

VICOM LTD
(Company Registration No.: 198100320K)
(Incorporated in the Republic of Singapore)

**MINUTES OF THE THIRTY-NINTH ANNUAL GENERAL MEETING (“AGM”) OF
VICOM LTD (“COMPANY”) HELD ON WEDNESDAY, 20 MAY 2020 AT 10.00 A.M.
BY ELECTRONIC MEANS**

Present:

Board of Directors:

Mr Lim Jit Poh : Chairman
Mr Sim Wing Yew : Director, Chief Executive Officer (CEO)

Board of Directors - Via Video Link:

Mr Yang Ban Seng : Deputy Chairman
Prof Shim Phiau Wui, : Director, Lead Independent Director
Victor
Ms Seah Lee Kiang, June : Director
Mr Goh Yeow Tin : Director
Mr Soh Chung Hian : Director
Dr Tan Kim Siew : Director
Ms Tan Poh Hong : Director
Ms Teo Geok Har, Nancy : Director

In Attendance:

Mr Yeo Tee Yeok, Edwin : Joint Company Secretary

Management / Invitees / Shareholders - Via Webcast:

As per Attendance List.

Commencement of Meeting

At 10.00 a.m., Chairman took the Chair and called the Meeting to order after having ascertained that a quorum was present.

Chairman said that due to the Covid-19 situation, the Company is conducting this Annual General Meeting by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Covid-19 Order").

Chairman said that the Notice of the original AGM scheduled on 22 April 2020 which was dated 23 March 2020 ("Original Notice") had been sent to all Shareholders with the Annual Report in digital format posted on the Company's website on the same day. The Original Notice was also published in The Business Times on 23 March 2020.

Chairman explained that in light of the tightened safe-distancing measures issued by the Ministry of Health in relation to the COVID-19 situation in Singapore, the AGM originally scheduled on 22 April 2020 was deferred to today, 20 May 2020, and that the Notice of today's AGM dated 28 April 2020 ("Notice") had been issued and published on the SGXNET as well as on the Company's website, in accordance with the provisions of the "Covid-19 Order".

Chairman took the Notice as read.

Chairman informed the Meeting that all motions at the Meeting would be put to vote by way of a poll, and voting had been done by way of proxy votes received in advance. Chairman also informed the Meeting that he had been appointed as proxy for all the shareholders who had sent in their votes via proxy, and would be voting in accordance with the instructions as stated in the proxy forms received by the Company.

Chairman informed the Meeting that the Company had received questions from Shareholders and the Securities Investors Association of Singapore (SIAS) and that the Company has grouped them by subject, and would comment on them under the relevant Agenda items. Chairman also informed the Meeting that the Company would not be able to respond to some of these questions as they pertain to highly confidential financial information which the Company would not be able to share given the competitive business environment, and also because in some cases, any answer provided might be construed as a profit forecast.

Chairman then proceeded with the business of the Meeting.

Item 1: Adoption of Audited Financial Statements, Directors' Statement and Auditors' Report

Chairman said that the first Item on the Agenda was to receive and adopt the Audited Financial Statements for the Financial Year ended 31 December 2019 together with the Directors' Statement and Auditors' Report.

At this juncture, Chairman said that the Company had received questions that were relevant to this Agenda item. He then handed the meeting to Mr. Sim Wing Yew, the Company's CEO, to address the questions.

In response to various questions, CEO recapped what Chairman had stated in the Chairman's Statement in the Annual Report 2019. He said that the Company's vehicle and non-vehicle testing business registered revenue and profit growth in 2019, with stable margin. For non-vehicle testing, the business environment was very challenging with lower demand as a result of the slowdown in the Singapore economy and the emergence of more competitors. Price competition was intense. The Company would continue with its automation and digitalisation drive to improve productivity and bring down operating cost. For example, the testing of concrete cubes was now done by robots, saving two-thirds of manpower cost in the process.

To prevent business concentration risks and over-reliance on any one particular industry sector, Management had diversified the Company's customer base and now serves many different industries, for example, Construction, Marine & Offshore, Oil & Gas, Aviation, Food and Chemical industries. The Company would continue to acquire new technical capabilities and look for new business opportunities.

For vehicle inspection, the Company had improved its market share to 74% in 2019, higher than the 73.6% in 2018. VICOM was also able to test and inspect all types of vehicles including electric vehicles. There were approximately 1100 electric vehicles on the road as at December 2019 and the Company had done type approval and inspection of many makes and models of electric vehicles. The Company's vehicle emission test laboratory was capable of conducting and verifying test data from manufacturers of electric vehicles such as Tesla.

The vehicle and non-vehicle testing operations had been reported under one segment since 2012. Both operations had similar economic characteristics, and there were synergies for both to be managed together. CEO said he manages the entire business as one, and allocates and shares the resources between the two operations to further drive productivity and efficiency.

In response to a query, CEO said that in the area of Sustainability, the ComfortDelGro Group has a Group Sustainability Office to co-ordinate all efforts for the whole group. VICOM's CEO sits on the ComfortDelGro Group Sustainability Steering Committee, where strategies, policies and action plans are deliberated and approved. VICOM is also represented on various working groups under the auspices of the Steering Committee. The Management and staff of VICOM, as well as Board members, attend common workshops and activities organised at the ComfortDelGro Group level.

CEO said that the Company currently adopts the same Board Statement on Sustainability as the ComfortDelGro Group and publishes a summary of the activities pertaining to VICOM in its Annual Report. Going forward, the Company would consider having a separate Board Sustainability Statement to provide a sharper focus and emphasis for VICOM.

In response to a question about how the Company was preparing to be "future ready" for the debut of Autonomous Vehicles, CEO said that the Company made a strategic

investment in Foretellix, a company founded in 2010 and headquartered in Israel. Foretellix is developing solutions to address challenges in Autonomous Vehicle testing and compliance. This investment would help the Company keep pace with technological developments in this area.

CEO added that the investment in Foretellix was accounted under “Financial assets at fair value through other comprehensive income” as it was not held for trading but for medium to long term strategic purposes, as explained in Note 11 of the Notes to the Financial Statements in the Annual Report 2019.

In response to a question on an issue with Fire Safety Certification, CEO said there was a lapse in the certification of fire doors for a single project. This was the first and only incident since the Group started this certification in 2011, and occurred because certification labels were issued based on an interim report. To prevent a recurrence, Management had since tightened the processes and certification labels would now only be issued upon receipt of the Final Report by the test laboratory. While this might delay the approval process for the Group’s clients, it would ensure robustness and integrity in the certification process.

In regards to questions about the properties in the Group, CEO said that “Additions & Alterations” works on the Group’s new property at 531 Bukit Batok Street 23, acquired for \$22.4m in October 2018, was 64% complete in accordance to plan, but as all site activities were stopped on 7 April 2020 and was expected to remain so till 1 June 2020 as a result of the Circuit Breaker regulations, there would be an estimated 3-month delay in obtaining the Temporary Occupation Permit expected by 4Q2020 instead of 3Q2020 as planned.

CEO added that the tenures of all properties and leases of the Group were reviewed on a regular basis and the necessary actions would be taken up with the relevant Authorities well in advance of the termination dates.

Responding to questions received regarding the impact of COVID-19 on the Company’s business, CEO said that for vehicle testing, there would be some impact to the part of the business dealing with new car registrations and vehicle emission tests. This was because bidding of COEs were suspended during the Circuit Breaker period and also because the weak economic conditions had dampened demand for new cars.

For the main periodic statutory inspection of vehicles, the impact was minimal as inspections for commercial vehicles, buses, taxis, private hire vehicles and motorcycles were not affected during the Circuit Breaker period. Only private car inspection was given a deferment of 6 months and hence earnings would only shift to the later part of the year.

Non-vehicle testing had however been severely affected especially during the Circuit Breaker period, as many clients had either stopped or scaled down their operations. As the business is intricately linked to the level of economic activities and Covid-19 had caused tremendous disruptions to the Singapore economy, the Company expects to face strong headwinds in the months ahead.

CEO said that the Company would continue keep a close watch on its costs and

cashflow, and had deferred non-mission critical capital expenditure and were following up closely on trade receivables. Senior Management had volunteered for a 10% pay-cut and the Board had also offered to cut its fees by 20%.

He added that Management would watch and respond to the evolving Covid-19 crisis and make the necessary changes to cost structures and the organisation in accordance to the post Covid-19 business environment.

CEO then handed proceedings back to the Chairman.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That the Audited Financial Statements for the Financial Year ended 31 December 2019 together with the Directors’ Statement and Auditors’ Report submitted to this Meeting be received and adopted.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 2: Declaration of Final Dividend

Chairman said that Item 2 of the Agenda was to declare a final dividend.

Responding to questions received on the subject of dividends, Chairman said that he did not see a change in the Company’s dividend policy of paying out 90% of net income to Shareholders, provided the Group had excess cash that was not needed for working capital or business expansion.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That a tax-exempt one-tier final dividend of 24.29 cents per ordinary share in respect of the Financial Year ended 31 December 2019, as proposed by the Board of Directors be paid on 5 June 2020 to members whose names appear on the Register of Members as at 5.00 p.m. on 29 May 2020.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 3: Directors’ Fees

Chairman said that Item 3 of the Agenda was to approve Directors’ Fees.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That the amount of \$479,552 proposed as Directors’ Fees for the Financial Year ended 31 December 2019 be approved.”

There were 61,580,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 4: Re-election of Mr Yang Ban Seng as a Director

Chairman said that before proceeding with the next Agenda item, he wished to inform that as part of the director renewal process, Ms Teo Geok Har, Nancy would retire at the conclusion of this AGM. Chairman expressed his gratitude to Ms Teo who had been a Director of the Company since 1995. Ms Teo was Chairperson of the Remuneration Committee from 1 January 2012 to 24 April 2019, and its member from 25 April 2019 onwards. She also served as a member of the Nominating Committee from 2003 to 2011 and the Audit and Risk Committee since 2006. Chairman placed on record the Company’s deepest appreciation to Ms Teo Geok Har, Nancy for her long and dedicated service to the Company.

Chairman said that pursuant to Regulation 98(b) of the Company’s Constitution, three Directors would retire by rotation at this Meeting. They were Mr Yang Ban Seng, Ms Seah Lee Kiang, June and Professor Shim Phiau Wui, Victor.

Chairman said that pursuant to Regulation 99 of the Company’s Constitution, Ms Tan Poh Hong would retire at this Meeting.

Chairman said that all retiring Directors had offered themselves for re-election, save for Ms Teo Geok Har, Nancy.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Mr Yang Ban Seng who retires at this AGM be re-elected a Director of the Company.”

There were 61,764,502 votes representing approximately 99.99% in favour of the Resolution and 6,800 votes or approximately 0.01% against the Resolution.

Chairman declared the Resolution duly carried.

Item 5: Re-election of Ms June Seah Lee Kiang as a Director

Chairman said that Item 5 of the Agenda was to re-elect Ms June Seah Lee Kiang as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Ms June Siah Lee Kiang who retires at this AGM be re-elected a Director of the Company.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 6: Re-election of Professor Shim Phyu Wui, Victor as a Director

Chairman said that Item 6 of the Agenda was to re-elect Professor Shim Phyu Wui, Victor as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Professor Shim Phyu Wui, Victor who retires at this AGM be re-elected a Director of the Company.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 7 : Retirement of Ms Teo Geok Har, Nancy as a Director

Chairman said that Item 7 of the Agenda was to note the retirement of Ms Teo Geok Har, Nancy as a Director of the Company.

The retirement of Ms Teo Geok Har, Nancy as Director of the Company was noted.

Item 8 : Re-election of Ms Tan Poh Hong as a Director

Chairman said that Item 8 of the Agenda was to re-elect Ms Tan Poh Hong as a Director of the Company.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Ms Tan Poh Hong who retires at this AGM be re-elected a Director of the Company.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 9: Re-appointment of Auditors

Chairman said that Item 9 of the Agenda was to re-appoint the Auditors. Messrs Deloitte & Touche LLP, the Auditors of the Company, had expressed their willingness to accept re-appointment.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That Messrs Deloitte & Touche LLP be re-appointed Auditors of the Company until the next Annual General Meeting at a fee to be agreed between the Directors and Auditors.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0.00% against the Resolution.

Chairman declared the Resolution duly carried.

Item 10: Approval of Share Split

Chairman said that Item 10 of the Agenda was to approve the share split of every one (1) existing ordinary share in the capital of the Company into four (4) Shares in the capital of the Company on the terms set out in the Circular which was appended to the Notice of this AGM.

Responding to questions received from Shareholders, Chairman said that the Board believed the Share Split would be beneficial to Shareholders as the Share Split would make each share more affordable to investors, enhance liquidity of the stock and broaden the shareholder base, and that if approved at this Meeting, the Company would announce the Record Date and Effective Date for the Share Split soon.

Chairman said that the following proposed Resolution had been put to a vote with proxy votes received in advance:

“That

- (a) on and with effect from the Record Date to be determined by the Directors of the Company, every one (1) existing ordinary share in the capital of the Company be split into four (4) ordinary shares in the capital of the Company; and
- (b) the Directors of the Company (or their authorised representative) and each of them be and are hereby authorised and empowered to do all acts and things as they or he/she may consider necessary or expedient to give effect to the Share Split, including without limitation to the foregoing, to negotiate, sign, execute and deliver

all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.”

There were 61,770,502 votes representing approximately 100% in favour of the Resolution and 1,000 votes or approximately 0% against the Resolution.

Chairman declared the Resolution duly carried.

Closure of Meeting

With the Agenda for the Meeting fully dealt with, Chairman declared the Meeting closed at 10.26 a.m.

Chairman said the Company’s usual practice is for Directors and Senior Management to meet and interact with Shareholders after the AGM, and expressed his regret that, owing to the ongoing COVID-19 situation, they were unable to do so today. He thanked all Shareholders for their cooperation, patience and understanding.

Certified as a correct record of the proceedings of the Meeting.

Lim Jit Poh
Chairman