

VICOM LTD.

WHEN LESS IS MORE

AUG 2025

CORPORATE
MONITOR LIMITED



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—ACTIVISM+—

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EXECUTIVE SUMMARY

What does a company do when its original business is producing good profitability, strong cashflow and return on equity ("ROE"), but no growth?

VICOM Ltd. ("VICOM") is one such company. It is a pioneer in Singapore's Vehicle Inspection industry and has close to 73% market share, in an industry whose demand is guaranteed by government regulation that all vehicles have to be inspected at regular intervals. There is no competition because there is only one other vehicle inspection company and fee is set by the government. On the flip side, Singapore's strict policy on vehicle population also means that the demand has minimal growth.

The long-term financial performance of VICOM reflects this. Except for COVID year of 2020, revenue grew from \$107m to \$119m, and net profit declined from \$32m to \$30m, between 2015 and 2024. ROE stayed at 22% over this period. VICOM had net cash of \$60m as of 2024 with no bank borrowing. This makes VICOM's ROE all the more significant because it has no lift from leverage. In the context where more than 80% of SGX-listed companies have ROE of less than 10%, VICOM certainly stands out. However, we do not think management deserves much credit for the high ROE, given the regulated nature of the industry.

VICOM's strategy is to diversify and grow via non-vehicle testing business, which is housed under SETSCO Services Pte. Ltd. ("SETSCO"), acquired in 2003. The strategy was reiterated in its 2022 annual report. However, VICOM refused to provide segment disclosure. Our analysis in this report on this segment is based on basic but incomplete financial information on SETSCO for 2022 to 2024 that we have obtained from ACRA. We also assumed that there are no significant intercompany transactions between the non-vehicle testing business and the rest of the business.

Based on our analysis, the non-vehicle testing business has not been accretive to shareholders because (a) it is significantly less profitable, and therefore very dilutive to the overall profitability (b) it has no growth, despite expanding into several new sub sectors and (c) it is burning cash as capital expenditure exceeds cash from operations. SETSCO's revenues in the 3 years from 2022 to 2024 remained stagnant at \$63m, with contribution to VICOM's revenue declining from 58% to 53%. Its net profit in fact dropped from \$6.6m to \$5.5m. We estimate that SETSCO burned \$7m of cash in the last 3 years.

In other words, for a business that contributed more than 50% of revenue, non-vehicle testing contributed only 16% of net profit, and the share continues to decline. The stable original business of vehicle inspection is still contributing more than 80% of profit. This begs the question of why such growth strategy continues to be pursued. There are other corporate governance issues related to such strategy which we will return to in later sections.

VICOM's corporate finance decisions are also diluting shareholder value. Debt is a very legitimate way of financing business, especially for a business that is stable and very cashflow generative, which VICOM's vehicle inspection business clearly is. However, VICOM's board has decided to stay debt free, even for a (essentially real estate) project to develop a new site at Jalan Papan. In addition to replacing the vehicle inspection centre, the new site will also house expanded non-vehicle testing facilities. The project cost of \$55m is entirely funded by equity. VICOM justified this as prudent financial decision, but shareholders lose in two ways. Firstly, the return on this project is below the cost of equity. Secondly, to fund this project without debt, VICOM cuts the dividend payout ratio from 118% in 2021 to 70% in 2024. Dividend per share dropped by 30%, yet VICOM considers the 70% dividend payout ratio as "generous".

We also question SETSCO's decision to continue to invest additional capital expenditure ("CAPEX") to expand its testing capabilities in new sub sectors. Given the stagnant revenue in the last 3 years, it is clear that this has not worked. There are little synergies between the various sub-sectors of the non-vehicle testing business. Expanding into more sub sectors thus means longer time to achieve economies of scale. If VICOM truly believes in the longer-term prospects, it should justify its game plan to the shareholders.

Given the stakes involved, we call on VICOM to provide substantially more details about the non-vehicle testing business. Most SGX listed companies would provide breakdown and segment analysis for businesses or subsidiaries that account for far less than 50% of total revenues. VICOM's arguments against disclosure are that (a) both vehicle inspection and non-vehicle testing businesses are managed by the same management (b) divulging details of the non-vehicle testing business would allow competitors to gain an advantage, thereby hurting shareholders' interests. We do not agree with the arguments. Accounting rule FRS 108 clearly requires segment financials be provided. Given SETSCO's revenue is clearly made up of numerous contracts, it is inconceivable that disclosing its overall profitability will divulge any useful information to competitors.

This issue has been raised repeatedly in past AGMs, but VICOM provided the same answer. It is ironic as VICOM prides itself on corporate governance, and cites the Gold Award in Annual Report and Bronze award for Best Managed Board by Singapore Institute of Directors in its 2024 annual report.

VICOM also has a bloated board, which it justifies as needed expertise for the non-vehicle testing businesses. Again, we are not convinced, as 3 of the 4 directors who are purported to have such expertise are academics without business experience.

It is regrettable that VICOM started with a great vehicle inspection business, but dilutes shareholder value by pursuing growth in non-vehicle testing business. VICOM's decision, against financial reporting rules, to not provide segment financials, also reduce the company's corporate governance standing.

Sometimes doing less is beneficial to shareholders.

1. VICOM: BACKGROUND

VICOM Ltd (“VICOM”), a subsidiary of ComfortDelGro Corporation Limited, is Singapore’s leading provider in inspection and technical testing services. Incorporated in 1981 and listed on the Singapore Exchange (“SGX”) in 1995, VICOM has a market capitalization of S\$577.95 million¹ as of 30 July 2025.

The VICOM group comprises VICOM Inspection Centre Pte Ltd, JIC Inspection Services Pte Ltd (JIC), and Setsco Services Pte Ltd (“SETSCO”) (see *Appendix A*). As a pioneer in computerised vehicle inspection, the VICOM and JIC Inspection Centres conduct over 400,000 vehicle checks annually. Meanwhile, SETSCO, VICOM’s non-vehicular arm operating in the Testing, Inspection and Certification Industry (“TIC”), specialises in providing accredited testing, inspection, certification, calibration, consultancy and training services across 10 industries (see *Appendix G*). VICOM has extended its expertise to Asia and the Middle East, but majority of its revenue is derived from Singapore.

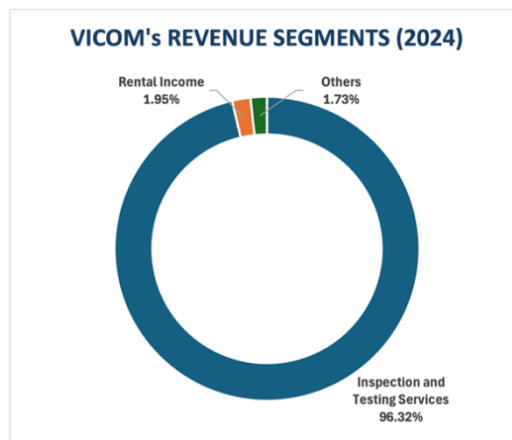


Figure 1: VICOM’s Revenue Breakdown in 2024

Source: VICOM Audited Financial Statements for Year Ended 31 December 2024

VICOM primarily generates revenue from its core business of Inspection and Testing services, which is broken down into their vehicle inspection business and non-vehicle testing business (Figure 1).

The demand for the vehicle inspection business segment remains strong, and is further bolstered by VICOM’s appointment as one of the Authorised Partners for the installation of On-Board Units (OBU) under the Electronic Road Pricing (ERP) 2.0 initiative. However, growth is limited due to VICOM’s already dominant market share in this segment.

The non-vehicle testing business segment, SETSCO, on the other hand is the focus of VICOM’s growth strategy. Management expects that demand for this segment will increase given the positive growth outlook of both the construction and manufacturing sector, and also the additional space available for new testing capabilities in the new Jalan Papan integrated testing centre estimated to be completed in 1H2026².

¹ Yahoo Finance

² VICOM Ltd., 2024 Annual Report, Chairman’s Statement

2. GOOD BUSINESS BUT LOW GROWTH

2.1 MODEST REVENUE GROWTH, DECLINING PROFIT MARGINS BUT STABLE ROE

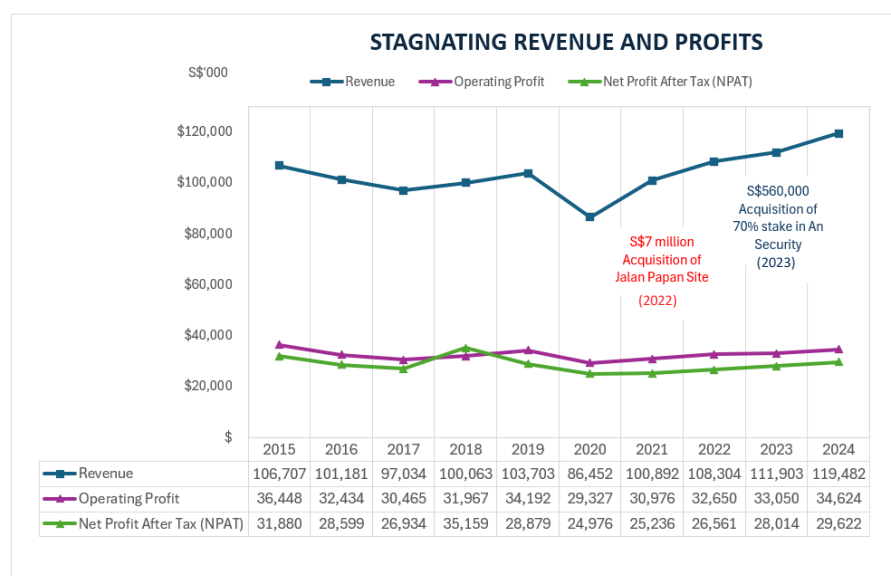
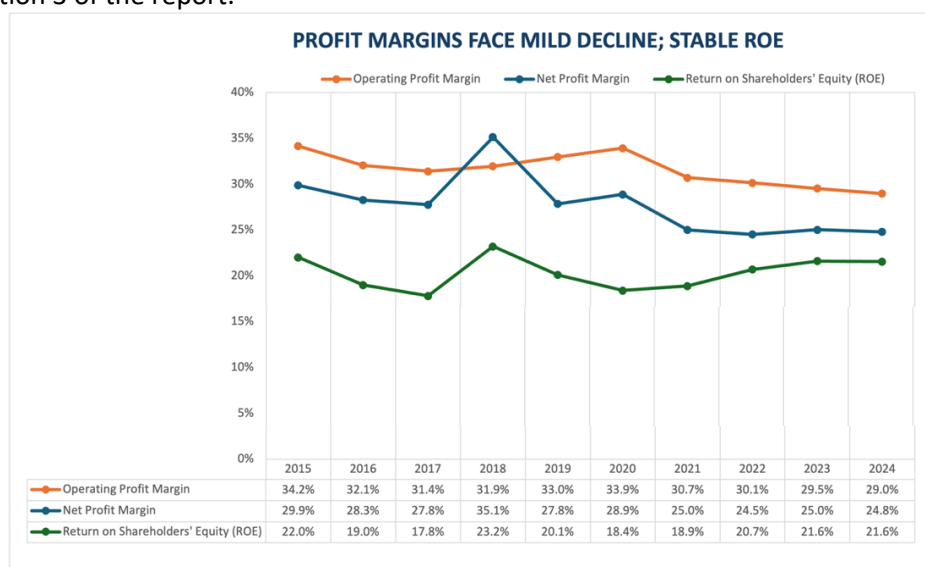


Figure 2: VICOM's Revenue, Operating Profit and Net Profit After Tax Over Time

Source: VICOM Annual Reports 2015 – 2023, Audited Financial Statements for Year Ended 31 December 2024

Since 2015, although VICOM's revenue has increased by 11.97%, operating profit and Net Profit After Tax ("NPAT") ("Net Profit") have in fact slightly decreased. (Figure 2). While mandatory periodic vehicle inspections provide a dependable revenue base, growth in VICOM's vehicle inspection business is limited by Singapore's stagnant car population and the fixed inspection fee across all LTA-Authorized Inspection Centres (where VICOM operates 6 centres out of 8). Non-vehicle testing business fared even worse, with flat revenue in the past 3 years. More discussion of the business segments' financials can be found in Section 3 of the report.



*ROE % is taken directly from VICOM's Annual Reports

Figure 3: VICOM's Operating Profit Margin, Net Profit Margin and Return on Equity Over Time

Source: VICOM Annual Reports 2015 – 2024, Audited Financial Statements for Year Ended 31 December 2024

Operating and net profit margins have declined over the past decade by 5 percentage points (“pp”). This is particularly pronounced between 2021 to 2024, amid rising inflation and increased competition in the TIC sector (Figure 3). However, while VICOM has maintained a relatively stable and healthy ROE over the same period, declining profit margins may pose risks to its long-term sustainability.

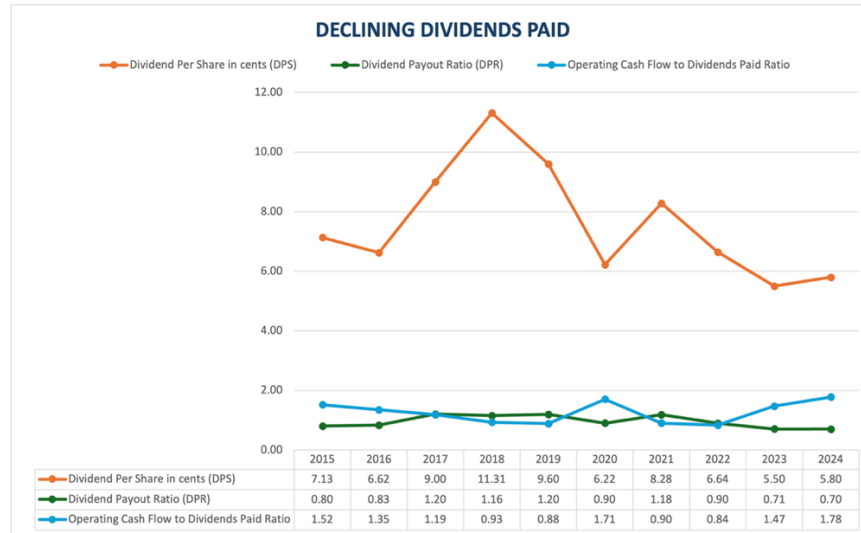


Figure 4: VICOM's Dividend Per Share, Dividend Payout Ratio and Operating Cash Flow to Dividends Paid Ratio Over Time
Source: VICOM Annual Reports 2015 – 2023, Audited Financial Statements for Year Ended 31 December 2024

While VICOM has maintained a consistent dividend payout ratio up to 2021, it decreased to 0.70 in 2024, marking the lowest level in the past decade (Figure 4). This decline is driven by the development of Jalan Papan, whereby management revised their dividend policy from 118% to 70% of profits, so that they can fund the development using equity. This hence resulted in a lower dividend per share despite an increasing earnings per share from 7.38 cents (2022) to 8.26 cents (2024).

This goes back to our question on whether the corporate finance decision made is in the best interest of the shareholders as the company is currently debt free, which means they are not using any form of debt funding. This thus decreases the overall return to shareholders.

3. BUSINESS STRATEGY OVERVIEW

3.1 VEHICLE INSPECTION SEGMENT

3.1.1 VICOM: Dominant Player in a Duopoly

Since 2002, the Land and Transport Authority (LTA) implemented mandatory inspections for all land vehicles in Singapore to ensure adherence to safety, emission and performance standards. The frequency of inspections and tests varies depending on the type and age of the vehicle, with the LTA issuing a notice three months prior to the vehicle's inspection due date.

As Singapore's first vehicle inspection company, VICOM has established a dominant market presence, with a market share of 72.9% in the vehicle inspection industry in FY2024 (Figure 5). As of FY2024, it operates six out of the eight LTA-Authorised Inspection Centres (AIC) in Singapore, while the remaining two are operated by its sole competitor, STA Inspection Pte Ltd. Both offer the same services with little differentiation between them.

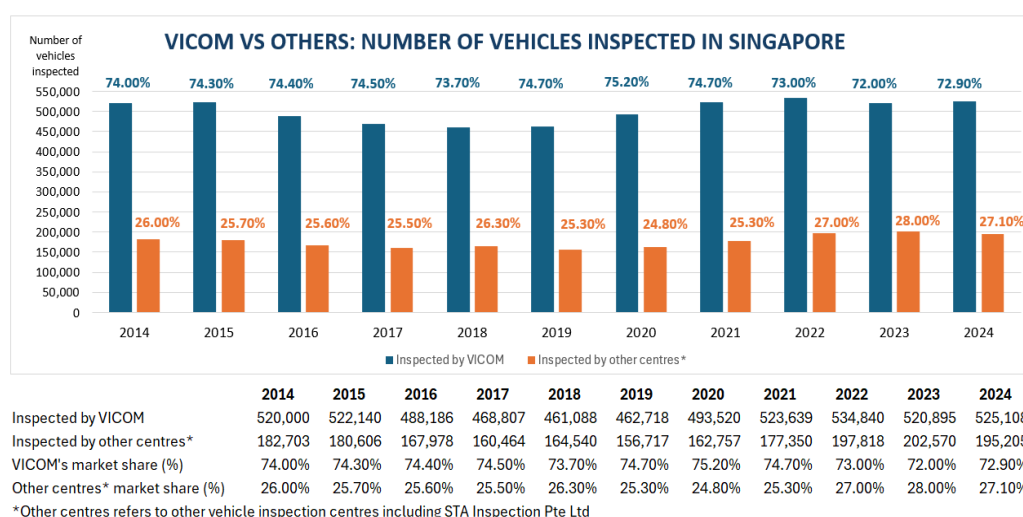


Figure 5: VICOM's Annual Demand and Market Share Over Time

Source: VICOM Annual Reports 2014 – 2023, Audited Financial Statements for Year Ended 31 December 2024

3.1.2 Regulated Vehicle Inspection Fees: No Room for Increase

Vehicle inspection fees are standardised across all inspection centres to avoid potential price wars. As such, VICOM has limited flexibility to offset inflationary pressures, constraining its ability to improve profit margins (see Appendix C).

3.1.3 Singapore Vehicle Population – Stagnant and Older

VICOM can expect marginal revenue growth in the vehicle inspection business due to the rise of older and private hire cars, while car population stagnates. Due to Singapore's lack of space, where roads occupy 12% of our land compared to 13% for industry and 15% for housing, the government imposes regulations on the number of vehicles on the roads.

Initiatives such as the 1) zero-growth vehicle policy aims to manage traffic congestion in land-scarce Singapore by limiting the issuance of Certificates of Entitlement (COEs) to match the number of deregistered vehicles, 2) since February 2018, the vehicle growth rate has been capped at zero for all categories, except Category C for goods vehicles and buses (0.25%), of which these rates are expected to remain unchanged until 31 January 2028³, limits the number of vehicles in Singapore.

The government is also focused on providing alternative transportation, with initiatives such as the S\$2 billion in annual public transport subsidies, the expansion of the Mass Rapid Transit (MRT) network, and the construction of walking and cycling infrastructure aim to promote alternative modes of commuting over car ownership⁴. As a result, VICOM may expect slower revenue growth in the coming years.

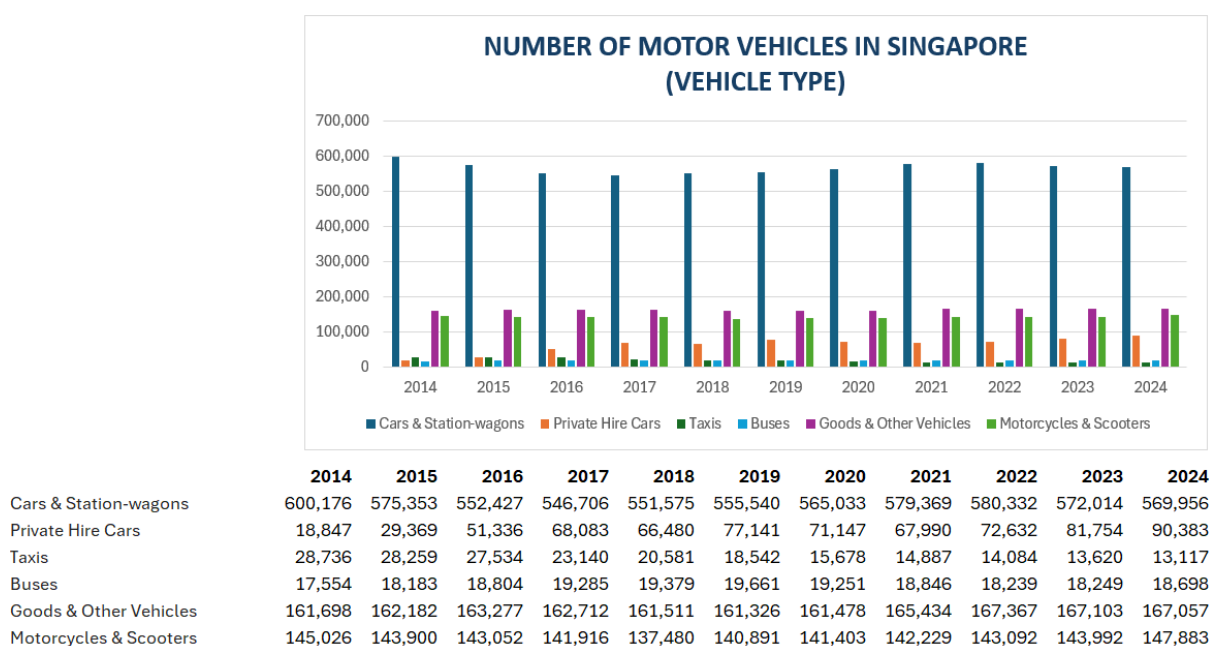


Figure 6: Number of Vehicles in Singapore Over Time - By Vehicle Type
Source: LTA Annual Vehicle Statistics 2024

Because of rising COE prices⁵, there has been an increase in COE revalidations between 2014 and 2024 (see Appendix D) as more car owners opt to renew their COE rather than purchase new vehicles⁶. This has

³ Ministry of Transport Singapore, "Vehicle Ownership," Ministry of Transport Singapore, <https://www.mot.gov.sg/what-we-do/motoring-road-network-and-infrastructure/vehicle-ownership#:~:text=We%20have%20been%20reducing%20the,rates%20until%2031%20January%202028>.

⁴ The Straits Times, "Share of Resident Households Owning Cars Drops to One-Third amid Singapore's Car-Lite Push," The Straits Times, <https://www.straitstimes.com/singapore/politics/share-of-resident-households-owning-cars-drops-to-one-third-amid-singapore-s-car-lite-push>.

⁵ Land Transport Authority (LTA), COE Results (2020–2024), https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/M11-COE_Results_2020_2024.pdf.

⁶ The Business Times, "More Cars Getting Their COEs Revalidated in First Five Months of 2024," The Business Times, <https://www.businesstimes.com.sg/companies-markets/transport-logistics/more-cars-getting-their-coes-revalidated-first-five-months-2024>.

resulted in a growing population of older cars on the road, which could benefit VICOM (*see Appendix E*), as older vehicles ('over 10 years') require more frequent inspections compared to those between '3 and 10 years', potentially driving an increase in inspection volumes.

Furthermore, there has also been a rise in the number of private hire vehicles used by ride-hailing companies such as Grab and Gojek (Figure 6). In Singapore, all private hire cars are required to undergo annual vehicle inspections to ensure the safety of the vehicle⁷. Following the policy implemented by the LTA in 2025⁸, which restricts the sale of newly registered private-hire cars to individuals unless retained for at least three years, VICOM may see a rise in revenue from more frequent inspections as more vehicles will fall under the 'Private Hire Vehicle Car' category (*see Appendix C*). Similarly, the growing use of Personal Mobility Devices (PMDs) likely increases VICOM's revenue from inspections and diversify its source of revenue by expanding the range of vehicles requiring vehicle inspection services.

⁷ Land Transport Authority (LTA), *Enhanced FAQs for PHC*, https://www.lta.gov.sg/content/dam/ltagov/industry_innovations/pdf/Enhanced_FAQs_for_PHC.pdf

⁸ The Straits Times, "Companies Barred from Selling Private-Hire Cars to Individuals for 3 Years after Registration," *The Straits Times*, <https://www.straitstimes.com/singapore/transport/companies-barred-from-selling-private-hire-cars-to-individuals-for-3-years-after-registration>.

3.2 NON-VEHICLE TESTING BUSINESS IS DILUTIVE

In 2022, VICOM concluded, following a strategic review, that it would grow its non-vehicle testing business under a 4-pronged strategy.

- Firstly, SETSCO would extend its capabilities on testing, inspection and certification to adjacent areas. It would build more test laboratories at the Jalan Papan site, which would also house the vehicle inspection at Pioneer that VICOM has to vacate in 2026.
- Secondly, SETSCO would look for business opportunities in new technology areas.
- Thirdly, invest in training and retraining of its staff.
- Fourthly, strengthen customer engagement.

We find such strategic statement too high level and lacking in details. VICOM did not explain why non-vehicle testing was attractive in the first place. It is not clear what are SETSCO's competitive advantages, whom is it up against, and its right to win. VICOM also did not share any short to medium term strategic goals for such non-vehicle testing business. Nor did VICOM share what were the guiding principles as it expanded in new sub-sectors for non-vehicle testing, or it would go after any business.

In fact, VICOM discloses very little about what are the main businesses of SETSCO. According to the 2022 annual reports, SETSCO's business are broadly in the following segments, which do not seem to offer any synergies by way of clients, technology, facilities etc.:

- In environmental testing, SETSCO was awarded contracts with Public Utilities Board, to conduct site inspection and audit, and laboratory test for air and water/trade effluent samples.
- In the area of food and microbiology testing services, SETSCO was awarded contracts by the Singapore Food Agency. It also secured contracts from food retailers and manufacturers to test for microbial pathogens, contaminants and preservatives.
- SETSCO secured contracts for testing construction materials for public transportation projects.

By 2024, SETSCO has expanded into chemical testing, fatigue testing for Housing & Development Board, and cybersecurity via an acquisition, in addition to new capabilities such as electrical resistivity of soil and rock. SETSCO did not explain how it would monetize such new capabilities.

We suspect most of the non-vehicle testing business is based on contracts and are not recurring. Such businesses are therefore hard to scale, and will experience volatility from year to year depending on contract wins. There could also be no consistency in margins.

What is clear however is that SETSCO will have to invest in capital expenditures ("capex") to build testing capabilities in both existing and new sub sectors.

Worse, VICOM does not provide the breakdown in the financials of their vehicle inspection and non-vehicle testing businesses. This is a key corporate governance issue we will focus on in Section 5.1. Corporate Monitor relied on the basic 2022-24 ACRA financials of SETSCO for the analysis of the non-vehicle testing business in this report.

Furthermore, the following key assumptions are made

- (a) There are no significant intercompany transactions between the vehicle inspections and non-vehicle testing business.

- (b) The associated cost of rental and other business is subsumed under the vehicle inspection business.

3.2.1 Non-Vehicle Testing Business Revenue is Stagnant

Based on the past 3 years of available data (Figure 7), non-vehicle testing revenue remained stagnant at S\$64m. The contribution of the non-vehicle testing business is declining from 58% to 53% of VICOM's total revenue (Figure 8). Vehicle inspection business on the other hand has increased its contribution to revenue from 38% to 43%. Other sources of income are consistent at around 4% of revenue.

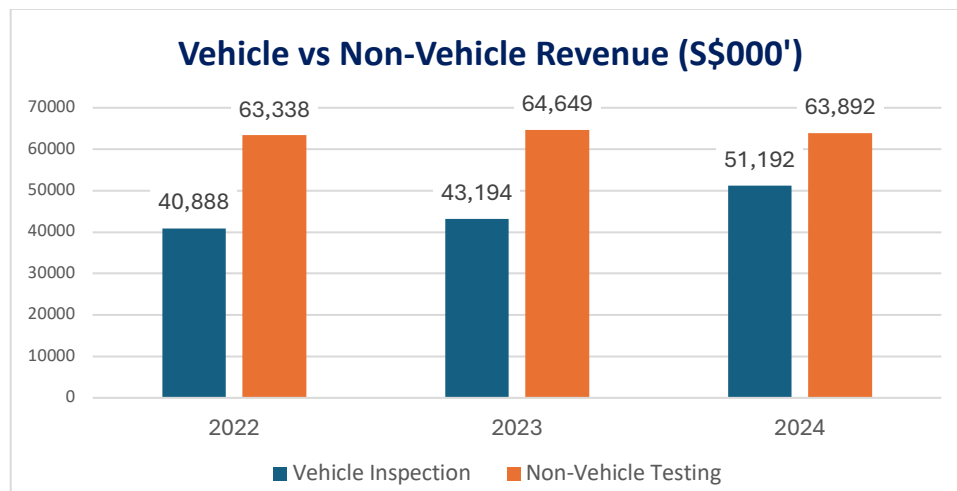


Figure 7: Vehicle vs Non-vehicle Revenue Growth

Source: Derived from VICOM Annual Reports 2022 – 2024, SETSCO's ACRA 2022-2024

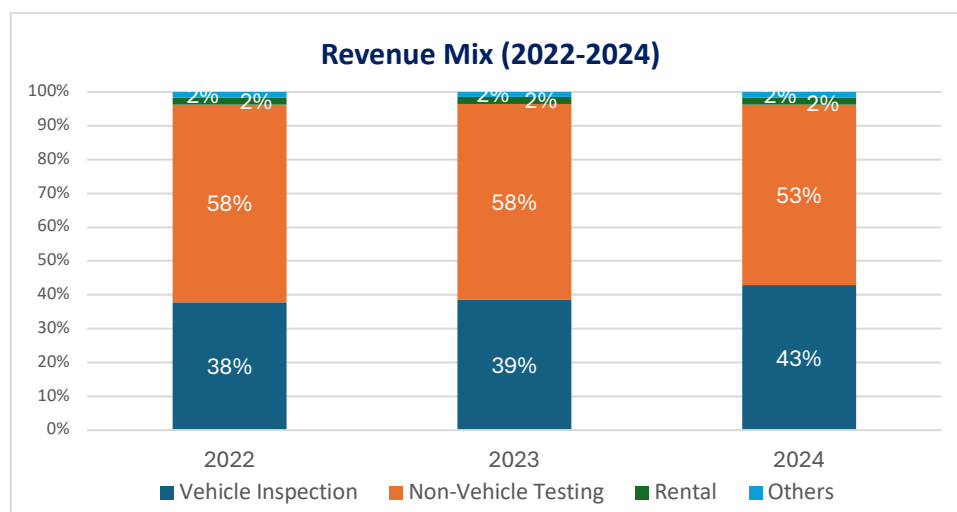


Figure 8: VICOM revenue breakdown

Source: Derived from VICOM Annual Reports 2022 – 2024, SETSCO's ACRA 2022-2024

So, contrary to VICOM's strategic objective, vehicle inspection business still provided some marginal growth, while non-vehicle testing revenue remained stagnant in the last 3 years.

3.2.2 Non-Vehicle Testing Business Dilutes Profitability of VICOM

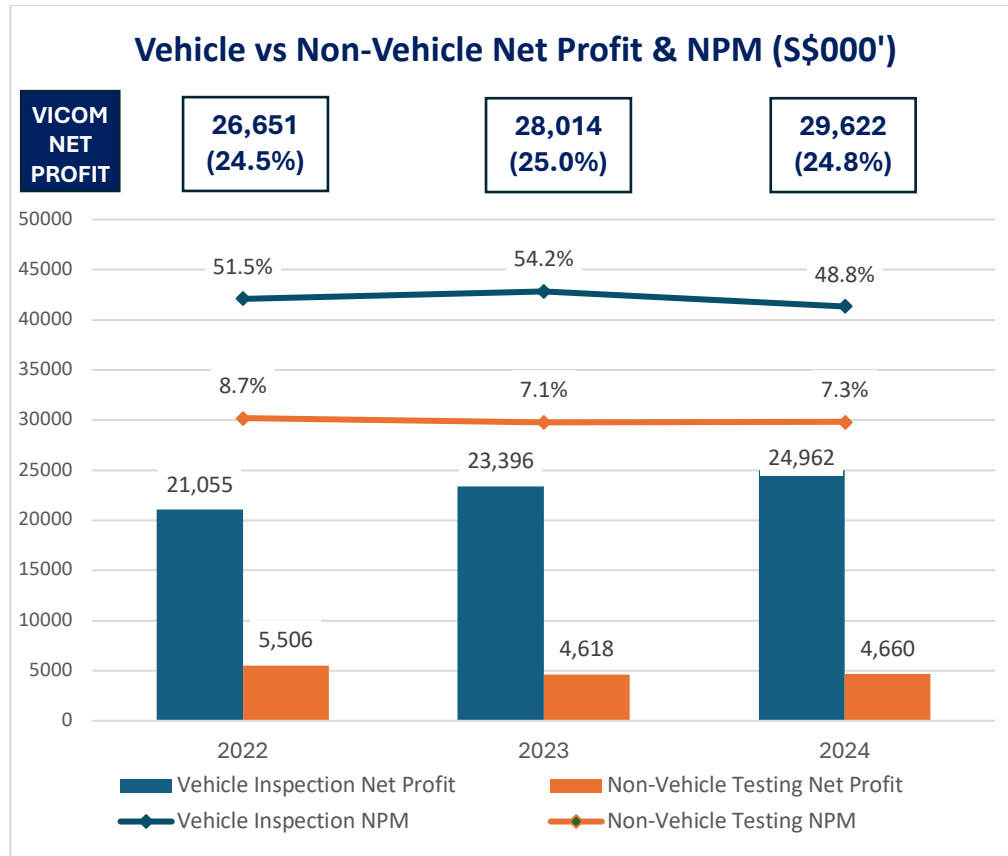


Figure 9: Vehicle vs Non-Vehicle Net Profit & Net Profit Margin (NPM)
 Source: Derived from VICOM Annual Reports 2022 – 2024, SETSCO's ACRA 2022-2024

Not only did non-vehicle testing business have stagnant revenue, its net profit declined from S\$5.5m (net margin of 8.7%) to S\$4.7m (7.3%) over the 2022 to 2024 period (Figure 9). This is much lower than the net profit margin (close to 50%) of the vehicle inspection business. As a result, while non-vehicle testing business generated 53% of the revenue, its contribution to net profit is only 16% in 2024. The vehicle inspection business generated 43% of revenue but 84% of net profit in 2024.

Clearly, VICOM's profit margin is diluted heavily by the non-vehicle testing business. This in turn results in a lower return on equity for VICOM due to the lower net profit margins.

3.2.3 Free Cash Flow (“FCF”) is Negative

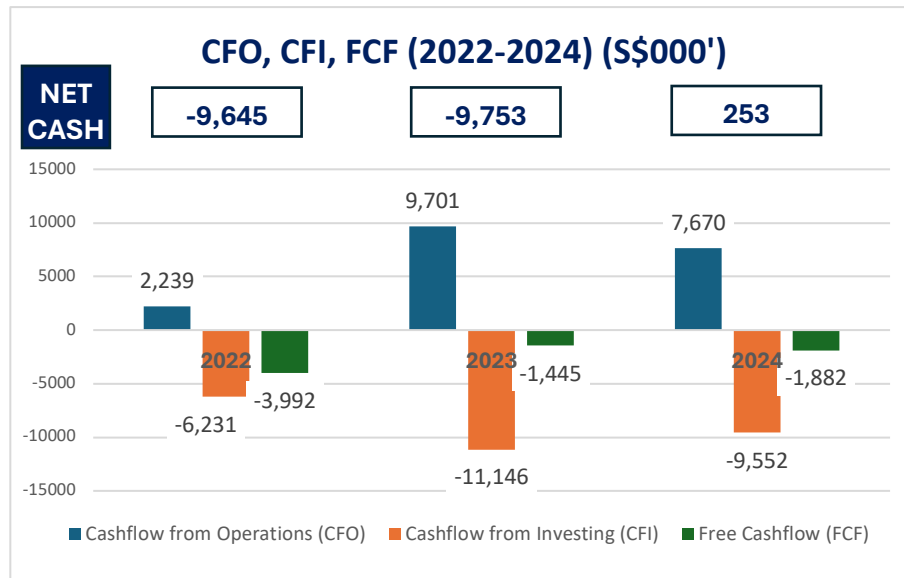


Figure 10: SETSCO Cashflow Breakdown
Source: SETSCO's ACRA 2022-2024

From the cash flow figures obtained from SETSCO (Figure 10), not only are there substantial investments going into this segment, but such investment amounts cannot be funded by the operating cashflow generated by the business. In other words, free cashflow was negative for 2022 to 2024, with the business burning a total of S\$7.3m. Despite the capex, we did not see any improvement in revenue.

VICOM needs to explain to shareholder why its capex is not translating into more revenue, let alone more profit. The opportunity cost is the additional cash of S\$7.3m that VICOM could have distributed to shareholders!

3.2.4 Expansion of testing capabilities: Acquisition of the Jalan Papan Site

On 21 December 2022, VICOM acquired the Jalan Papan site at a tender price of S\$7 million with a lease term of 20 years⁹. According to VICOM, the Jalan Papan site is supposed to replace the JIC Inspection Centre located at Pioneer, whose lease expired in November 2024¹⁰ (vehicle inspection business), as well as to bring onboard new testing capabilities for the non-vehicle testing business.

The Jalan Papan site is expected to be fully developed in 1H 2026, with a projected total expenditure of S\$55 million (S\$40 million for construction works and S\$15 million for relocation and equipment purchases), nearly equal to the S\$60.7 million cash and cash equivalent reported in FY2024¹¹.

⁹ The Business Times, "VICOM Wins Tender to Lease Jalan Papan Site for S\$7 Million," *The Business Times*, <https://www.businesstimes.com.sg/companies-markets/vicom-wins-tender-lease-jalan-papan-site-s7-million>.

¹⁰ Ibid.

¹¹ VICOM Ltd., "Media Release: Results for the Full Year Ended 31 Dec 2024," *Singapore Exchange (SGX) Announcements* <https://links.sgx.com/FileOpen/VICOM%20Media%20Release%20Results%20for%20the%20Full%20Year%20Ended%2031%20Dec%202024.ashx?App=Announcement&FileID=833812>

There is no breakdown on the amount spent on this site that will be dedicated to the non-vehicle testing business, but we expect this to be significant. Given the past 3 years performance of SETSCO (more details in section 3.2 of the report) has shown flat growth in revenue and declining profit margins, it raises the question of whether the company needs to spend that much investment into this new site?

Since growing the non-vehicle testing business is a critical part VICOM's growth strategy, and this new site will play a huge role in it, it is only fair that VICOM provides more details to shareholders, such as the expected increase in revenue, and the returns expected from this additional capex in the next few years.

4. CORPORATE FINANCE

Judicious use of debt is a legitimate source of funding for businesses, and can bring positive results to shareholders in terms of returns such as ROE. Generally, businesses that have highly predictable cash flow generation can and should use some debt. Debt is also readily available and relatively cheap for real estate related purposes. VICOM and the Jalan Papan development certainly fit the above description perfectly.

The vehicle inspection business is consistently profitable and cash flow generative, thanks to the duopoly market structure, for a service that is mandated by the government. Pricing is set by the inspection centres, standardized across the centres (see Appendix C), whereas LTA establishes the regulations and standards for vehicle inspections, including the type of tests required and the frequency of inspection. Net profit margin of close to 50% is the envy of many other businesses. The Jalan Papan site is a real estate that banks would readily accept as a mortgage property, and favourable interest rate can be expected.

It is therefore incomprehensible that VICOM chose to fund Jalan Papan, which has a development cost of \$55m, entirely with equity. In fact VICOM reduced its dividend payout ratio in 2022 and 2023, in order to conserve cash to pay for the Jalan Papan project. As a result, dividend per share declined from 8.28 cents in 2021 to 5.8 cents in 2024, a drop of 30%!

Corporate Monitor raised the issue at the 2025 AGM and subsequently engaged with VICOM's CEO and CFO on this issue. The response was that in 2022 when the project was launched, the US Federal Reserve started the rate hike cycle and debt was getting expensive, so VICOM decided to play safe and funded the project with equity. However, we understand that even when the project is completed (which is when it becomes an even more attractive mortgage property) and even if rate has fallen, VICOM will still not consider refinancing with debt.

We also could not understand the vastly different corporate finance strategy compared to that of VICOM's parent, ComfortDelgro. In 2024, ComfortDelgro decided to fund all of its \$750m of acquisitions with debt, and consequently ended in a net debt position. VICOM insisted on staying in a net cash position, even though its revenue, profit and cashflow are far more stable than those of ComfortDelgro.

VICOM shareholders lose both directly and indirectly. If some level of debt is used, it would free up cash for VICOM to at least maintain the dividends. The indirect impact comes in the form of lower returns. We were told that Jalan Papan project is projected to generate a mid to high single digit return, which is below the cost of equity (approximately 10%) for VICOM.

5. GOVERNANCE

5.1 LACK OF TRANSPARENCY IS HARD TO JUSTIFY

VICOM has been clear that it wants to grow non-vehicle testing business. Currently, the revenue contributions of the vehicle inspection and non-vehicle testing businesses are combined and reported as a single segment¹². This is despite SETSCO accounting for more than 50% of VICOM's revenue. There have been numerous shareholder requests for the revenue breakdown, without which it is hard to assess if the strategy makes sense. During VICOM's 43rd Annual General Meeting (AGM), VICOM's CEO explained that the decision for non-disclosure was made to maintain competitiveness and protect the interests of shareholders¹³.

According to Financial Reporting Standard ("FRS") 108, VICOM ought to provide segment financials for the vehicle and non-vehicle testing businesses, which qualify as operating segments, and each has certainly exceeded the quantitative threshold (10%). In fact, both vehicle and non-vehicle testing businesses are housed in separate subsidiaries. Accordingly, we strongly believe that VICOM reviews and evaluates the vehicle and non-vehicle testing businesses separately. Therefore each will fall under the definition of operating segments under FRS 108.

Although FRS 108 allows aggregation of segments, this is allowed only if these operating segments have similar economic characteristics. However, as argued in paragraph (2) below, these two businesses are not economically similar and therefore cannot be aggregated per FRS 108.

Examining VICOM's Justifications

- (1) The company defended its position by citing the competitive nature of the non-vehicle testing segment and the fact that its competitors, who are not publicly listed, are not required to publicly disclose their financial figures¹⁴.

We are not convinced by VICOM's arguments. VICOM's non-vehicle testing business has reached a revenue of S\$64m and comprises numerous contracts in many sub-sectors. Aggregate revenue and profit figures could hardly give away commercial secrets to competitors. VICOM's parent ComfortDelgro ("CDG") provides detailed segment financials by business sub-sectors and by geographies. In fact, CDG has far more to fear as its public transport contracts are won through competitive biddings.

¹² VICOM Ltd., FY2024 Announcement, 10,
https://www.vicom.com.sg/Portals/0/PDF/Announcement/VICOM_FY2024.pdf?ver=DvIfDNrSQBvMw98De0jAsA%3d%3d.

¹³ VICOM Ltd., Minutes of 43rd Annual General Meeting held on 24 April 2024,
<https://www.vicom.com.sg/Portals/0/PDF/Announcement/20240510%20-%20VICOM%20-%20Minutes%20of%2043rd%20AGM%20held%20on%2024%20April%202024.pdf?ver=YCy9YcOdcYCfBQKmvD2bGA%3D%3D>.

¹⁴ VICOM Ltd., Minutes of the 38th Annual General Meeting held on 24 April 2019,
<https://www.vicom.com.sg/Portals/0/PDF/newsletter/VICOM%20AGM%20MINUTES%20HELD%20ON%2024%20APRIL%202019.pdf>.

- (2) VICOM also justifies the combination of the vehicle and non-vehicle testing into a single segment by claiming that it helps “improve productivity and efficiency as these services have similar economic characteristics and processes”. When questioned by the Securities Investors Association (Singapore) (SIAS), VICOM explained that the combination was due to both segments being part of the TIC industry¹⁵.

However, such argument again is not valid because the two segments are vastly different with little synergies:

(a) Different competitive landscape:

VICOM holds a dominant market share of 72.9% in FY2024¹⁶ in vehicle inspections in Singapore, with high barriers to entry due to government licensing by the LTA.

In contrast, the non-vehicle testing segments are highly competitive due to its industry-driven nature rather than government-mandated, thereby exposing VICOM to intense competition from global players like SGS, TÜV SÜD, and Bureau Veritas. Unlike vehicle inspection demand, which is primarily influenced by government regulations, non-vehicle testing demand is more unpredictable, dependent on factors such as industry trends, economic cycles, client budgets and more.

(b) Different pricing strategy and revenue potential due to differing customer bases:

The target customers of vehicle testing and inspections are car owners. Though inspection fees are no longer regulated by LTA and the authorised inspection centres (AICs) set their own fees¹⁷, they are standardised across the AICs with little room for adjustment (see Section 3.1.2). VICOM strives to keep costs low by “constantly looking at new technologies or initiatives” to safeguard their margins.

Conversely, the non-vehicle testing arm serves primarily Business-to-Business (B2B) clients, with more room for price negotiation and premium pricing based on specialised expertise.

(c) Different scalability:

Vehicle inspection benefits from economies of scale, with high fixed costs and relatively low variable costs due to standardised procedures.

Conversely, the non-vehicle testing requires more specialised equipment and niche expertise as VICOM expands into diverse industries and acquires more competencies, leading to high variable costs.

¹⁵ VICOM Ltd., *Responses to Questions from Shareholders and SIAS*,

<https://links.sgx.com/FileOpen/VICOM%20-%20Responses%20to%20Questions%20from%20Shareholders%20and%20SIAS.ashx?App=Announcement&FileID=755365>.

¹⁶ VICOM Ltd., “Media Release: Results for the Full Year Ended 31 Dec 2024,” Singapore Exchange (SGX) Announcements

<https://links.sgx.com/FileOpen/VICOM%20Media%20Release%20Results%20for%20the%20Full%20Year%20Ended%2031%20Dec%202024.ashx?App=Announcement&FileID=833812>

¹⁷ Land Transport Authority (LTA), “Inspection Fees Itemised Based on Required Tests,” LTA,

<https://www.lta.gov.sg/content/ltagov/en/newsroom/2024/11/media-replies/inspection-fees-itemised-based-on-required-tests.html#:~:text=Vehicle%20inspection%20fees%20are%20set,required%20for%20each%20vehicle%20type>.

Corporate Monitor requested VICOM to explain why it did not comply with FRS 108, and received the following reply:

“The company has prepared its financial statements in compliance with all relevant financial reporting standard and our external auditors have signed off the Company’s accounts with no exceptions noted.”

Segment reporting is not optional. Given the clear operational and financial distinctions between the vehicle and non-vehicle testing businesses, their exclusion from segment disclosures is, in our view, unjustified and a material omission for a true and fair set of financial statements.

5.2 VICOM: BLOATED BOARD

At VICOM’s 43rd AGM, a shareholder questioned the necessity for a 10-member Board, suggesting that the Board considers reducing the number of directors to mitigate rising costs, given the stagnating revenue growth over the past five years.

In response, the Chairman justified that the 10-member Board was necessary as part of VICOM’s growth strategy:

“In relation to the suggestion to reduce the number of Directors, Chairman also said that with the Company’s plans to expand into new areas, it was important to have on-board, different Directors with the appropriate expertise and experience to oversee the expansion plans”.

Source: VICOM Minutes of the 43rd AGM

However, when compared to other listed firms on the SGX mainboard, VICOM’s Board of 10 directors appears to be far too large, especially considering the company’s size and operational scope.

For instance, typically only larger companies like Singtel and ST Engineering with significantly higher market capitalisations and net profits, have boards of just slightly more than 10 directors (Figure 11). For these companies, the larger board sizes are justifiable as they operate across much broader industries and geographies. In contrast, VICOM’s smaller scale and more focused operations raises questions about the necessity of maintaining such a large board.

Firm	2024 Revenue (S\$)	2024 Net Profit (S\$)	Market Cap (S\$) @ Feb 2025	Number of Employees	Board Size
CDG	\$4.5bn	\$256m	\$3bn	22,693	10
SBS Transit	\$1.56bn	\$70m	\$0.76bn	9,853	9
VICOM	\$0.12bn	\$29m	\$0.46bn	940	10
Singtel	\$14.13bn	\$795m	\$53bn	24,070	11
ST Engineering	\$11.28bn	\$702m	\$15bn	25,734	13

Figure 11: Comparison of VICOM’s Board Size and Financial Performance with Other Companies

Source: Annual Reports, Corporate Websites of Respective Companies, Yahoo! Finance

In response to a question posed by a shareholder during the AGM on potential growth sectors not reported in the Annual Report, Prof. Shim provided a list of areas the Company was looking to expand

into. These include testing, inspection and certification services relating to electric vehicle batteries, sustainable construction materials, cybersecurity, and microbiology and food testing.

The table below summarises the list of the Board of Directors and their relevant expertise:

Director Name	Expertise	Direct relevance to the identified growth areas	
		Yes	No
Dr Tan Kim Siew	<ul style="list-style-type: none"> Public Administration Chairman 		
Mr Sim Wing Yew	<ul style="list-style-type: none"> CEO 		
Professor Shim Phyu Wui, Victor	<ul style="list-style-type: none"> Material Science 	✓ Relevant for sustainable construction materials	
Professor Ooi Beng Chin	<ul style="list-style-type: none"> AI, Database Blockchain 	✓ Relevant for cybersecurity	
Professor Karina Yew-Hoong Gin	<ul style="list-style-type: none"> Civil and Environmental engineering, specialisation in water quality and ecosystem processes 	✓ Relevant for microbiology and food testing, given her research specialisation	
Ms Tan Poh Hong	<ul style="list-style-type: none"> Public Administration Food Safety 	✓ Relevant for microbiology and food testing	
Mr Cheng Siak Kian	<ul style="list-style-type: none"> Deputy Chairman 		
Mr Soh Chung Hian, Daniel	<ul style="list-style-type: none"> Accountancy 		✓
Ms June Seah Lee Kiang	<ul style="list-style-type: none"> Cards and payments 		✓
Ms Wong Yoke Woon	<ul style="list-style-type: none"> Operations and Business Continuity, specialisation in employee management 		✓

Figure 12: VICOM's Board of Directors and Their Expertise

Source: VICOM's Annual Report 2023

If we exclude Mr. Sim, who is the CEO, Mr. Tan, who is Chairman and Mr. Cheng, who is Deputy Chairman and CEO of ComfortDelgro, only 4 Directors out of the remaining 7 appear to possess expertise that are relevant to the growth areas VICOM is looking to expand into (Figure 12). In addition, there appears to be an overlap in the expertise areas.

CML does not agree with VICOM's justification for a bloated board, for 2 reasons:

- It is clear that non-vehicle testing failed to provide any growth, is dilutive to profitability and burning cash, which begs the question of whether VICOM should even continue to grow it.
- Even if (a) were not true, of the 4 current board members with expertise in businesses that VICOM targets, 3 are Professors without business experience.

5.3 VICOM: TOO MANY OVERSIZED COMMITTEES

VICOM's Board has four key Committees: Audit and Risk, Nominating and Remuneration (NRC), Sustainability, and Technology. While the standard does not specify the exact number of Directors that should sit on each committee, general guidelines suggest that the Nominating Committee, Remuneration Committee and Audit Committee should have at least three Directors each.

Currently, each of VICOM's Board Committee consists of four to five directors, including the Committee Chairman, except for the Technology Committee, which has seven directors following the recent appointment of Director Karina Yew-Hoong Gin (Figure 13).

Director Name / Committee	Audit and Risk	Nominating and Remuneration	Sustainability	Technology
Dr Tan Kim Siew		✓ Chairman	✓	✓
Mr Cheng Siak Kian		✓		✓
Mr Sim Wing Yew			✓	✓
Mr Soh Chung Hian, Daniel	✓ Chairman	✓		
Professor Shim Phyu Wui, Victor	✓		✓	✓ Chairman
Ms June Seah Lee Kiang	✓		✓ Chairman	
Professor Ooi Beng Chin				✓
Ms Tan Poh Hong	✓	✓		✓
Ms Wong Yoke Woon	✓	✓		
Professor Karina Yew-Hoong Gin				✓

Figure 13: VICOM's Board of Directors and Their Involvement in Committees

Source: VICOM's Announcement of Changes to the Composition of the Board and Board Committees

A larger number of Directors on each committee leads to increased time commitment for each director, less efficient decision-making processes, reduced individual accountability, and logistical challenges in scheduling meetings and managing communication.

Additionally, NEDs are compensated additional fees annually for their role as Chairman or member, and attendance fees for each committee meeting, further adding to the cost of committee operations.

Although VICOM may argue that a larger Technology Committee is necessary to bring in specialised expertise to drive strategic initiatives, particularly in new business areas, it may be worthwhile for VICOM to reassess whether having seven directors is truly necessary. With stagnating growth and rising operating costs, VICOM might consider re-evaluating the distribution of directors across its committees to ensure efficiency and alignment with each committee's needs.

5.4 REMUNERATION PRACTICES SHOULD BETTER ALIGN INTERESTS OF MANAGEMENT AND SHAREHOLDERS

Comparing the remuneration of the CEO and the Top 5 Key Management Personnel against shareholder metrics of ROE, TSR, we noted that VICOM's executive remuneration seems to vastly exceed the value created for its shareholders.

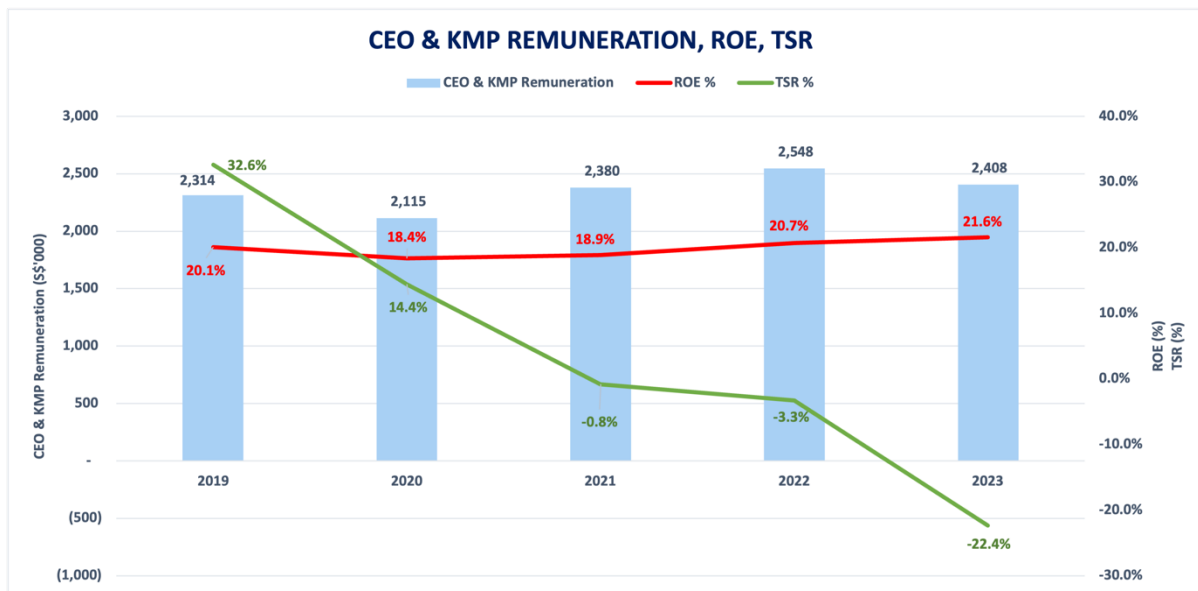


Figure 14: Change In CEO and KMP Remuneration Against ROE Over the Last 5 Years
Source: VICOM Annual Reports 2019 - 2023

Although VICOM's ROE has seen marginal improvement over the last five years, its TSR declined significantly, from 32.6% in 2019 to -22.4% in 2023. Despite the sharply declining TSR, CEO and KMP remuneration has not decreased, and has in fact increased marginally, over the years (Figure 14).

The remuneration of the CEO and KMP may be somewhat consistent with the remuneration structure adopted by VICOM, whereby the variable components are dependent on the profitability of the Group and individual performance of the executives, as disclosed in VICOM's 2024 Corporate Governance Report. However, in our view, it is not proportionate to the sustained performance and value creation of the company, as stated in Principle 7 of the Code of Corporate Governance, contrary to what VICOM asserts.

Given the divergence between the financial performance of VICOM and the market's perception of VICOM and its future, more disclosure is required to properly evaluate the effectiveness of the remuneration package. Disclosing specific KPIs, including the use of TSR, would provide assurance to VICOM's shareholders that the interest of the management is aligned with theirs, and that the management is accountable and remains committed to enabling VICOM to achieve greater heights. Including TSR as part of the KPIs would particularly address stakeholders' concerns about VICOM's outlook, realign management's goals with those of shareholders, and ensure that management not only prioritises short-term profitability but also considers VICOM's long-term performance.

6. CONCLUSION

VICOM remains profitable and has high ROE compared to many other listed companies. However, we do not think management deserves a lot of credit for this, as the vehicle testing business, which contributes most of the profit, benefits from the mandated demand without market competition.

The management of VICOM is right to seek diversification and growth by getting into other business, but we are not convinced that they have proven the strategy with the results. In fact, VICOM did not even justify such a strategy to shareholders. To insist on not providing segment analysis on the non-vehicle testing business even when it already contributes more than 50% of VICOM's revenue is indefensible. Based on our analysis, the non-vehicle testing business has not grown in the last 3 years, and has much lower and declining net profit margins. This in turn erodes the overall net profit margin of VICOM. Moreover, this business is losing cash because cashflow from operations is less than the required CAPEX. Ironically it is the vehicle inspection business that has been growing in the past 3 years, albeit marginally. It contributed 84% of VICOM's net profit, and all of its free cashflow.

Adding to the dilution of shareholder value is the persistence of an all equity financing model, even for a new testing facility that cost \$55m. VICOM cut its dividend payout ratio, thus denying shareholders of a source of returns.

Divesting the non-vehicle testing business could eliminate the value leakage. It will potentially also help to reduce the size of board, which is bloated partly because VICOM wants to tap expertise and experience for the expansion of the non-vehicle testing business segment.

As an alternative, given VICOM's repeated refusal to provide segment information to justify the non-vehicle testing business, perhaps it should reconsider the merits of remaining listed on SGX. After all, VICOM enjoys strong cash flow and does not need to issue new shares. Delisting would allow VICOM to save on regulatory compliance and reporting requirements, optimising resources that could be channelled into more strategic initiatives. As a private company, VICOM can also pursue the growth of non-vehicle testing over a much longer time horizon, if it truly believes this will advance shareholder value in the end.

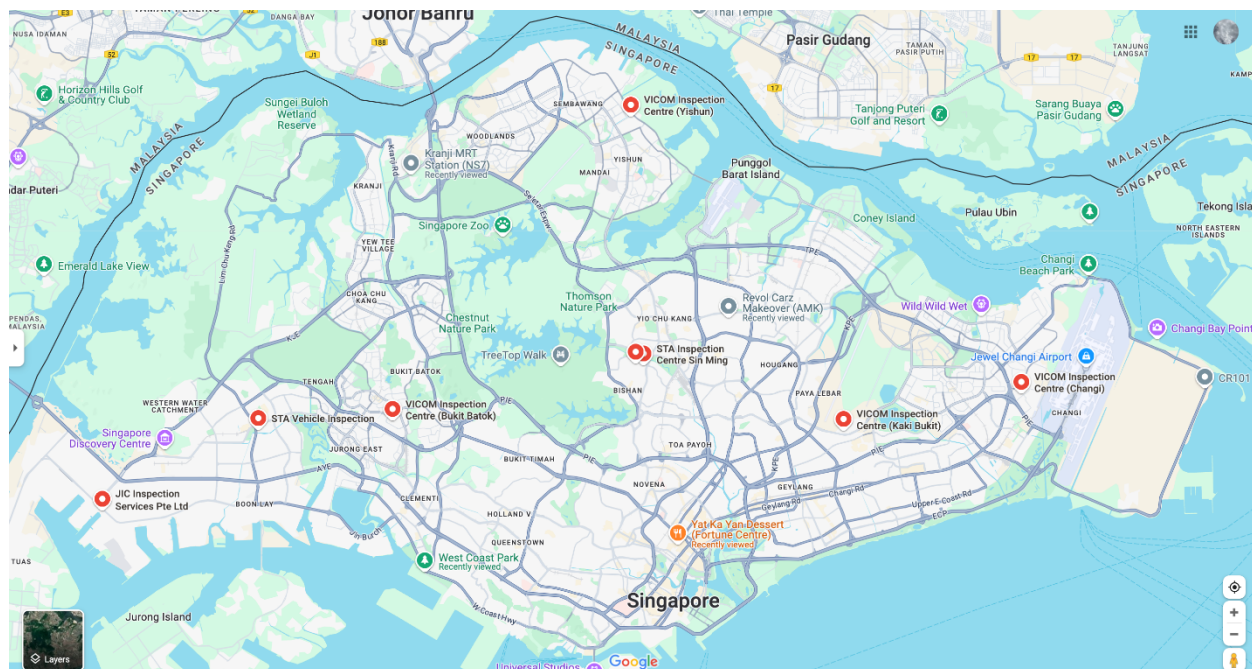
7. APPENDICES

7.1 APPENDIX A: Subsidiaries

Entity	Principal activity	Country of incorporation/operation	2023 %	2022 %
VICOM Inspection Centre Pte Ltd	Vehicle inspection	Singapore	100	100
JIC Inspection Services Pte Ltd	Vehicle inspection	Singapore	78	78
Setsco Services Pte Ltd	Testing inspection and consultancy services	Singapore	100	100
Subsidiaries of Setsco Services Pte Ltd				
Setsco Consultancy International Pte Ltd	Professional inspection and engineering services	Singapore	100	100
Setsco Services (M) Sdn Bhd	Testing inspection and consultancy services	Malaysia	100	100
Setsco-An Security Pte Ltd	IT security and consultancy services	Singapore	70	-

Source: VICOM Annual Report 2023

7.2 APPENDIX B: VICOM, JIC, STA Inspection Centre Locations



7.3 APPENDIX C: Inspection Fee and Frequency Chart

	VICOM Inspection Fee & Frequency Chart					STA Inspection Fee & Frequency Chart				
	Inspection Fees		Inspection Frequency			Inspection Fees		Inspection Frequency		
Vehicle Category	Inspection	Re-Inspection	<3 years	3-10 years	>10 years	Inspection	Re-Inspection	<3 years	3-10 years	>10 years
Motorcycle & Scooter	S\$20.71					S\$20.71				
Additional Test Required:										
Hydrocarbon Emission Test (Motorcycle registered on or after 1 Jul 2003)*	S\$2.18	S\$10.36	Nil	Annually	Annually	S\$2.18	S\$10.36	Nil	Annually	Annually
Classic Motorcycle Seal Inspection	S\$11.99	S\$11.99	Nil	Nil	Biennially					
Car (Internal Combustion Engine or Electric)	S\$68.67					S\$68.67				
Additional Test Required:										
High Idle Emission Test (Petrol Vehicle registered on or after 1 April 2014)*	S\$7.63					S\$7.63				
Hydrocarbon Emission Test (Petrol Vehicle registered before 1 April 2014)*	S\$2.18	S\$34.34				S\$2.18	S\$34.34			
Diesel Smoke Test	S\$21.80	S\$21.80				S\$21.80	S\$21.80			
Compressed Natural Gas (CNG) Inspection	S\$14.17	S\$14.17	Nil	Biennially	Annually	S\$14.17	S\$14.17	Nil	Biennially	Annually
Off Peak Car (OPC) Seal Inspection	S\$11.99	S\$11.99	Annually	Annually	Annually	S\$11.99	S\$11.99	Annually	Annually	Annually
Classic Car Seal Inspection	S\$11.99	S\$11.99	Nil	Nil	Biennially					
Private Hire Vehicle Car (PHV) / Tuition Car	S\$68.67					S\$68.67				
Additional Test Required:										
High Idle Emission Test (Petrol Vehicle registered on or after 1 April 2014)*	S\$7.63					S\$7.63				
Hydrocarbon Emission Test (Petrol Vehicle registered before 1 April 2014)*	S\$2.18	S\$34.34	Annually	Annually	6-mthly	S\$2.18	S\$34.34	Annually	Annually	6-mthly
Diesel Smoke Test	S\$21.80	S\$21.80				S\$21.80	S\$21.80	Annually	Annually	6-mthly
Private Hire Vehicle Car Decal Inspection	S\$11.99	S\$11.99	Annually	Annually	6-mthly	S\$11.99	S\$11.99	Annually	Annually	6-mthly
	VICOM Inspection Fee & Frequency Chart					STA Inspection Fee & Frequency Chart				
	Inspection Fees		Inspection Frequency			Inspection Fees		Inspection Frequency		
Other Vehicle Type	Inspection	Re-Inspection	<3 years	3-10 years	>10 years	Inspection	Re-Inspection	<3 years	3-10 years	>10 years
Light Goods Vehicle (G Plate)	S\$68.67					S\$68.67				
Additional Test Required:										
High Idle Emission Test (Petrol Vehicle registered on or after 1 April 2014)*	S\$7.63					S\$7.63				
Hydrocarbon Emission Test (Petrol Vehicle registered before 1 April 2014)*	S\$2.18	S\$34.34				S\$2.18	S\$34.34			
Diesel Smoke Test (Light Goods Vehicle)	S\$21.80	S\$21.80	Annually	Annually	6-mthly	S\$21.80	S\$21.80	Annually	Annually	6-mthly
Heavy Goods Vehicle / Bus (2 Axles. E.g P, Y Plate)	S\$80.66	S\$40.33				S\$80.66	S\$40.33			
Heavy Goods Vehicle / Bus (>2 Axles. E.g P, X Plate)	S\$87.20	S\$46.87				S\$87.20	S\$46.87			
Additional Test Required:										
Diesel Smoke Test (Heavy Goods Vehicle and Bus)	S\$32.70	S\$32.70	Annually	Annually	6-mthly	S\$32.70	S\$32.70	Annually	Annually	6-mthly
Trailer	S\$68.67	S\$34.34	Annually	Annually	Annually	S\$68.67	S\$34.34	Annually	Annually	Annually
Taxi	S\$68.67					S\$68.67				
Additional Test Required:										
High Idle Emission Test (Petrol Vehicle registered on or after 1 April 2014)*	S\$7.63	S\$34.34				S\$7.63	S\$34.34			
Diesel Smoke Test	S\$21.80	S\$21.80	Annually	6-mthly	NA	S\$21.80	S\$21.80	Annually	6-mthly	NA
Other Additional Statutory Test Requirements										
New Seal / Re-seal For OPC / Classic Vehicle	S\$22.89	N.A.	N.A.	N.A.	N.A.	S\$22.89	N.A.	N.A.	N.A.	N.A.
Airfield Vehicle Inspection	S\$21.80	S\$21.80	N.A.	N.A.	N.A.	S\$21.80	S\$21.80	N.A.	N.A.	N.A.
Private Hire Vehicle Car Decal Installation and Registration	S\$22.67	N.A.	N.A.	N.A.	N.A.					

Source: VICOM Inspection Price and Schedule List¹⁸, STA Vehicle Inspection Fee and Frequency Chart¹⁹

¹⁸ VICOM Ltd., Inspection Price and Schedule List, VICOM Ltd, <https://www.vicom.com.sg/Our-Services/Vehicle-Inspection/Inspection-Price-and-Schedule-List>

¹⁹ STA, Vehicle Inspection Fee and Frequency Chart, STA Vehicle Inspection, <https://stai.com.sg/inspection-fee-table-2-2/>

7.4 APPENDIX D: COE Revalidation (Yearly)

REVALIDATION OF CERTIFICATE OF ENTITLEMENT (COE) OF EXISTING VEHICLES

Year ²	Category A		Category B		Category C		Category D		Total
	5-YR ¹	10-YR	5-YR ¹	10-YR	5-YR ¹	10-YR	5-YR ¹	10-YR	
2014	997	237	510	500	13,478	462	3,087	4,057	23,328
2015	5,881	882	2,019	1,137	10,581	247	3,178	2,127	26,052
2016	15,181	2,758	7,291	4,301	8,487	363	3,475	2,447	44,303
2017	13,643	3,360	8,104	5,981	16,002	969	3,721	4,088	55,868
2018	14,781	6,221	6,893	9,219	9,428	926	2,780	2,712	52,960
2019	15,723	10,377	4,372	11,305	9,145	1,260	2,406	4,035	58,623
2020	6,076	3,334	1,765	8,896	6,672	999	2,259	3,074	33,075
2021	2,231	2,837	681	5,556	6,626	559	1,991	1,954	22,435
2022	947	1,484	396	1,862	6,278	301	2,992	2,262	16,522
2023	1,007	964	477	1,955	5,366	203	3,451	3,201	16,624
2024	2,922	1,659	1,152	3,332	11,235	659	2,229	3,582	26,770

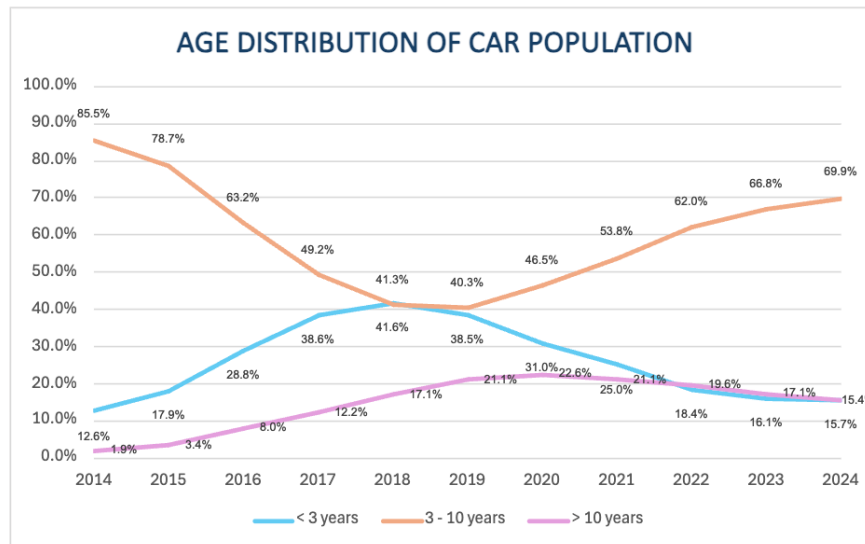
Note:

¹ 5-year COEs (except for Category C 5-year COEs that are expiring on or after 25 Feb 2013) cannot be further renewed. This means that the vehicle must be deregistered upon expiry of its 5-year COE.

² Refers to the number of revalidations using the monthly Prevailing Quota Premium (PQP) applicable in that year.

Source: LTA Annual Vehicle Statistics 2024: Revalidation of Certificate of Entitlement (COE) of Existing Vehicles²⁰

7.5 APPENDIX E: Age Distribution of Car Population



Age (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
< 3 years	12.6%	17.9%	28.8%	38.6%	41.6%	38.5%	31.0%	25.0%	18.4%	16.1%	15.7%
3 - 10 years	85.5%	78.7%	63.2%	49.2%	41.3%	40.3%	46.5%	53.8%	62.0%	66.8%	69.9%
> 10 years	1.9%	3.4%	8.0%	12.2%	17.1%	21.1%	22.6%	21.1%	19.6%	17.1%	15.4%

Age (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
< 3 years	77,778	107,859	173,050	236,091	256,289	243,072	196,285	161,354	119,417	104,750	102,074
3 - 10 years	527,205	473,851	380,077	301,425	253,929	254,262	294,725	347,359	403,584	434,871	455,355
> 10 years	11,626	20,601	48,130	74,740	105,234	133,262	143,032	136,437	127,666	111,681	100,315
Total	616,609	602,311	601,257	612,256	615,452	630,596	634,042	645,150	650,667	651,302	657,744

Source: LTA Annual Vehicle Statistics 2024: Age Distribution of Car Population²¹

²⁰ Land Transport Authority (LTA), (2024), Revalidation of Certificate of Entitlement (COE) of Existing Vehicles, Annual Vehicle Statistics 2024, https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/MVP10-Annual_COE_Revalidation.pdf

²¹ Land Transport Authority (LTA), (2024), Age Distribution of Car Population, Annual Vehicle Statistics 2024, https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-3-1_Cars_by_age.pdf

7.6 APPENDIX F: Level of Disclosure of Revenue Breakdown among Major Players in TIC Industry

Company	Revenue Segments Reported	
VICOM	Inspection and testing services, Rental income, Others	SGX-listed
ST Engineering (parent of subsidiary STA Inspection)	Commercial Aerospace, Urban Solutions & Satcom, Defence & Public Security, Elimination	SGX-listed
TÜV SÜD PSB	Industry, Mobility, Certification	Private
Bureau Veritas	Marine & Offshore, Agri-Food & Commodities, Industry, Buildings & Infrastructure, Certification, Consumer Products Services	Listed on Euronext Paris
Intertek	Consumer Products, Corporate Assurance, Health and Safety, Industry and Infrastructure, World of Energy	Listed on the London Stock Exchange
SGS	Industries & Environment, Natural Resources, Connectivity & Products, Health & Nutrition, Business Assurance	Listed on the Swiss Stock Exchange

Source: Companies' Annual Reports 2023

7.7 APPENDIX G: Services provided by Setsco Services Pte. Ltd.

By Industry	Services
Aerospace	<ul style="list-style-type: none"> • Aerospace NDT & Inspection • Acoustic Noise Measurement & Consultancy • Calibration & Measurement • Oil/Gas/Petrochemical Analysis • Preventive Maintenance
Chemicals	<ul style="list-style-type: none"> • Green Label Testing* • Food Chemistry • Micro-contamination Testing • Oil/Gas/Petrochemical Analysis • Reliability & ElectroStatic Discharge (ESD) Testing • RoHS & REACH Compliance Testing*
Calibration & Measurement	<ul style="list-style-type: none"> • Calibration & Measurement
Consumer Goods	<ul style="list-style-type: none"> • Calibration & Measurement • Mask Testing • Electrical Testing • Fire Safety Products (FSP) • Mechanical & Metallurgy Testing • Polymer Testing • Product Performance & Evaluation • Green Label Testing* • RoHS & REACH Compliance Testing*
Construction	<ul style="list-style-type: none"> • Building Material Testing

	<ul style="list-style-type: none"> • Building Consultancy • Geotechnical Services • Structural & Integrity Testing • Polymer Testing • Green Label Testing* • Calibration & Measurement • Mechanical & Metallurgy Testing • Non-Destructive Testing & Inspection
Electrical & Electronics	<ul style="list-style-type: none"> • Calibration & Measurement • Central Alarm Monitoring Systems • Electrical Testing • Micro-contamination Testing • Reliability & ElectroStatic Discharge (ESD) Testing • RoHS & REACH Compliance Testing*
Environment	<ul style="list-style-type: none"> • Environmental Analysis* • Oil/Gas/Petrochemical Analysis* • Green Label Testing* • RoHS & REACH Compliance Testing*
Food & Beverage	<ul style="list-style-type: none"> • Food Chemistry • Microbiological Testing • Micro-contamination Testing
Industrial & Manufacturing	<ul style="list-style-type: none"> • Calibration & Measurement • Fire Safety Product Testing • Central Alarm Monitoring Systems • Mechanical & Metallurgy Testing • Micro-contamination Testing • Non-Destructive Testing & Inspection • Oil/Gas/Petrochemical Analysis • Polymer Testing • Preventive Maintenance • Reliability & ElectroStatic Discharge (ESD) Testing • RoHS & REACH Compliance Testing*
Oil & Gas, Petrochemical	<ul style="list-style-type: none"> • Calibration & Measurement • Environmental Analysis* • Firefighting Foam Testing • Inspection of Industry Equipment & Machinery • Mechanical & Metallurgy Testing • Non-Destructive Testing & Inspection • Oil/Gas/Petrochemical Analysis

*Sustainability-related services

Source: VICOM Annual Report 2023