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Proposed Acquisition of the Entire Issued and Paid-Up Capital of Setsco Services Pte Ltd

The Board of Directors of VICOM Ltd ("VICOM" or the "Company") wishes to announce that the Company had on 27 January 2003 entered into a conditional sale & purchase agreement (the "Agreement") with Keppel Integrated Engineering Limited (the "Vendor"), to acquire 5,625,000 ordinary shares (the "Sale Shares") in the capital of Setsco Services Pte Ltd ("Setsco"), being the entire issued and paid-up share capital of Setsco.

Terms of the Acquisition

VICOM will acquire the Sale Shares free from all encumbrances and together with all rights, dividends, entitlements and advantages as at completion of the Acquisition ("Completion") and thereafter attaching thereto.

Completion of the Acquisition is expected to take place in March 2003.

Consideration

VICOM will pay an aggregate consideration of \$15,742,935. The consideration was negotiated on a willing buyer, willing seller basis, after taking into account, inter alia, the earnings and net asset value of Setsco.

The Consideration will be payable in cash in two instalments. The first payment of \$1,574,293 has been paid upon execution of the Agreement, and the remaining \$14,168,642 will be paid upon completion of the Acquisition. The Acquisition will be funded using internal resources and bank borrowings.

Conditions Precedent

The Acquisition is conditional upon, inter alia, the approval of the Agreement by the Shareholders at the EGM, unless waived by the SGX-ST.

Information on Setsco

Setsco is in the business of providing testing, calibration, inspection, consultancy and training services to a wide spectrum of industries, such as the aerospace, building and construction and manufacturing industries. Services provided include quality assurance, building and construction materials testing and evaluation, structural evaluation and diagnosis, chemical analysis, environmental monitoring and assessment, food and microbiology analysis, mechanical testing and metallurgy, non-destructive testing and evaluation, metrology (the calibration of instrumentation) and preventive maintenance assessment.

Setsco is one of Singapore's largest testing and inspection companies accredited by the Singapore Accreditation Council – Singapore Laboratory Accreditation Scheme (SAC-Singlas) to ISO/IEC 17025. Setsco is also an Approved Repair Station by the Federal Aviation Administration and Civil Aviation Authority of Singapore for non-destructive testing, and an Approved Test Center for welder trade tests by the Building and Construction Authority and the Singapore Welding Society.

The operating profit of Setsco before income tax for the year ended 31 December 2002 was \$4.197 million. The NTA of Setsco as at 31 December 2002 was \$5.830 million.

Rationale for the Acquisition

The Acquisition represents an opportunity for VICOM to engage in a strategic expansion into other areas of inspection and testing services.

Financial Effects of the Acquisition

For illustrative purposes only and assuming that the Acquisition had been completed on 31 March 2002 and based on the unaudited NTA of Setsco as at 31 December 2002, the Acquisition would have resulted in a decrease in the NTA of the Company from \$40.613 million to \$30.490 million.

For illustrative purposes only and assuming that the Acquisition had been completed on 1 April 2002 and based on the net profits of Setsco as stated in its unaudited proforma profit and loss account for the year ended 31 December 2002 (being \$3.313 million), the Acquisition would have resulted in an increase in the earnings per share of the Company from 6.32 cents to 9.57 cents.

Approvals

As the Consideration exceeds 20% of the market capitalisation of the Company and as the net profit of Setsco exceeds 20% of the net profit of VICOM, the Acquisition is considered a "major transaction" under Chapter 10 of the SGX-ST Listing Manual that is subject to, inter alia, the approval of Shareholders at an extraordinary general meeting ("EGM") to be convened.

An application has been made by the Company to the SGX-ST for the waiver by the SGX-ST of the requirement that the EGM be held. Shareholders will be informed of the status of the application in due course.

Interests of Directors and Controlling Shareholders in relation to the Acquisition

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

Comfort Group Ltd, a controlling shareholder which as of 15 January 2003 held 73.2% of the issued share capital of VICOM, has given its irrevocable undertaking in favour of the Vendor to vote all of its shares in VICOM in favour of any Shareholders' resolution to approve the Acquisition, if an EGM is held on the matter.

Circular to Shareholders

Unless the SGX-ST waives the requirement for holding of the EGM, a circular to Shareholders setting out, inter alia, details of the Acquisition and further particulars of Setsco together with a notice of the EGM, will be despatched to Shareholders in due course.

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office for 3 months from the date of this announcement.