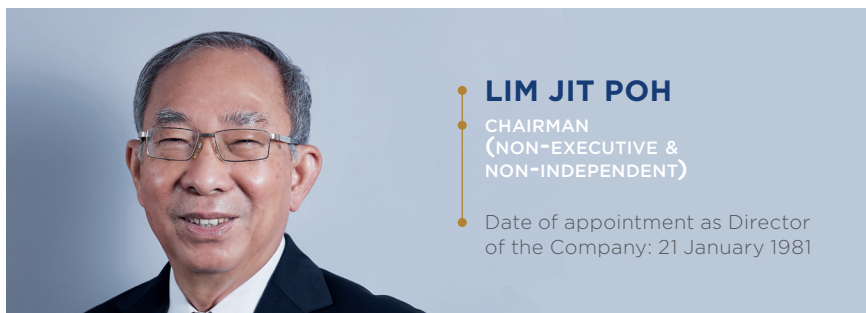
Joint Company Secretaries
Chan Wan Tak, Wendy
Yeo Tee Yeok, Edwin
(Appointed on 1 May 2017)

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

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

Partner-in-Charge:
Tsia Chee Wah

Date of Appointment:
24 April 2017



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. The Company and SBS Transit Ltd are subsidiaries of ComfortDelGro Corporation Limited. Mr Lim is also the Chairman of several non-listed companies owned by the Singapore Labour Foundation, 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

Mr Yang Ban Seng is the Deputy Chairman of VICOM Ltd. He is a non-independent Director of the Company. He is also the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited and Deputy Chairman of SBS Transit Ltd. Prior to his current appointment, Mr Yang was the Chief Executive Officer of ComfortDelGro's Taxi Business in Singapore where he oversaw the operations of Comfort Transportation Pte Ltd and CityCab Pte Ltd. Prior to joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy Director of the



YANG BAN SENG

DEPUTY CHAIRMAN
(NON-EXECUTIVE &
NON-INDEPENDENT)

Date of appointment as Director of the Company: 1 May 2017

Ministry of Home Affairs and the National Trades Union Congress' Secretary for Co-operatives. At the NTUC's May Day Awards in 2013, he was awarded the Medal of Commendation.

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

BOARD OF DIRECTORS

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 ComfortDelGro Group in September 2002 as a General Manager in charge of two maintenance workshops in SBS Transit Ltd's Fleet Management Department. In June 2006, he assumed responsibility as the



SIM WING YEW

CHIEF EXECUTIVE OFFICER & DIRECTOR

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

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: 24 April 2017

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 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.



ONG TEONG WAN

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

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

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



SEAH LEE KIANG, JUNE

DIRECTOR (NON-EXECUTIVE & INDEPENDENT)

Date of appointment as Director of the Company: 1 October 2017

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

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

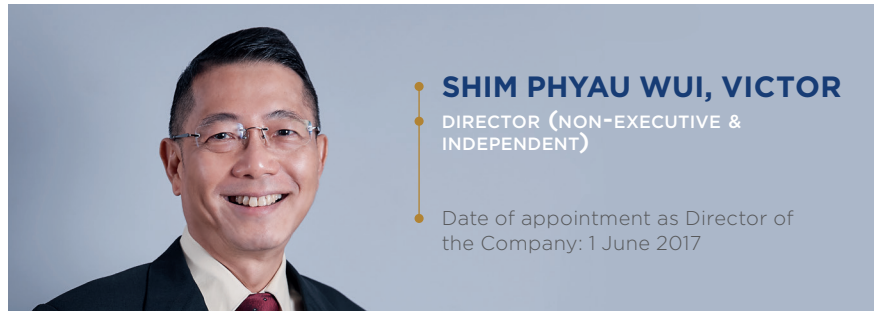
restaurant called The Peranakan at Claymore Connect.

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

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

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

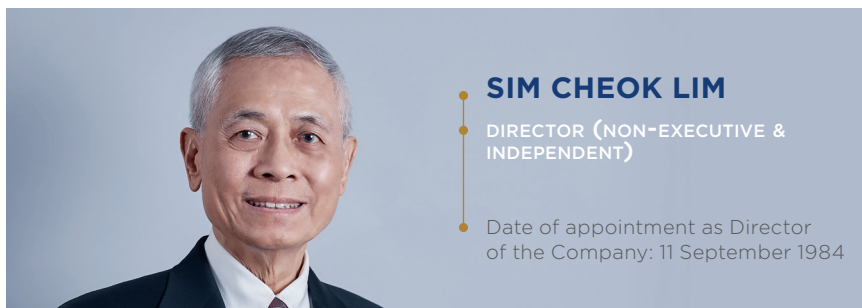
He has worked with the National University of Singapore (NUS) since 1980, and is a professor of Mechanical Engineering. He is also currently an Associate Vice-President for Global Relations at NUS. Prof Shim has previously held a number of management appointments at NUS, including being the founding Director of the NUS Office of Corporate Relations and a Vice-Dean (External Relations & Outreach) at the Faculty of Engineering. He was also a Visiting Scientist at the Tokyo Institute of Technology, and a Visiting Scholar at the University of California, San Diego. As part of his research and technical work, Prof Shim established the Impact Mechanics Laboratory at NUS to facilitate work on Dynamic



Material Behaviour and Impact Engineering. His research interests include dynamic material behavior, cellular materials, penetration of high-strength fabrics and protective materials, as well as the response of components and products to impact and shock loads. He is also an Associate Editor of the International Journal of Impact Engineering.

Prof Shim was a Colombo Plan Scholar. He holds a Bachelor of Mechanical Engineering

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



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

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:
24 April 2017



SZE THIAM SIONG



LEE PECK KIM, MARY



YUSOOF AYNUDDIN



CHUNG TYING CHUN

● **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 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.

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

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



YIP CHUN WAH



TAN LI KOON, ANN



CHENG TUCK WAH, JOHNSON



SAMY SAMUGAM



CHAN MUI WAH, DAISY

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.

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

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

TAN LI KOON, ANN
ASSISTANT VICE PRESIDENT,
SALES AND 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.

CHAN MUI WAH, DAISY
GROUP HUMAN RESOURCE OFFICER,
COMFORTDELGRO GROUP

Ms Chan Mui Wah, Daisy is the ComfortDelGro Corporation Limited's Group Human Resource Officer. She is responsible for the human resource function across the Group, including VICOM Ltd's. She started her career with the Ministry of Education before moving on to join the Personnel Department at the then Singapore Bus Service (1978) Ltd in 1985. She has also held appointments in the Queensland Corrective Services Commission (Brisbane/Australia) and the Public Service Division, Prime Minister's Office (Singapore). She was re-appointed SBS Transit Ltd's Human Resource Manager in 1996. Ms Chan holds a degree in Psychology from the University of Western Australia.

CHENG TUCK WAH, JOHNSON
ASSISTANT VICE PRESIDENT,
INFORMATION TECHNOLOGY

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



TAN I-LIN, TAMMY



CHOO PENG YEN



CHONG YEW FUI, ADRIAN



CHAN WAN TAK, WENDY



YEO TEE YEOK, EDWIN

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.

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).

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

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

CHAN WAN TAK, WENDY
JOINT COMPANY SECRETARY

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

YEO TEE YEOK, EDWIN
JOINT COMPANY SECRETARY

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

SERVICES

SIN MING • CHANGI • BUKIT BATOK • YISHUN
KAKI BUKIT • PIONEER • ANG MO KIO • TEBAN GARDENS
• KUALA LUMPUR (MALAYSIA)

97.0

Revenue (\$'mil)

855

Total number of employees

Introduction

2017 was a challenging year for VICOM Ltd as increased global economic uncertainty, increased competition and the cyclical nature of vehicle de-registrations - driven by the Certificate of Entitlement (COE) system - weighed on performance.

Vehicle de-registrations hit a record high of 120,376 during the year, with more commercial vehicles and taxis taken off the roads. This, together with the enhancement of the Early Turnover Scheme (ETS) which was aimed at getting older, more pollutive diesel commercial vehicles off the road, resulted in a 4% drop in total inspections to 468,807.

Our Vehicle Assessment Centre (VAC), which provides accident reporting services, filed 14,236 cases, an increase of almost 6% over the previous year.

The non-vehicle inspection and testing business continued to face stiff competition amidst a weak economy. Despite the difficult operating conditions, our wholly-owned subsidiary, Setsco Services Pte Ltd (SETSCO) secured several notable projects both locally and internationally.

Stepping Up

During the year, there were two very high-profile explosions which involved Compressed Natural Gas (CNG) taxis. Miraculously, there were no fatalities but to ensure that such incidents did not recur, the Land Transport Authority (LTA) decided in May 2017 to recall all CNG taxis and public buses for an urgent two-day inspection. VICOM, as an Authorised Inspection Centre, was tasked to see through the exercise.

We organised our resources and extended the operating hours of two of our centres to get the job done. Over the 48-hour recall, we inspected over 450 taxis and 12 public buses.

Upon completion of that inspection, the LTA decided to move on to Phase 2 of the exercise which involved

CNG passenger cars. Owners of the 1,450 CNG passenger cars were given two weeks in June 2017 to get their vehicles inspected. In the final four days of that inspection period, the LTA requested that VICOM extend its operating hours to 10pm to meet demand. In all, VICOM inspected 1,140 CNG cars, representing close to 80% of the total CNG private vehicle population.

Another service that we undertook during the year was the installation of tamper-evident decals on private hire vehicles. The decals, which were mandated by the LTA for display on the front and rear windscreens of these ride-hailing vehicles, had to be installed by 30 June 2017. Once again, about a third of the cars turned up in the very last week of the inspection period, resulting in some traffic congestion issues but these were resolved by the additional manpower we deployed on the ground.

Amidst challenging times, we stepped up our marketing efforts. For example, in February 2017, we launched a special lucky draw to commemorate our 35th anniversary of operation. There were 35 monthly winners each winning vouchers and a special 35% discount off NTUC Income insurance for our lucky grand prize winners. All customers who signed up for the draw also enjoyed \$10,000 Personal Accident coverage free.

The co-brand partnership with Diners grew from strength to strength in 2017 with the official launch of the Diners/VICOM Cobrand Credit Card, "V" Card. We struck new partnerships with popular auto related brands such as Bridgestone and Cars International - further cementing the "V" Card as Singapore's motoring card. The Esso Fuel Card, which is coupled with the "V" Card, has proved popular with many cardholders opting to enjoy fuel discounts of up to 21.27%.

To improve the experience of our corporate fleet customers, the VICOM Solution for Inspection



Requirements or V-SIR was launched. This new digital service enables fleet owners to receive inspection reminders via a self-managed portal so that they will not miss an inspection with VICOM.

To complement the V-SIR, an easy to use payment solution, e-Pay, was introduced to simplify the payment process and drive more customers towards the Automated Payment Machines (APM). The e-Pay solution allows customers to go 'cashless', and pay for their inspection with a few taps on the APM.

Upping the Green Quotient

There was a greater Governmental push towards a cleaner and greener environment during the year. Emission standards were raised and this meant that machines needed to be upgraded to accommodate the new tests.

For example, a new regulatory requirement was introduced to ensure that all petrol vehicles were Euro 6 compliant by September 2017 and all diesel vehicles by 1 January 2018. The VICOM Emission Test Laboratory (VETL), which provides emission testing services for new vehicles imported into Singapore, upgraded its equipment and facilities to meet these new standards. More tests were also needed to ensure that vehicles met requirements for the new Vehicular Emission Scheme (VES), which is far more

stringent and takes into account five pollutants instead of just one under the earlier Carbon Emissions-Based Vehicle Scheme (CEVS).

International Projects

SETSCO secured several notable projects both locally and internationally during the year, thanks to its strong track record.

SETS Services DMCC, a wholly-owned subsidiary company was set up by SETSCO in Dubai, United Arab Emirates (UAE) to perform glass inspections there. The scope of work involves the inspection of glass panels for nickel sulphide inclusions of the external glass facades of Gold Tower and Silver Tower, Cluster I, Jumeirah Lake Towers, Dubai. The work commenced in January 2017.

Our non-vehicle inspection and testing services arm also undertook a one-year term contract for the testing of sand and granite from the Building and Construction Authority. The work included petrography, chemical and aggregate testing. A shutdown project at one of the chemical plants in Jurong Island was also completed during the year.

SETSCO set up a remote test laboratory at the Changi Terminal 5 site to service the clients involved in the construction of a three-runway system. The main contractor's scope of work included pavement and

drainage works, security fencing and perimeter roads, mechanical and electrical works, as well as supporting works such as road diversions. SETSCO was involved in the earthwork and pavement testing as well as soil, concrete, chemical and environmental testing.

To broaden SETSCO's reach, two new services were launched in 2017 - consultation and certification services. These services address industry gaps where ad-hoc advisory and consultative services are frequently required. With the successful attainment of ISO/IEC 17021-1:2015, SETSCO is now able to offer a wide range of certification services to companies which seek compliances to the requirements of different management systems such as ISO 9001, ISO 14001 and ISO 18001.

Recognition

VICOM was awarded the Transparency Award for commendable standards in Disclosure and Transparency at the 18th Annual Securities Investors Association Singapore (SIAS) Investors' Choice Awards. In recognition of the Group's support for National Service, both VICOM and SETSCO were awarded the "NS Mark" and "NS Mark Gold" respectively in February 2017 from the Ministry of Defence. SETSCO was further awarded the higher accolade "NS Advocate Award - Large Companies" in October 2017 - the highest possible recognition awarded to private companies.

Professionalism & Customer Service Excellence

Customer service plays an integral part of our product offering and ingrained deeply in the fabric of our inspectors. We continue to encourage them to excel in these areas and have in place incentive awards like the Best Customer Service Award (Individual) and Best Customer Service Award (Centre). Such initiatives have reaped dividends with 3,265 compliments received during the year, up from 1,028 in 2016.

Encouraged by the positive results, we introduced the Best Centre Award during the year - recognising the one centre which has the most technically proficient and service oriented inspectors in the year.

Top customer service staff will also be featured on special Light-Emitting Diode (LED) screens at selected centres as an added incentive for top performers. Plans are underway to install more LED screens in stages across other centres.

As part of our drive towards "PPC" (Professionalism, Productivity and Customer Service), various training sessions were conducted throughout the year, including keeping inspectors updated with latest industry developments. VICOM's Senior Management team too is constantly looking out for the latest industry trends, with two members of the Management team attending the International Motor Vehicle Inspection Committee Conference 2017 in Croatia.

To enhance the customer experience at VICOM's Sin Ming centre, a complete makeover was commissioned to spruce up the interior and update current fixtures with a 'quality customer centric focus' experience. A one-stop cashier point where customers can pay for their inspection, road tax and insurance was completed on Level 1 bringing greater convenience to our customers.

A newly revamped website for VICOM was launched in August 2017 to create a more user-friendly browsing experience for our valued customers and business partners. The new website has been optimised for mobile devices, both Android and iPhone mobiles, so that motorists can find the information they need easily while on the move.

Besides accessing inspection-related information, a new feature called "Check Vehicle Inspection Due Date" has been added online. Motorists also have the option to receive inspection reminders subsequently via SMS or email

once they register their personal particulars with us. This will save the customer the hassle of turning up when the inspection is not due or worse, missing an inspection and end up paying a fine.

In the push towards better customer service, we have also included on the front page a "Happy with our Service" icon, similar to the "Like" function in Facebook, to encourage motorists to give a pat to our inspectors. The response has been very encouraging and motivates our inspectors well.

Improving Operational Efficiency

VICOM continues to explore ways to improve our operational effectiveness and cut costs. Various systems and programmes were carried out during the year.

SETSCO started to replace the current JD Edwards system with a new SAP (Systeme, Anwendungen und Produkte in der Datenverarbeitung) Sales order system. The new system will incorporate many work flow improvements for operations such as the ability to track the status of all incoming samples including capturing the test start date, test completion date and test results through the use of bar codes. The new system will also help us track internal assets due for maintenance and send reminders to operations when client's equipment is due for re-calibration.

There is also a real time integration between sales and finance processes for credit limit check, accounts receivable and financial closing. With SETSCO on board the SAP system, there will be standardisation of system and processes for economies of scale and better leverage of IT skill sets.

The new system is expected to go live in 2018.

Several other initiatives were implemented by other support divisions such as Finance, Marketing, IT and Facilities Management to drive efficiency.

0

accidents achieved

Donated

74

units of blood

Partnered

7

charitable organisations

1,500

Safe Driving Booklets distributed

As an industry leader in inspection and testing services, VICOM Ltd takes it upon itself to ensure the sustainability of this generation and the next. In making our contributions to society at large, we are guided by our values and principles.

Environmental

It is VICOM's mission to keep the environment clean and pollution free by ensuring that vehicles are road worthy and within emission limits. Internally, processes have been put in place to ensure that we minimise, to the best of our ability, our carbon footprint.

VICOM and Setsco Services Pte Ltd (SETSCO) continued to drive green initiatives during the year as part of our business sustainability. We reduce, reuse and recycle and ensure minimal wastage of office equipment; paper, obsolete computers, printers and cartridges. (More details of this can be found in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.)

In line with the Group's Green efforts, energy consumption is closely monitored and energy-saving electrical components and appliances such as energy-saving induction and Light-Emitting Diode (LED) lamps, energy efficient air-conditioning units, motion detectors for electrical equipment and water-saving devices have been installed in our premises. We also zoomed in on high energy consumption equipment to find ways to reduce the consumption. For example, the high bay lights and spot perimeter lights in the Sin Ming and Yishun Inspection Centres were replaced with energy saving LED ones – a move which reduced consumption close to half. Other centres will follow suit. To further reduce consumption, we put all perimeter and flood lighting on timers – ensuring that they are only switched on when needed.

In 2017, we consumed 55,545 kWh per million revenue, an increase of 0.78%, as compared to 55,113 kWh per million revenue in 2016. This slight increase in energy consumption was a result of higher average recorded temperatures in 2017, which in turn translated to more electricity being utilised to keep our very sensitive testing laboratories at an optimum temperature.

Our water consumption for the year also increased slightly from 405CuM to 432CuM per million revenue, due to a large project that our Geotechnical laboratory undertook to wash premix and soil in the laboratory.

As part of the Government's continued effort to further improve Singapore's ambient air quality and safeguard public health, the Ministry of Environment and Water Resources, together with the National Environment Agency (NEA), have rolled out more stringent standards to tackle vehicle emissions to achieve a cleaner and greener vehicle fleet in Singapore.

To this end, VICOM has upgraded its equipment to assist in the testing of new vehicles imported into Singapore to ensure that they meet the new standards. In addition, Euro 4 petrol vehicles will also be subjected to new high idle emission tests which not only measure carbon monoxide levels, but also hydrocarbon emissions.

We regularly hold talks and demonstrations for both local and international delegates as part of our efforts for a greener and safer future. In 2017, delegates from a myriad of countries including Azerbaijan, Bangladesh, Brunei, Djibouti

and Vietnam visited our operations. Locally, we continue to support the NEA's PEEL programme, where local delegates are briefed on VICOM's operations and how the inspections of vehicles are conducted.

We also received 100 students from the Republic Polytechnic at our VICOM Yishun Centre over a four-day period as part of their 'Pollution Control and Monitoring' module. Additionally, 26 students from Sengkang Secondary School visited VICOM Sin Ming in October 2017 to understand the process of vehicle inspection and smoke emission. In total, over 55 hours were spent in these sharing sessions.

Product Responsibility: Safety and Security

In continuously meeting and complying with the Ministry of Manpower and OHSAS (Occupational Health and Safety Assessment Series) 18001 requirements respectively, SETSCO organises regular 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.

In 2017, SETSCO launched the 'Safety is MY Responsibility campaign' – to drive safety awareness across all staff and beef up emergency response skills of the first responders within the Company. Initiatives during the year included enhancing the emergency response of its Company Emergency Response Team (CERT), where they were trained on emergency stretcher management and new emergency rescue techniques. The CERT team, as well as fire wardens, received training on walkie-talkie call-sign etiquette for better communication during an emergency situation. To further improve the first-aid skills of our staff, first aid assistants were trained in the event designated first aiders are not around. Various company-wide emergency drills simulating gas leaks and fires were also conducted to improve the awareness and emergency response of all SETSCO staff.

In view of the additional flammable materials stored at Bukit Batok, CERT was also formed at the branch and given the necessary Personal Protective Equipment (PPE). Table top exercises and fire drills were conducted to familiarise the CERT members.

As part of VICOM's mission to promote safer motoring, the Traffic Police set up educational booths at Bukit Batok and Sin Ming Centres to share the importance of safe riding with not only Singaporean motorcyclists, but Malaysian bikers as well.

In April 2017, VICOM helped the Workplace Safety and Health Council distribute 1,500 'Safe Driving' booklets across its centres.

Social: Human Rights and Labour Practices

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, leadership development, recognition and rewards to ensure our pipeline of management staff remains consistent and of high quality.

Health

We believe in taking care of our employees' physical and mental health. Besides ensuring that our workplace remains a safe and healthy place to work, close to 30 events and activities were conducted in 2017, targeting employees' physical, mental and social health. The largest sports event, Get Active SETSCO 2017, was conducted in August 2017 and attended by close to 200 staff from VICOM Group and close business associates. The event was supported by Sports Singapore and achieved the objectives of physical exercise and team building within the Company.

Society

Community engagement forms an integral part of the Group's corporate social responsibility activities. For more than a decade, VICOM's Care and Share committee has conducted activities to give back to various communities. Through monthly contributions from staff, the team has managed to reach out to the elderly, the underprivileged, the sick and the young. For donations made by our Staff, the Company matches these dollar-for-dollar.

During the Lunar New Year, 220 elderly folks from the Thye Hua Kwan @ Indus Moral centre were treated to

a luncheon and received 'red packets' which brought smiles all around.

In March 2017, we learnt that Willing Hearts; a charity run by volunteers to prepare 5,000 meals daily for the needy, was in need of newspapers for the preparation of food. The newspapers were used to line tables to soak up spillage and food debris. We now contribute newspapers to the organisation every month. For 2017, more than 3,750 sets of newspapers were delivered to Willing Hearts.

In July 2017, the Care and Share team spent some quality time with 100 elderly from Thong Kheng Seniors Activity Centre. The day's itinerary included a lunch buffet, games and a sing-along session. Goodie bags which comprised daily necessities including toiletries, hot drinks and canned food were handed out.

In August 2017, VICOM's Care and Share Team collaborated with the SPD (Serving People with Disabilities) and participated in the SPD's Fun Walk at the Chinese Garden.

In December 2017, a Christmas party was organised for some 40 beneficiaries from Star PALS (Paediatric Advanced Life Support), a palliative home care service for children and youth with life-threatening or life-limiting conditions, at HomeTeamNS Bukit Batok. Parents of the patients from Star PALS were invited to join in as well. Besides the hearty buffet and laser tag, each child received \$20 NTUC vouchers sponsored by staff of VICOM as part of a Christmas gift. The party ended with a magic show and lots of sculptured balloons.

Donation boxes are also placed at our seven centres to raise funds for Star PALS. Besides donations, \$2,400 worth of taxi vouchers are donated yearly for their hospital travel needs.

SETSCO continued with the annual blood donation drive in partnership with the Singapore Red Cross Society. We also partnered Social Health Growth, a registered charity with Ministry of Social and Family Development to collect pre-owned clothes to be given to their beneficiaries or sold to raise funds to support their community activities. Social Health Growth's beneficiaries are mainly low-income families or youth at risk, ex-offenders, ex-drug abusers, elderly and single parents.

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

We will continue to:

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

CORPORATE GOVERNANCE STATEMENT

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

We adhere to the 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 2017, we are pleased to report that the Company complied in all material aspects with the principles and guidelines set out in the Code.

1. BOARD MATTERS

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

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

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

- (i) Providing entrepreneurial leadership and guidance, setting strategic directions 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 controls, 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 ensuring that obligations to Shareholders and other Stakeholders are understood and met; and
- (vi) Considering environmental, social and governance issues as part of its strategic formulation on sustainability.

Reserved Matters

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

The Board periodically reviews the adequacy of internal controls and Financial Authority Limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation. During the year, a review of the Financial Authority Limits was undertaken following the appointment of the new Managing Director/Group Chief Executive Officer (MD/Group CEO) of ComfortDelGro Corporation Limited (ComfortDelGro) on 1 May 2017.

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 set 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. During the year the terms of reference of the three mandated committees, namely the ARC, NC and RC, were thoroughly reviewed following the appointment of the

new ComfortDelGro MD/Group CEO on 1 May 2017. Among other changes, there is a now a stronger focus on the role of the independent Directors, as well as for the RC to oversee talent management and succession planning for senior management staff.

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

Directors' Attendance at Board and Board Committee Meetings

At least four scheduled Board Meetings are held every year for the purpose of approving the release of the Financial Results every quarter and the Annual Budget. The Board Meetings to approve the Financial

Results are held within 45 days after the end of each quarter and the financial year. The Annual Budget is approved at the Board Meeting convened to consider the third quarter's results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. For instance in 2017, the NC held additional meetings to review the appointment of new Directors.

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

Attendance of Directors at Annual General Meeting, Board and Board Committee Meetings in 2017

Name	Annual General Meeting	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	Attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	√	4	4	-	-	3	3	3	3
Yang Ban Seng ^d	√ ^a	3	3	-	-	2	2 ^a	2	2 ^a
Sim Wing Yew	√	4	4	4	4 ^a	2	2 ^a	3	3 ^a
Goh Yeow Tin	√	4	4	4	4	3	3	-	-
Ong Teong Wan	√	4	4	4	4	3	3	-	-
Seah Lee Kiang, June ^f	-	1	1	-	-	1	1	2	2
Shim Phiau Wui, Victor ^e	-	2	2	2	2	-	-	2	2
Sim Cheok Lim	√	4	4	-	-	3	3	3	3
Teo Geok Har, Nancy	√	4	4	4	4	-	-	3	3
Ho Kah Leong ^b	√	1	1	1	1	-	-	1	1
Kua Hong Pak ^c	√	1	1	-	-	-	-	1	1 ^a

Notes:

- a) Attended meetings by invitation of the Committee
- b) Retired on 24 April 2017
- c) Stepped down on 30 April 2017
- d) Appointed on 1 May 2017

- e) Appointed on 1 June 2017
- f) Appointed on 1 October 2017
- g) Attended in previous capacity as CEO of ComfortDelGro Taxi Business in Singapore

Induction and Training of Directors

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

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

Directors are encouraged to attend courses to

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

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

Training provider	Topic
Singapore Institute of Directors	Audit Committee Essentials
Singapore Institute of Directors	Audit Committee Seminar
Singapore Institute of Directors	CG Guides for Boards & Boards Committees
Singapore Institute of Directors	Directors Financial Reporting Essentials
Singapore Institute of Directors	Investor & Media Relations Essentials
Singapore Institute of Directors	Listed Company Director Essentials
Singapore Institute of Directors	Nominating Committee Essentials
Singapore Institute of Directors	Remuneration Committee Essentials
Singapore Institute of Directors	Risk Management Essentials
Singapore Institute of Directors	SID Directors' Conference
Wong Partnership LLP	Changes to Singapore Corporate Laws and Listing Requirements

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

Principle 2: Board Composition and Guidance Board Independence

The Board comprises nine Directors and there is a strong element of independence in the Board. Except for the Chief Executive Officer (CEO) who is an executive Director, of the remaining eight non-executive Directors (NED), six are considered by the NC to be independent. Thus, independent Directors make up 67% of the Board. This composition exceeds the Code's requirement of at least half of the Board to comprise independent Directors where the Chairman is not an independent Director. The Chairman is a nominee of ComfortDelGro and is therefore non-independent. As such, a Lead Independent Director

has been appointed with effect from 1 January 2013. The Chairman, Deputy Chairman and the CEO are different persons and are not immediate family members. The Chairman and Deputy Chairman are also not part of the management team. No person will be able to influence the decisions of the Board as the over-whelming majority of the Directors are independent NEDs.

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

As at 31 December 2017, three out of six independent Directors have served on the Board for more than nine

years. They are 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 service. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining his/her independence than the number of years served on the Board. 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 examines the size and composition of the Board and the Board Committees annually to ensure an appropriate balance and diversity of skills, experiences and gender and the size is conducive to effective discussion and decision making, with an appropriate number of independent Directors.

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

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

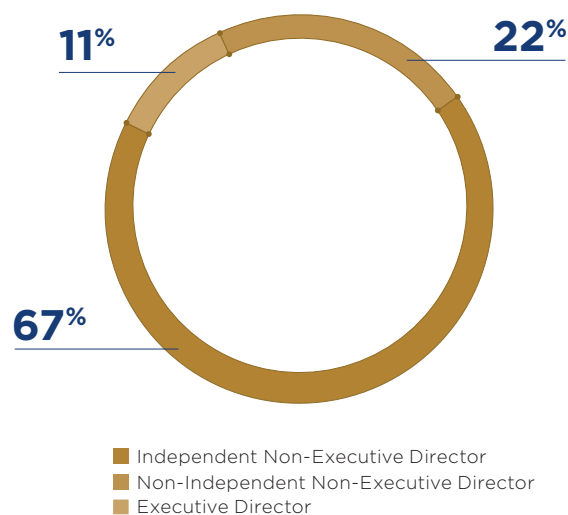
The Board recognises the merits of gender diversity in relation to composition of the Board and in identifying suitable candidates for new appointments to the Board would ensure that female candidates are included for consideration. In this respect, out of nine directors on the Board, two of them or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

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

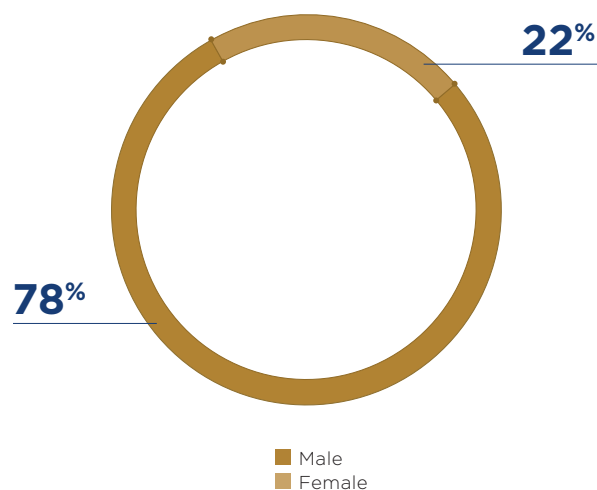
The NC is satisfied that the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies required for the Board and Board Committees to discharge their

responsibilities effectively and ensure that the Group continues to be able to meet the challenges and demands of its businesses. The current make-up of the Board and Board Committees reflects our commitment to all aspects of diversity.

Independence



Gender



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 11 and pages 41 and 42 of this Annual Report.

Non-Executive Directors' Participation

Out of the eight NEDs, six are independent Directors. They have unrestricted access to the Management and are well-supported by accurate, complete and timely information, including monthly and quarterly performance reports. They participate actively at Board and Board

Committee Meetings to constructively challenge Management and help develop proposals on business strategy and other business and governance issues and also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

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

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

Principle 3: Chairman and CEO Roles of Chairman and CEO

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

The Chairman:

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

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

The Chairman, Deputy Chairman and the CEO represent the Board at official functions and meetings with Shareholders and other Stakeholders such as employees, regulators and customers. A detailed description of our engagements with Stakeholders can be found in the 'Sustainability Report' section on pages 18 to 19 of this Annual Report.

Lead Independent Director

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

Principle 4: Board Membership

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

Nominating Committee

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

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

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

Multiple Board Representations

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

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

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

In assessing a Director's contribution, the NC takes a holistic approach. Focusing solely on Directors' attendance at Board and Board Committee Meetings per se may not be an adequate evaluation of the contribution of the Directors. Instead, their abilities to provide

valuable insights and strategic networking to enhance the businesses of the Group, availability for guidance and advice outside the scope of formal Board and Board Committee Meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors.

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

As at 31 December 2017, all Directors comply with the guideline on multiple board representation.

Alternate Director

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

Process for Selection, Appointment and Re-appointment of Directors

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

The process for selection of new Directors is as follows:

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

The 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 Ong Teong Wan and Mr Sim Cheok Lim are due for re-election pursuant to Article 95(2) of the

Articles of Association, Mr Yang Ban Seng is due for re-election pursuant to Article 96 of the Articles of Association and Prof Shim Phayau Wui, Victor and Ms Seah Lee Kiang, June, are due for re-election pursuant to Article 77 of the Articles of Association. Mr Ong Teong Wan and Mr Sim Cheok Lim 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 2017, the NC conducted an evaluation of Board Performance which included key points on Board's composition, Board's contributions, contributions at Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the Chairman of the NC to the Board during its meeting for deliberation and discussion on possible areas for improvement to enhance overall effectiveness.

Principle 6: Access to Information Complete, Adequate and Timely Information

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

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

Company Secretaries

The Company Secretaries assist in scheduling Board

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

2. REMUNERATION MATTERS

Principle 7:

Procedures for Developing Remuneration Policies

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

Remuneration Committee

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

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

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

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

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

Executives that is aligned with the long-term interests of the Group to ensure that the overall remuneration package is attractive to retain and motivate Key Executives; and

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

The RC has unrestricted access to the ComfortDelGro Group Human Resource Officer, who attends all RC meetings and provides the relevant market remuneration data and practices to the Committee. The RC may also seek external expert advice on such matters where needed. 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 Key Executives of the Group comprise fixed and variable components. The variable component in the form of year-end performance bonuses, forms a significant proportion of the remuneration packages and is dependent on the profitability of the Group and individual performance. Subject to market conditions and the operating environment, the Group targets a total compensation package with fixed to variable component ratios of 70:30 for Rank and File Employees, 60:40 for Middle Management staff and 50:50 for Senior Management staff. The Group believes that a higher proportion of performance related component would ensure greater alignment of interests of the Employees with those of Shareholders and contributes to sustainable performance in the long-term. In addition, the remuneration of the CEO is also tied to the return on Shareholders' funds vis-à-vis the weighted average cost of capital and the level of profitability achieved.

Short-term and Long-term Incentive Schemes

The 2001 VICOM Share Option Scheme expired in April 2011 and hence no option had been granted since then.

Remuneration of Non-Executive Directors

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

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

The NEDs of the Company were eligible for and had been granted share options under the 2001 VICOM Share Option Scheme. The last grant of share options to the Directors was on 24 February 2005.

The Directors' fee structure in 2017 is set out below:

Board	Basic fee (per annum)	
Chairman		\$58,000
Deputy Chairman		\$43,500
Lead Independent Director		\$34,800
Member		\$29,000
Board Committee	Additional fees (per annum) as	
	Chairman	Member
Audit and Risk Committee	\$19,333	\$13,533
Nominating Committee	\$9,667	\$6,767
Remuneration Committee	\$9,667	\$6,767
Meetings	Attendance fee (per meeting)	
Board		\$1,000*
Board Committee		\$1,000*

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

Principle 9:
Disclosure on Remuneration
Remuneration of Directors and Executives

CEO's remuneration:

Remuneration	The Group			Total Compensation \$
	Salary \$	Bonus \$	Others \$	
2017				
Sim Wing Yew	253,099	239,245	40,496	532,840

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

Remuneration	The Group
	2017 \$
Lim Jit Poh	71,534
Yang Ban Seng ¹	29,199
Goh Yeow Tin	63,800
Ong Teong Wan	49,300
Seah Lee Kiang, June ²	10,722
Shim Phiau Wui, Victor ³	28,905
Sim Cheok Lim	42,534
Teo Geok Har, Nancy	52,200
Ho Kah Leong ⁴	15,399
Kua Hong Pak ⁵	14,301

Note:

1. Amount constitutes Mr Yang Ban Seng's Director fees for the period from 1 May 2017 to 31 December 2017. Mr Yang was appointed a Director on 1 May 2017. Mr Yang's Director fees are paid to the Company's holding company, ComfortDelGro Corporation Limited.
2. Amount constitutes Ms Seah Lee Kiang, June's Director fees for the period from 1 October 2017 to 31 December 2017. Ms Seah was appointed a Director as well as a Member of the Remuneration Committee and Nominating Committee on 1 October 2017.
3. Amount constitutes Prof Shim Phyu Wui, Victor's Director fees for the period from 1 June 2017 to 31 December 2017. Prof Shim was appointed a Director as well as a Member of the Audit and Risk Committee and Remuneration Committee on 1 June 2017.
4. Amount constitutes Dr Ho Kah Leong's Director fees from 1 January 2017 to 24 April 2017. Dr Ho retired as a Director at the conclusion of the Company's AGM on 24 April 2017.
5. Amount constitutes Mr Kua Hong Pak's Director fees for the period from 1 January 2017 to 30 April 2017. Mr Kua stepped down as a Director on 30 April 2017. Mr Kua's Director fees are paid to the Company's holding company, ComfortDelGro Corporation Limited.

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

Remuneration band	The Group			Total Compensation %
	Salary %	Bonus %	Others %	
2017				
\$250,000 to \$499,999				
Chung Tying Chun	60.6	32.8	6.6	100
Sze Thiam Siong	55.1	36.7	8.2	100
Yusoof Aynuddin	53.4	31.2	15.4	100
Below \$250,000				
Lee Peck Kim, Mary	61.0	33.1	5.9	100
Yip Chun Wah	58.0	33.8	8.2	100

The total remuneration paid to these five Executives holding the key positions (who are not Directors or the CEO) amounts to \$1,487,685.

Remuneration of Certain Related Employees

During the Financial Year 2017, no key executive was an immediate family member of a Director or the CEO and whose remuneration exceed \$50,000. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

3. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board has overall accountability to the Shareholders of the Company and ensures that the Group is managed well and guided by sustainable long-term strategic objectives. The Board is responsible to provide a balanced and understandable assessment of the Group's performance, position and prospects. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The Financial Results are reported each quarter

via SGXNet with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

VICOM has adopted an internal code to provide guidance to Directors and executives of the Group in relation to dealings in the Company's securities. Directors and executives of the Group are prohibited from dealing in the securities of the Company, ComfortDelGro and SBS Transit Ltd (SBS Transit). Directors and executives of the Group are prohibited from dealings 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 and its listed subsidiaries on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities. Executives are required to notify the Company upon disposal of shares arising from the exercise of options under the 2001 VICOM Share Option Scheme.

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 43 to 45 of this Annual Report.

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

For the Financial Year 2017, 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.

Key risks, mitigating controls and business continuity plans in place are reviewed annually by

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

Principle 12: Audit and Risk Committee

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

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

- (i) Mr Goh Yeow Tin, Chairman of the ARC, is currently 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.
- (ii) Mr Ong Teong Wan, Member of the ARC, is currently the 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.
- (iii) Prof Shim Phiau Wui, Victor, Member of the ARC, is Professor of Mechanical Engineering and Vice-Dean of External Relations & Outreach at the Faculty of Engineering of the National University of Singapore (NUS).
- (iv) Ms Teo Geok Har, Nancy, Member of the ARC, is a Director of Dashmesh Singapore Pte Ltd. She was formerly the Chief Executive Officer of the Singapore Labour Foundation.

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

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

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

- (ii) Review the effectiveness of the Group's internal audit function;
 - (iii) Review the quarterly and annual financial statements and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance and recommend to the Board the acceptance of such financial statements;
 - (iv) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by the External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
 - (v) Review Interested Person Transactions;
 - (vi) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
 - (vii) Review and approve the annual audit plans and reports of the Internal and External Auditors
 - (viii) Review and approve the Internal Auditor's three-year rolling work plans; and
 - (ix) Review the effectiveness of the Group's Whistle Blowing Policy. The Whistle Blowing Policy is described on page 45 of this Annual Report.
- (i) Terms of reference following the change of the ComfortDelGro MD/Group CEO on 1 May 2017;
 - (ii) Overall scope of both internal and external audits and results of their respective audits;
 - (iii) Significant internal and external audit observations and Management's responses;
 - (iv) Quarterly and full year results announcements and the financial statements and recommendation to the Board;
 - (v) Adoption of the Singapore Financial Reporting Standards (International);
 - (vi) Interested Person Transactions;
 - (vii) Adequacy of internal controls;
 - (viii) Independence of the External Auditors; and
 - (ix) Re-appointment of External Auditors and its remuneration and recommendation to the Board.

During the year, the previous GIAO retired and the ComfortDelGro ARC reviewed and approved the appointment of a new GIAO after taking into account his qualifications and experience.

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:

Audit and Risk Committee's Activities

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

Significant matters

Goodwill impairment review

Review of significant matters by the ARC

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 2017.

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 SGXST 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 ComfortDelGro Group Internal Audit staff have professional qualifications and are members of the Institute of Singapore Chartered Accountants, Information Systems Audit and Control Association or Institute of Internal Auditors. The 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 annual and three-year rolling audit plans are developed by the GIAO in consultation with, but independent of, Management and are subject to the ARC's approval before the start of each financial year. Quarterly internal audit summary reports are also prepared and submitted to the ARC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made. The ARC has full access to the 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. The next Quality Assurance Review is scheduled for 2018.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:

Shareholders Rights

Disclosure of Information to Shareholders

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

works with Senior Management to proactively carry out this engagement programme.

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

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

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

Dividend Policy

In 2017, the Company changed its dividend policy to payout at least 90% of profit attributable to Shareholders of the Company from at least 50% previously to return excess cash to Shareholders. The dividend policy takes into account the long-term objective of maximising shareholder value, availability of cash and retained earnings, projected Capital Expenditure and growth opportunities. The Company declares dividends semi-annually and informs its Shareholders of the dividend payments via announcements 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 criterion for selecting the AGM venue is an easy to reach location within Singapore accessible by public transport. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed Resolutions.

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

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 open to misinterpretation.

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

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

Anti-Corruption Policy

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

Block Leave Policy

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

Health and Safety Policy

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

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

Information Protection Policy

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

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

Data Protection Policy

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

Supplier Ethics Policy

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

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

Creditors' Payment Policy

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

INTERESTED PERSON TRANSACTIONS

Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transaction less than \$100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920)
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ComfortDelGro and its associates	\$2,800,050
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There is no Shareholders' mandate for Interested Party Transactions pursuant to Rule 920 of the Listing Manual.

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 material aspects of the principles and guidelines of the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable.

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, 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.
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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.
	(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. In relation to gender diversity, approximately 22% of the Board, or two out of the nine Board Members are female. There is intention to increase the number of female directors in the future.
	(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	Questions	How has the Company complied?
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) reelecting incumbent directors.	<p>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.</p> <p>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.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes.</p> <p>Management will conduct a comprehensive orientation programme for newly appointed Directors, where key aspects of the businesses, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Group's operations. When a Director is appointed to a Board Committee, he/she is provided with its terms of reference. The Company Secretaries assist in professional development and training by regularly disseminating details of suitable seminars and courses organised by the Singapore Institute of Directors and arranging for the Directors to attend such courses when requested. The Company Secretaries also update the Board on corporate governance practices and circulate articles relating to changes in laws relevant to the Group's businesses.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>The Board has determined that the maximum number of listed company board representations held by a Director who is not in full-time employment should not exceed six. For a Director who is in full-time employment, it should not exceed three. This is to ensure that all Directors have sufficient time and attention to discharge their duties adequately.</p> <p>Not applicable.</p> <p>The contributions of a Director are key in deciding on a Director's capacity to take on other multiple board appointments.</p>

Guideline	Questions	How has the Company complied?
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 2017, the NC conducted an evaluation of Board Performance which included key points on the Board's composition, Board's contributions, contributions from Board Committees and conduct of proceedings and whether the Directors had discharged their duties effectively. The findings were then presented by the NC Chairman to the Board during its Meeting for the Board to deliberate on the findings and discuss possible areas of improvement to enhance the Board's overall effectiveness.
	(b) Has the Board met its performance objectives?	Yes. The Board was effective as a whole based on the overall assessment for 2017.
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 eight non-executive Directors. Of the eight non-executive Directors, six 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 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, 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 2017. 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.

Guideline	Questions	How has the Company complied?
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?	Yes, disclosures are made in accordance with the provisions of the Code.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, disclosures are made in accordance with the provisions of the Code.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes, disclosure is made in accordance with the provisions of the Code.

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

Guideline	Questions	How has the Company complied?
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) 2017, 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 2017 are \$64,140 and \$40,440 respectively.
	(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.

Guideline	Questions	How has the Company complied?
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?	<p>Yes, the Company is committed to disseminating accurate and pertinent information to the Shareholders in a timely manner. Communications with Shareholders and investors are handled centrally at the ComfortDelGro Group level. In FY 2017, 180 meetings and conference calls were held with institutional investors and analysts and also participation in six investor conferences in Singapore, Kuala Lumpur and Hong Kong. These provided access to a wide cross-section of institutional investors from around the world.</p> <p>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 ComfortDelGro Group Investor Relations & Special Projects Officer are also listed on the page.</p> <p>All Shareholders also have the opportunity to interact and speak with the Directors and Senior Management at the Company's AGMs and thereafter.</p>
	(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 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
Lim Jit Poh Chairman (Non-Executive & Non-Independent)	78	<p>Principal Directorship in the VICOM Group</p> <ul style="list-style-type: none"> • Setsco Services Pte Ltd <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Corporation Australia Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd <p>Directorship in the SBS Transit Group</p> <ul style="list-style-type: none"> • SBS Transit Ltd* <p>Other Companies</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Ascott Residence Trust Management Ltd* 	Nil
Yang Ban Seng Deputy Chairman (Non-Executive & Non-Independent)	62	<p>Principal Directorships in the VICOM Group</p> <ul style="list-style-type: none"> • Setsco Services Pte Ltd • JIC Inspection Services Pte Ltd <p>Principal Directorships in the ComfortDelGro Group</p> <ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* • Beijing Jin Jian Taxi Services Co., Ltd • Comfort Transportation Pte Ltd • CityCab Pte Ltd • ComfortDelGro Engineering Pte Ltd • CityFleet Networks Limited • ComfortDelGro Corporation Australia Pty Ltd • Guangzhou Xin Tian Wei Transportation Development Co., Ltd • Metroline Limited • Swan Taxis Pty Ltd <p>Directorships in the SBS Transit Group</p> <ul style="list-style-type: none"> • SBS Transit Ltd* • SBS Transit DTL Pte Ltd 	Nil	<ul style="list-style-type: none"> • ComfortDelGro Corporation Limited* (Managing Director/ Group Chief Executive Officer)

*Listed Company

DIRECTORS' PARTICULARS

Name	Age	Present Directorships / Chairmanships (as at 31 December 2017)	Past Directorships / Chairmanships in listed companies held over the preceding three years (from 1 January 2015 to 31 December 2017)	Principal Commitments
Sim Wing Yew Chief Executive Officer & Director	50	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)	67	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
Ong Teong Wan Director (Non-executive & Independent)	79	Other Companies • LTC Corporation Ltd* • ManagementWise (International) Pte Ltd	Nil	• ManagementWise (International) Pte Ltd (Chairman and Managing Consultant) • Singapore Training and Development Association (Advisory Council – Member)
Seah Lee Kiang, June Director (Non-executive & Independent)	64	Nil	Nil	• The Peranakan at Claymore Connect (Partner) • Omise Co. (Head of Business Development)
Shim Phiau Wui, Victor Director (Non-executive & Independent)	64	Nil	Nil	• National University of Singapore (Professor of Mechanical Engineering and Associate Vice- President for Global Relations)
Sim Cheok Lim Director (Non-executive & Independent)	80	Nil	Nil	Nil
Teo Geok Har, Nancy Director (Non-executive & Independent)	63	Other Companies • Dashmesh Singapore Pte Ltd	Nil	Nil

*Listed Company

Risk management is an important and integral part of the VICOM Group's strategic planning and decision making process. The Group's Risk Management Framework provides a systematic process for the Business Units to identify and review the nature and complexity of the risks involved in their business operations and prioritise resources to manage them. The Group is committed to enhance shareholder value through growth that is sustainable and profitable 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 60 to 86.

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. Where possible, revenue risks are mitigated by diversifying revenue streams.

OPERATIONAL RISKS

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

Safety

Managing the safety 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 review and management 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 section of this Annual Report as well as in the Sustainability Report of our parent company, ComfortDelGro Corporation Limited.

Human Resource

The Group's ability to develop and grow the business depends on the quality of its employees and it 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 talent management and building management bench strength, succession planning, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. We ensure that employees are selected based on merit, they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. 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 the Group's wholly-owned in-house insurance broking subsidiary. We ensure sufficiency of insurance coverage and maintain an optimal balance between risks that are retained internally and risks that are placed out with underwriters.

Business Continuity

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

INFORMATION TECHNOLOGY RISKS

Information technology system failures are key risks for the Group since almost all the businesses rely heavily on information technology. This can take the form of a major system failure which can result in disruption of the business, loss of data or a security breach of our information technology systems. Information security 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 education for all staff, are reviewed and enhanced regularly.

COMPLIANCE RISKS

The Group keeps abreast and complies with all laws and regulations governing the conduct of business in the countries that it operates in. We work closely with 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 investment 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. In the course of their audits, the Internal and External Auditors highlight to the ARC and Management areas where there are material deficiencies and weaknesses or the occurrence of significant risk events and propose mitigating measures and treatment plans. Non-compliance and recommendations for improvements are reported to the ARC, which reviews the effectiveness of the actions taken to mitigate the risks. 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.

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)	11 May 2017
Announcement of 2nd Quarter 2017 Results	7 August 2017
Payment of 2017 interim dividend (13.12 cents/share)	23 August 2017
Announcement of 3rd Quarter 2017 Results	8 November 2017

2018

Announcement of 2017 Full Year Results	9 February 2018
Annual General Meeting	24 April 2018
Announcement of 1st Quarter 2018 Results	9 May 2018*
Payment of 2017 final dividend (22.88 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	10 May 2018
Announcement of 2nd Quarter 2018 Results	6 August 2018*
Announcement of 3rd Quarter 2018 Results	7 November 2018*

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

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Notes to the Financial Statements

The Directors present their report together with the audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2017 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2017.

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 54 to 86 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 2017, 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)
Yang Ban Seng	(Deputy Chairman, Appointed on 1 May 2017)
Sim Wing Yew	(Chief Executive Officer)
Goh Yeow Tin	
Ong Teong Wan	
Seah Lee Kiang, June	(Appointed on 1 October 2017)
Shim Phiau Wui, Victor	(Appointed on 1 June 2017)
Sim Cheek 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.

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 2017 or date of appointment, if later	At 31 December 2017	At 21 January 2018
Interest in the Company				
(a)	Ordinary shares			
	Lim Jit Poh	190,000	190,000	190,000
	Sim Wing Yew	–	10,000	10,000
	Ong Teong Wan	40,000	40,000	40,000
	Shim Phiau Wui, Victor (Deemed Interest)	2,000	2,000	2,000
	Sim Cheek 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 2017 or date of appointment, if later	At 31 December 2017	At 21 January 2018
Interest in related company, SBS Transit Ltd				
(a)	Ordinary shares			
	Sim Wing Yew	110,000	230,000	230,000
(b)	Options to subscribe for ordinary shares			
	Sim Wing Yew	240,000	–	–
Interest in holding company, ComfortDelGro Corporation Limited				
(a)	Ordinary shares			
	Lim Jit Poh	244,425	244,425	244,425
	Yang Ban Seng	157,168	157,168	157,168
	Yang Ban Seng (Deemed Interest)	18,185	18,185	18,185
	Sim Wing Yew	500,000	500,000	500,000
	Shim Phiau Wui, Victor (Deemed Interest)	19,000	19,000	19,000
(b)	Options to subscribe for ordinary shares			
	Yang Ban Seng	660,000	660,000	660,000
	Sim Wing Yew	120,000	70,000	70,000

4 OPTIONS TO TAKE UP UNISSUED SHARES

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

5 OPTIONS EXERCISED

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

6 UNISSUED SHARES UNDER OPTION

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

7 AUDIT AND RISK COMMITTEE

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

Goh Yeow Tin (Chairman)
Ong Teong Wan
Shim Phiau Wui, Victor
Teo Geok Har, Nancy

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

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

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

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

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

8 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Sim Wing Yew
Chief Executive Officer

Singapore
9 February 2018

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 2017, 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 54 to 86.

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 2017 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 conducting the impairment review as disclosed in Note 3 to the Financial Statements. We performed sensitivity analysis around the key assumptions on growth rate and discount rate used in cash flow forecasts. We compared the growth rate to recent business performance, trend analysis and growth rate for the relevant country. For the discount rate, we compared it to the weighted average cost of capital. We found Management's key assumptions to be within the reasonable range of our expectations.

Allowance for expected credit losses for trade receivables

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

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

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 Tsia Chee Wah.

DELOITTE & TOUCHE LLP

Public Accountants and
Chartered Accountants
Singapore

9 February 2018

STATEMENTS OF FINANCIAL POSITION
31 December 2017

	Note	The Group		The Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	107,514	105,681	104,180	102,955
Trade receivables	6	13,417	13,259	2,294	2,125
Other receivables and prepayments	7	1,686	1,948	1,135	965
Inventories		20	21	–	–
Total current assets		122,637	120,909	107,609	106,045
Non-current assets					
Subsidiaries	8	–	–	25,941	25,941
Associate	9	25	25	–	–
Club memberships	10	187	219	187	219
Vehicles, premises and equipment	11	45,373	47,164	23,162	24,668
Goodwill	12	11,325	11,325	–	–
Total non-current assets		56,910	58,733	49,290	50,828
Total assets		179,547	179,642	156,899	156,873
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	22,872	21,298	6,057	5,168
Due to subsidiaries	14	–	–	38,832	36,194
Income tax payable		5,449	5,752	3,331	3,029
Total current liabilities		28,321	27,050	48,220	44,391
Non-current liability					
Deferred tax liabilities	15	1,917	1,769	282	263
Total liabilities		30,238	28,819	48,502	44,654
Capital, reserves and non-controlling interests					
Share capital	16	36,284	36,284	36,284	36,284
Other reserves	17	3,073	3,073	3,073	3,073
Foreign currency translation reserve		(259)	(265)	–	–
Accumulated profits		109,234	110,760	69,040	72,862
Equity attributable to					
shareholders of the Company		148,332	149,852	108,397	112,219
Non-controlling interests		977	971	–	–
Total equity		149,309	150,823	108,397	112,219
Total liabilities and equity		179,547	179,642	156,899	156,873

See accompanying notes to the Financial Statements.

GROUP INCOME STATEMENT
Year Ended 31 December 2017

	Note	The Group	
		2017 \$'000	2016 \$'000
Revenue	18	97,034	101,181
Staff costs	19	(43,558)	(44,453)
Depreciation and amortisation	10, 11	(6,242)	(6,462)
Premises costs		(3,644)	(3,668)
Contract services		(3,541)	(3,701)
Materials and consumables		(2,515)	(2,523)
Repairs and maintenance costs		(1,699)	(1,579)
Utilities and communication costs		(1,405)	(1,568)
Other operating costs		(3,965)	(4,793)
Total operating costs		(66,569)	(68,747)
Operating profit		30,465	32,434
Interest income		1,511	1,527
Profit before taxation		31,976	33,961
Taxation	20	(5,042)	(5,362)
Profit after taxation	21	26,934	28,599
Attributable to:			
Shareholders of the Company		26,503	28,162
Non-controlling interests		431	437
		26,934	28,599
Earnings per share (in cents):			
Basic	22	29.90	31.77
Diluted	22	29.90	31.77

See accompanying notes to the Financial Statements.

GROUP COMPREHENSIVE INCOME STATEMENT
Year Ended 31 December 2017

	The Group	
	2017 \$'000	2016 \$'000
Profit after taxation	26,934	28,599
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	6	(21)
Other comprehensive income for the year	6	(21)
Total comprehensive income for the year	26,940	28,578
Total comprehensive income attributable to:		
Shareholders of the Company	26,509	28,141
Non-controlling interests	431	437
	26,940	28,578

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2017

	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 2016	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
Total comprehensive income for the year							
Profit for the year	-	-	-	26,503	26,503	431	26,934
Other comprehensive income for the year	-	-	6	-	6	-	6
Total	-	-	6	26,503	26,509	431	26,940
Transactions recognised directly in equity							
Payment of dividends (Note 27)	-	-	-	(28,029)	(28,029)	-	(28,029)
Total	-	-	-	(28,029)	(28,029)	-	(28,029)
Payments to non-controlling interests	-	-	-	-	-	(425)	(425)
Balance at 31 December 2017	36,284	3,073	(259)	109,234	148,332	977	149,309

See accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2017

	The Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2016	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
Profit for the year, representing total comprehensive income for the year	–	–	24,207	24,207
Transactions recognised directly in equity				
Payment of dividends (Note 27)	–	–	(28,029)	(28,029)
Total	–	–	(28,029)	(28,029)
Balance at 31 December 2017	36,284	3,073	69,040	108,397

See accompanying notes to the Financial Statements.

GROUP CASH FLOW STATEMENT
Year Ended 31 December 2017

	2017 \$'000	2016 \$'000
Operating activities		
Profit before taxation	31,976	33,961
Adjustments for:		
Depreciation and amortisation	6,242	6,462
Interest income	(1,511)	(1,527)
Gain on disposal of vehicles, premises and equipment	(15)	(11)
Allowance for expected credit losses	272	746
Operating cash flows before movements in working capital	36,964	39,631
Trade receivables	(430)	(243)
Other receivables and prepayments	369	(137)
Inventories	1	(2)
Trade and other payables	1,574	93
Cash generated from operations	38,478	39,342
Income tax paid	(5,197)	(6,130)
Net cash from operating activities	33,281	33,212
Investing activities		
Purchase of vehicles, premises and equipment	(4,410)	(3,978)
Proceeds from disposal of vehicles, premises and equipment	21	19
Interest received	1,404	1,378
Net cash used in investing activities	(2,985)	(2,581)
Financing activities		
Proceeds from exercise of share options	-	54
Payments to non-controlling interests	(425)	(463)
Dividends paid (Note 27)	(28,029)	(24,598)
Net cash used in financing activities	(28,454)	(25,007)
Net effect of exchange rate changes in consolidating subsidiaries	(9)	(7)
Net increase in cash and cash equivalents	1,833	5,617
Cash and cash equivalents at beginning of year	105,681	100,064
Cash and cash equivalents at end of year (Note 5)	107,514	105,681

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 2017 and the Statement of Financial Position and Statement of Changes in Equity of the Company as at 31 December 2017 were authorised for issue by the Board of Directors on 9 February 2018.

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 2017.

The adoption of these new and revised FRSs has no material effect on the amounts reported for the current or prior years.

CONVERGENCE TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) in 2018 – Singapore-incorporated companies listed on the Singapore Exchange (“SGX”) will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) (“SFRS(I)”), 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 SFRS(I) for the first time for the financial year ending 31 December 2018, with retrospective application to the comparative financial year ended 31 December 2017 and the opening Statement of Financial Position as at 1 January 2017 (date of transition).

Management does not expect any changes to the Group’s current accounting policies or significant adjustments on transition to the new framework, other than the option to reset the foreign currency translation reserve to zero and option to use fair value as deemed cost for properties as at date of transition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 year but are not yet effective:

SFRS(I) 15 – *Revenue from Contracts with Customers (with classifications issued)*¹

SFRS(I) 16 – *Leases*²

SFRS(I) INT 22 – *Foreign Currency Transactions and Advance Consideration*¹

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 SFRS(I) 15 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 effect of SFRS(I) 16.

The initial application of the new SFRS(I) 16 will result in operating lease arrangements being recorded in the Statements of Financial Position.

BASIS OF CONSOLIDATION – The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Trade and other payables

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

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 carrying amount of the leasehold land at that time and was a one-off revaluation, the Group and the Company have opted for an exemption under FRS 16, *Property, Plant and Equipment* to 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Rental income

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

INCOME TAX – Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting 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 and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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:

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)**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 2.6% (2016 : 2.2%). The estimated growth rate does not exceed the average long-term growth rate for the relevant country in which the CGU operates.

The discount rate applied to the forecast is 5.08% (2016 : 5.39%).

As at 31 December 2017 and 31 December 2016, 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	
	2017 \$'000	2016 \$'000
Inspection and testing services charged to related companies	(2,231)	(2,325)
Diesel outlet (variable rental) income charged to related company	(312)	(401)
Rental income charged to related companies	(516)	(482)
Assessment fee charged to related companies	(358)	(372)
Other fees charged to related companies	(100)	(79)
Corporate service charges paid to holding company	350	350
Other charges paid to holding company	113	110
Other charges paid to related companies	186	216
Rental expense paid to related companies	178	207

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash and bank balances	3,705	3,102	1,050	895
Fixed deposits with financial institutions	103,809	102,579	103,130	102,060
Total	107,514	105,681	104,180	102,955

Fixed deposits are placed on a staggered basis based on the Group's cash flow projections, bore interest at effective interest rates of between 1.27% to 1.70% (2016 : 1.22% to 1.97%) per annum and for a weighted average tenure of approximately 412 days (2016 : 429 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Outside parties	14,897	14,505	819	799
Allowance for expected credit losses	(1,542)	(1,298)	(79)	(86)
Allowance for discount allowed	(423)	(413)	-	-
Net	12,932	12,794	740	713
Holding company (Note 4)	-	-	-	-
Subsidiaries (Note 4)	-	-	1,433	1,312
Related companies (Note 4)	485	465	121	100
Total	13,417	13,259	2,294	2,125

The average credit period on sale of goods and provision of services is 30 days (2016 : 30 days).

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

6 TRADE RECEIVABLES (cont'd)

An allowance has been made for estimated irrecoverable amounts from the provision of services to outside parties of the Group of \$1,542,000 (2016 : \$1,298,000) and of the Company of \$79,000 (2016 : \$86,000). This allowance which has been determined by reference to past default experience and expected credit losses, ranging from 2% to 5.4% (2016 : 2% to 13.1%) for receivable that are current to more than 180 days past due. The expected credit losses incorporate forward looking estimates. In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers and adjust for forward-looking macroeconomic data.

Approximately 59% (2016 : 66%) 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 \$4,576,000 (2016 : \$3,689,000) 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 50 days (2016 : 43 days).

Approximately 91% (2016 : 94%) 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 \$123,000 (2016 : \$53,000) 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 36 days (2016 : 17 days).

Movements in allowance for expected credit losses:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of the year	1,298	789	86	21
Amounts written off during the year	(28)	(237)	(2)	(3)
Increase (Decrease) in allowance recognised in Profit or Loss	272	746	(5)	68
Balance at end of the year	1,542	1,298	79	86

6 TRADE RECEIVABLES (cont'd)

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

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Denominated in:				
Malaysian ringgit	25	4	-	-
United States dollars	135	145	-	-

As at 31 December 2017, 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 \$1,263,000 (2016 : \$1,025,000) and \$59,000 (2016 : \$76,000) respectively.

During the year, the credit impaired financial assets of the Group and the Company written off amounted to \$28,000 (2016 : \$237,000) and \$2,000 (2016 : \$3,000) respectively; and the allowance recognised in Profit or Loss amounted to \$186,000 (2016 : \$669,000) and reversal of \$15,000 (2016 : \$68,000) 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 \$80,000 (2016 : \$68,000) and \$Nil (2016 : \$3,000) respectively.

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other receivables	445	780	67	-
Interest receivable	911	804	871	778
Deposits	78	118	11	10
Prepayments	252	246	186	177
Total	1,686	1,948	1,135	965

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

8 SUBSIDIARIES

	The Company	
	2017 \$'000	2016 \$'000
Unquoted equity shares, at cost	25,941	25,941

Details of subsidiaries at 31 December 2017 are as follows:

Name of entity	Principal activity	Country of incorporation/ operation	Company's effective interest		Cost of investment	
			2017 %	2016 %	2017 \$'000	2016 \$'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
Subsidiaries of Setsco Services Pte Ltd						
Setsco Services (M) Sdn Bhd ⁽¹⁾	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 ⁽²⁾	Building inspection services	United Arab Emirates	100	100	–	–
					25,941	25,941

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

⁽¹⁾ Audited by WT Ng & Co, Malaysia

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

8 SUBSIDIARIES (cont'd)

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

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	
		2017	2016
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	1
		<u>5</u>	<u>5</u>
Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Vehicle inspection and other related services	Singapore	<u>1</u>	<u>1</u>

9 ASSOCIATE

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'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 end of the financial year is as follows:

Associate of Setsco Consultancy International Pte Ltd	Principal activity	Country of incorporation/ operations	Group's effective interest		Cost of investment	
			2017 %	2016 %	2017 \$'000	2016 \$'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:

	2017 \$'000	2016 \$'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	
	2017 \$'000	2016 \$'000
Cost:		
At beginning and end of year	451	451
Accumulated amortisation:		
At beginning of year	96	64
Amortisation for the year	32	32
At end of the year	128	96
Accumulated impairment:		
At beginning and end of year	136	136
Carrying amounts at end of year	187	219

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 2016	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
Additions	391	-	100	2,562	566	791	-	4,410
Disposals	-	-	(46)	(770)	(159)	(80)	-	(1,055)
Exchange differences	14	-	-	11	4	1	-	30
At 31 December 2017	57,130	14,813	1,314	39,775	3,428	2,206	-	118,666
Comprising:								
At cost	57,130	7,513	1,314	39,775	3,428	2,206	-	111,366
At valuation	-	7,300	-	-	-	-	-	7,300
At 31 December 2017	57,130	14,813	1,314	39,775	3,428	2,206	-	118,666
At cost	56,725	7,513	1,260	37,972	3,017	1,494	-	107,981
At valuation	-	7,300	-	-	-	-	-	7,300
At 31 December 2016	56,725	14,813	1,260	37,972	3,017	1,494	-	115,281

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
Group (cont'd)								
Accumulated depreciation:								
At 1 January 2016	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
Depreciation	2,075	412	184	2,932	460	147	-	6,210
Disposals	-	-	(45)	(765)	(159)	(80)	-	(1,049)
Exchange differences	4	-	-	8	3	-	-	15
At 31 December 2017	33,235	5,406	999	30,228	2,243	1,182	-	73,293
Carrying amounts:								
At 31 December 2017	23,895	9,407	315	9,547	1,185	1,024	-	45,373
At 31 December 2016	25,569	9,819	400	9,919	1,078	379	-	47,164
	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 2016	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
Additions	38	-	18	216	-	115	-	387
Disposals	-	-	(7)	-	-	(1)	-	(8)
At 31 December 2017	38,432	14,813	291	2,499	159	564	-	56,758
Comprising:								
At cost	38,432	7,513	291	2,499	159	564	-	49,458
At valuation	-	7,300	-	-	-	-	-	7,300
At 31 December 2017	38,432	14,813	291	2,499	159	564	-	56,758
At cost	38,394	7,513	280	2,283	159	450	-	49,079
At valuation	-	7,300	-	-	-	-	-	7,300
At 31 December 2016	38,394	14,813	280	2,283	159	450	-	56,379

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 (cont'd)								
Accumulated depreciation:								
At 1 January 2016	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
Depreciation	1,183	411	35	151	28	86	–	1,894
Disposals	–	–	(8)	–	–	(1)	–	(9)
At 31 December 2017	26,561	5,406	220	1,070	103	236	–	33,596
Carrying amounts:								
At 31 December 2017	11,871	9,407	71	1,429	56	328	–	23,162
At 31 December 2016	13,016	9,818	87	1,364	84	299	–	24,668

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

Held by	Group's effective interest	Location	Approximate land area	Tenure	Usage
The Company	100%	No. 385 Sin Ming Drive Singapore 575718	10,852.6 sq metre	30 years from January 2011 23 years unexpired	Inspection and assessment services
The Company	100%	No. 23 Kaki Bukit Avenue 4 Singapore 415933	9,796.9 sq metre	30 years from January 1997 with option to renew another 30 years 9 years unexpired	Inspection and assessment services
The Company	100%	No. 511 Bukit Batok Street 23 Singapore 659545	9,625.0 sq metre	30 years from October 1995 with option to renew another 30 years 7 years 9 months unexpired	Inspection, testing and assessment services
The Company	100%	No. 20 Changi North Crescent Singapore 499613	6,015.0 sq metre	30 years from May 1995 7 years 4 months unexpired	Inspection services

11 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

Held by	Group's effective interest	Location	Approximate land area	Tenure	Usage
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	5,190.3 sq metre	60 years from July 1983 25 years 6 months unexpired	Inspection services
The Company	100%	No. 501 Yishun Industrial Park A Singapore 768732	1,104.9 sq metre	30 years from July 2013 25 years 6 months unexpired	Inspection services
Setsco Services Pte Ltd	100%	No. 18 Teban Gardens Crescent Singapore 608925	9,829.7 sq metre	30 years from February 2009 21 years 1 month unexpired	Testing, inspection and consultancy services
Setsco Services (M) Sdn Bhd	100%	31 Jln Industri Mas 12 Taman Mas 47100 Puchong Selangor Darul Ehsan West Malaysia	791.5 sq metre	99 years from December 2009 90 years 11 months unexpired	Testing, inspection and consultancy services
JIC Inspection Services Pte Ltd	78%	No. 53 Pioneer Road Singapore 628505	9,190.0 sq metre	30 years from December 1994 6 years 11 months unexpired	Inspection services
JIC Inspection Services Pte Ltd	78%	No. 15 Ang Mo Kio Street 63 Singapore 569117	2,145.0 sq metre	3 years from March 2014, renewed for another 3 years from March 2017 2 years 2 months unexpired	Inspection services

12 GOODWILL

	The Group	
	2017 \$'000	2016 \$'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	
	2017 \$'000	2016 \$'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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Outside parties	3,607	2,888	1,935	1,282
Holding company (Note 4)	207	97	161	58
Related companies	52	35	1	2
Accruals	15,351	14,570	3,121	3,052
Deferred income	998	899	53	–
Deposits received from customers	1,307	1,420	520	488
Others	1,350	1,389	266	286
Total	22,872	21,298	6,057	5,168

The average credit period on purchases of goods and services is 30 days (2016 : 30 days).

14 DUE TO SUBSIDIARIES

Included in the payable to subsidiaries is an amount of \$37,120,000 (2016 : \$34,445,000) 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 1.26% to 1.64% (2016 : 1.22% to 1.80%) 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 2016	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
Charge to Profit or Loss for the year (Note 20)	(1)	149	148
At 31 December 2017	1,981	(64)	1,917
Company			
At 1 January 2016	387	(147)	240
Charge to Profit or Loss for the year	13	10	23
At 31 December 2016	400	(137)	263
Charge to Profit or Loss for the year	4	15	19
At 31 December 2017	404	(122)	282

16 SHARE CAPITAL

	The Group and The Company			
	2017 Number of ordinary shares	2016	2017 \$'000	2016 \$'000
Issued and paid up:				
At beginning of year	88,642,000	88,622,000	36,284	36,225
Exercise of share options	–	20,000	–	59
At end of year	88,642,000	88,642,000	36,284	36,284

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

Share options

As at 31 December 2017, all share options have been exercised. Further details of the employee share option plan are contained in Note 19(c).

17 OTHER RESERVES

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Share option reserve:				
At beginning of year	–	5	–	5
Exercise of share options	–	(5)	–	(5)
At end of year	–	–	–	–
Revaluation reserve:				
At beginning and end of year	3,073	3,073	3,073	3,073
Net	3,073	3,073	3,073	3,073

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 arose 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(c).

18 REVENUE

	The Group	
	2017 \$'000	2016 \$'000
Inspection and testing services	92,290	96,783
Rental income	2,908	2,705
Others	1,836	1,693
	97,034	101,181

19 STAFF COSTS

a) The remuneration of the Directors (executive and non-executive) and key executives comprises mainly of short term benefits amounting to \$2,398,000 (2016 : \$2,754,000).

	The Group	
	2017 \$'000	2016 \$'000
Cost of defined contribution plans (included in staff costs)	3,830	4,207

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.

19 STAFF COSTS (cont'd)

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

Share option scheme

The Company had 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. 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			
	2017		2016	
	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
Exercised during the year	-	-	(20,000)	2.68
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

In 2016, the weighted average share price at the date of exercise for share options exercised during the year was \$5.99. 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	
	2017 \$'000	2016 \$'000
Taxation charge (credit) in respect of profit for the financial year:		
Current taxation		
Singapore	5,148	5,481
Foreign	54	53
Deferred tax (Note 15)	117	(27)
Adjustments in respect of under (over) provision in prior years:		
Current taxation	(308)	(219)
Deferred tax (Note 15)	31	74
	5,042	5,362

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2016 : 17%) to profit before taxation as a result of the following differences:

20 TAXATION (cont'd)

	The Group	
	2017 \$'000	2016 \$'000
Profit before taxation	31,976	33,961
Taxation at the domestic income tax rate of 17% (2016 : 17%)	5,436	5,773
Non-allowable items	420	462
Tax-exempt income	(106)	(104)
Overprovision in prior years (net)	(277)	(145)
Tax benefits under Productivity and Innovation Credit Scheme	(451)	(637)
Effect of different tax rates of subsidiary operating in other jurisdiction	20	13
	5,042	5,362

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	
	2017 \$'000	2016 \$'000
Directors' fees	415	400
Foreign currency exchange adjustment loss (gain)	25	(2)
Gain on disposal of vehicles, premises and equipment	(15)	(11)
Allowance for expected credit losses	272	746
Cost of inventories recognised as expense	20	4
Government Grants:		
Special Employment Credit Scheme	(133)	(185)
Wage Credit Scheme	(239)	(791)
Temporary Employment Credit	(179)	(258)
Audit fees:		
Auditors of the Company	64	64
Other auditors	4	2
Non-audit fees:		
Auditors of the Company	41	22
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:

	2017	2016
Profit attributable to shareholders of the Company (\$'000)	26,503	28,162
Weighted average number of ordinary shares in issue (thousands)	88,642	88,642
Basic earnings per share (in cents)	29.90	31.77

Fully diluted earnings per share is the same as the basic earnings per share as there is no dilutive shares outstanding at the end of financial year ended 31 December 2017 and 31 December 2016.

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	
	2017 \$'000	2016 \$'000
Purchase of vehicles, premises and equipment	1,294	976

25 OPERATING LEASE ARRANGEMENTS**The Group as lessee**

	The Group	
	2017 \$'000	2016 \$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,038	2,031

The annual rentals for certain premises are subject to review every year at a variable rate up to a maximum of 5.5% (2016 : 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	
	2017 \$'000	2016 \$'000
Within one year	1,994	2,151
In the second to fifth year inclusive	7,244	7,470
After five years	14,328	16,274
Total	23,566	25,895

The Group as lessor

The Group rents out their lettable space in Singapore. Rental income earned by the Group during the year was \$2,908,000 (2016 : \$2,705,000).

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

	The Group	
	2017 \$'000	2016 \$'000
Within one year	2,197	2,287
In the second to fifth year inclusive	2,503	831
Total	4,700	3,118

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).

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 2017 and 2016.

27 DIVIDENDS

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

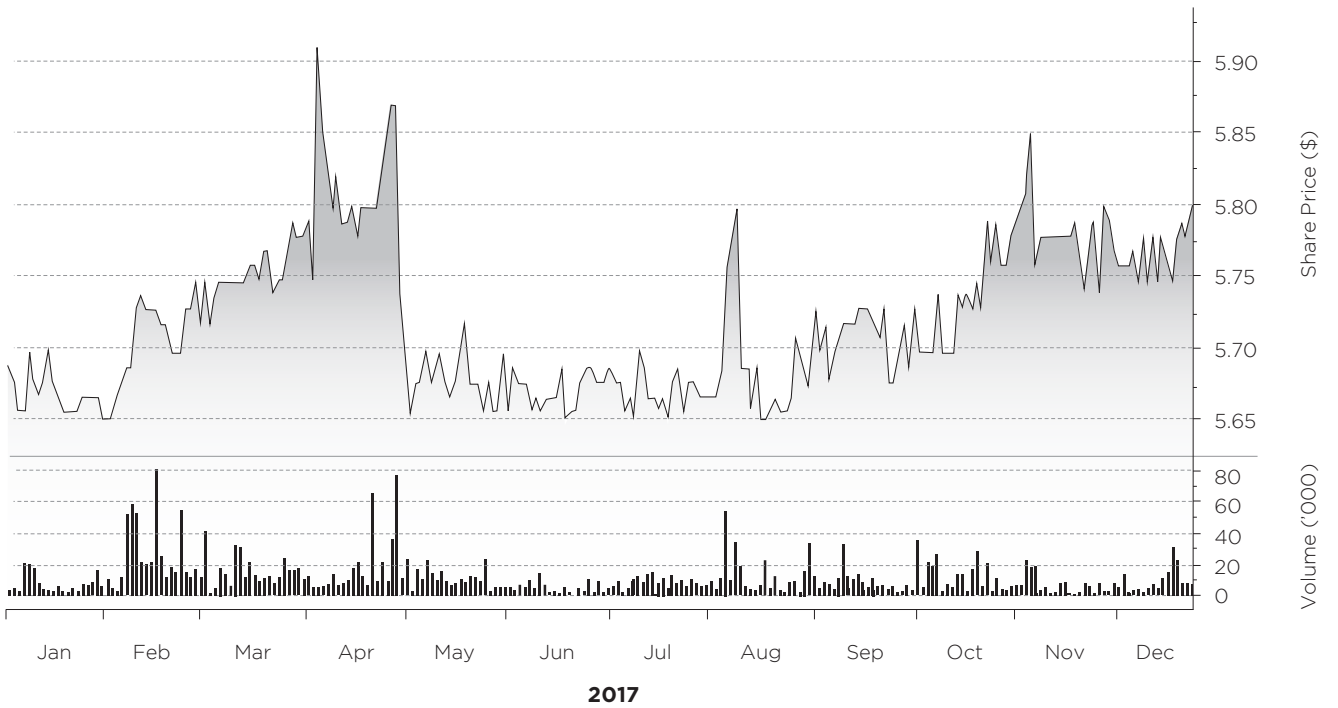
	2017 \$'000	2016 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 8.50 cents (2016 : 9.50 cents) per ordinary share	7,535	8,421
Tax-exempt one-tier special dividend in respect of the previous financial year:		
– 10.00 cents (2016 : 10.25 cents) per ordinary share	8,864	9,086
Tax- exempt one-tier interim dividend in respect of the current financial year:		
– 13.12 cents (2016 : 8.00 cents) per ordinary share	11,630	7,091
Total	28,029	24,598

(b) Subsequent to the end of the reporting period, the Directors of the Company recommended that a tax-exempt one-tier final dividend of 22.88 cents per ordinary share totalling \$20,281,000 be paid for the financial year ended 31 December 2017; and

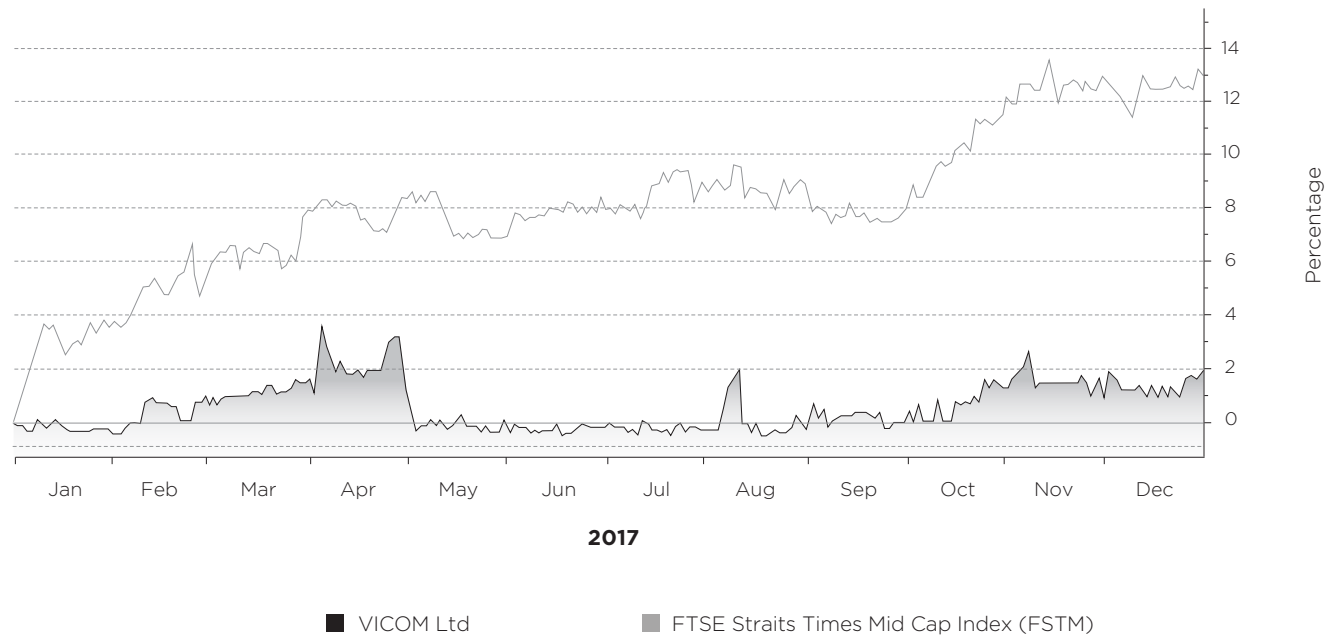
The dividends are subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividends have not been accrued as a liability for the current financial year.

Together with the tax exempt one-tier interim dividend of 13.12 cents per ordinary share (2016 : 8.00 cents per ordinary share), total distributions paid and proposed in respect of the financial year ended 31 December 2017 will be 36.00 cents per ordinary share (2016 : 26.50 cents per ordinary share).

VICOM's Share Price Movement and Volume Turnover



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



VICOM Ltd
 FTSE Straits Times Mid Cap Index (FSTM)

Source: Bloomberg Finance L.P.

SHAREHOLDING STATISTICS

As at 5 March 2018

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	1,667	52.21	1,442,215	1.63
1,001 - 10,000	1,267	39.68	4,876,717	5.50
10,001 - 1,000,000	255	7.99	16,239,566	18.32
1,000,001 & above	3	0.09	66,083,500	74.55
Total	3,193	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	3,752,300	4.23
DBS Nominees Pte Ltd	2,891,200	3.26
Chu Chee Leong	942,000	1.06
Sze Thiam Siong	772,000	0.87
United Overseas Bank Nominees Pte Ltd	770,500	0.87
Mrs Helen Ong Yong Khee nee Tang Helen @ Helen Tan Siok Wan	532,000	0.60
Citibank Nominees Singapore Pte Ltd	523,666	0.59
Quah Siew Kwee	501,500	0.57
Low Lan Eng	430,000	0.49
Quah Siew Eng Eileen	416,250	0.47
OCBC Nominees Singapore Pte Ltd	387,400	0.44
Eunice Quah Siew Thye	376,250	0.42
CGS-CIMB Securities (Singapore) Pte Ltd	373,000	0.42
Poh Eng Choo Mary	352,000	0.40
Tan Keng Soon Homer	328,000	0.37
Tan Kuangxu	307,000	0.35
Pang Cheow Jow	301,000	0.34
HSBC (Singapore) Nominees Pte Ltd	245,200	0.28
Tan Siak Huan	228,000	0.26
Total	73,869,266	83.35

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

As at 5 March 2018, approximately 31.58% 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.

VICOM Ltd

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

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting* of the Company will be held at the **Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701** on Tuesday, 24 April 2018 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 2017 together with the Auditors' Report thereon. | (Resolution 1) |
| 2. | To declare a tax-exempt one-tier final dividend of 22.88 cents per ordinary share in respect of the Financial Year ended 31 December 2017. | (Resolution 2) |
| 3. | To approve the payment of Directors' fees of \$377,894 for the Financial Year ended 31 December 2017. (FY2016: \$362,543) | (Resolution 3) |
| 4. | To note that Mr Ong Teong Wan will be retiring pursuant to Article 95(2) of the Company's Articles of Association comprising part of the Constitution of the Company and he will not be seeking re-election at this Annual General Meeting. | |
| 5. | To note that Mr Sim Cheok Lim will be retiring pursuant to Article 95(2) of the Company's Articles of Association comprising part of the Constitution of the Company and he will not be seeking re-election at this Annual General Meeting. | |
| 6. | To re-elect Mr Yang Ban Seng, a Director retiring pursuant to Article 96 of the Company's Articles of Association comprising part of the Constitution of the Company. | (Resolution 4) |
| 7. | To re-elect Professor Shim Phiau Wui, Victor, a Director retiring pursuant to Article 77 of the Company's Articles of Association comprising part of the Constitution of the Company. | (Resolution 5) |
| 8. | To re-elect Ms Seah Lee Kiang, June, a Director retiring pursuant to Article 77 of the Company's Articles of Association comprising part of the Constitution of the Company. | (Resolution 6) |
| 9. | To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their remuneration. | (Resolution 7) |

Special Business:

To consider and, if thought fit, to pass the following Resolutions which will be proposed as Special Resolutions:

- | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 10. | That the new constitution of the Company ("New Constitution") submitted to this Meeting and, for the purpose of identification, subscribed to by the Company Secretary be approved and adopted as the New Constitution in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company. | (Resolution 8) |
| 11. | Subject to and conditional upon Special Resolution 8 being passed, that the objects clauses within the New Constitution which are incorporated from the existing provisions of the memorandum and articles of association of the Company ("Existing Constitution"), be deleted in the manner as set out in Annexure 2 of the Appendix to this Notice ("Appendix"). | (Resolution 9) |

*LIGHT REFRESHMENTS WILL BE SERVED AFTER THE ANNUAL GENERAL MEETING

Books Closure and Dividend Payment Dates

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 4 May 2018 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 22.88 cents per ordinary share for the Financial Year ended 31 December 2017.

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 2018 will be registered to determine Shareholders' entitlements to the final dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 May 2018 will be entitled for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Thirty-Seventh Annual General Meeting of the Company, will be paid on 10 May 2018.

By Order of the Board

Chan Wan Tak, Wendy
Yeo Tee Yeok, Edwin
Joint Company Secretaries
Singapore
26 March 2018

Notes:

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

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

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).
- 2 A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 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:

Professor Shim Phyu Wui, Victor is a Member of the Audit and Risk Committee. He is considered an independent Director of the Company. If re-elected, Professor Shim Phyu Wui, Victor will continue as a Member of the Audit and Risk Committee.

Explanatory Notes

Special Resolution 8 above is to adopt a new constitution for the Company following the extensive amendments to the Companies Act (Chapter 50 of Singapore) ("Companies Act") introduced pursuant to the Companies (Amendment) Act 2014 ("2014 Amendment Act") and the Companies (Amendment) Act 2017 ("2017 Amendment Act"). The New Constitution consists of the existing provisions of the memorandum and articles of association of the Company, revised mainly to give effect to the amendments made to the Companies Act by the 2014 Amendment Act and the 2017 Amendment Act. Please refer to the Appendix and Annexure 1 to the Appendix for more details on the New Constitution.

Special Resolution 9 above is to delete the objects clauses within the New Constitution which are incorporated from the Existing Constitution ("Objects Clauses") in the event that shareholders of the Company vote in favour of Special Resolution 8 above for the proposed adoption of the New Constitution. By deleting the Objects Clauses, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction, subject to the Companies Act, any other written law and the New Constitution. Please refer to Annexure 2 to the Appendix for more details.

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 26 March 2018.

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)

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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 Tuesday, 24 April 2018 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*
Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Yang Ban Seng as Director		
5.	Re-election of Professor Shim Phiau Wui, Victor as Director		
6.	Re-election of Ms Seah Lee Kiang, June as Director		
7.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
Special Business			
8.	Adoption of New Constitution		
9.	Deletion of Objects Clauses		

* 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 _____ 2018

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

THE COMPANY SECRETARY
VICOM Ltd
205 Braddell Road
Singapore 579701

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

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

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

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