



VICOM LTD

(Company Registration No. 198100320K)

SURRENDER OF LEASE OF PROPERTY AT 18 TEBAN GARDENS CRESCENT TO JURONG TOWN CORPORATION

1. INTRODUCTION

VICOM Ltd ("**Company**") wishes to announce that its wholly-owned subsidiary Setsco Services Pte Ltd ("**SETSCO**") had accepted an offer from the Jurong Town Corporation ("**JTC**") for the surrender of lease ("**Surrender of Lease**") by SETSCO of its property located at 18 Teban Gardens Crescent, Singapore 608925 ("**Property**") for a consideration of \$21,167,394 ("**Consideration**").

As part of the arrangement, SETSCO will take up an offer to rent the Property from JTC starting from the date of completion of the Surrender of Lease ("**Completion**") up to 31 December 2020 ("**Tenancy Arrangement**").

2. DESCRIPTION OF PROPERTY

The Property is a leasehold property with a 30-year lease commencing from 1 February 2009. The Property has a total land area of 9,829.7 square metres.

3. RATIONALE FOR THE SURRENDER OF LEASE

JTC proposed the Surrender of Lease as the Property was earmarked for re-development under the Government's plans.

Under the Tenancy Arrangement, upon Completion of the Surrender of Lease, SETSCO would continue to occupy the Property until it completes its move to its newly acquired property at 531 Bukit Batok Street 23 ("**New Property**").

The Surrender of Lease will not have any adverse impact on the Company's operations.

4. SALIENT TERMS OF THE SURRENDER OF LEASE

The Consideration will be payable to SETSCO upon Completion.

In addition to the Consideration, JTC will pay to SETSCO a sum of \$2,683,799.80 as an ex-gratia sum to defray SETSCO's relocation costs ("**Relocation Allowance**").

Completion of the Surrender of Lease is scheduled to take place on 31 December 2018 ("**Scheduled Completion Date**").

If the Surrender of Lease is not completed on the Scheduled Completion Date, JTC may on that date or anytime thereafter give twenty-one days' written notice to complete the Surrender of Lease. In the event that the Surrender of Lease is not completed within the twenty-one days' notice period, then JTC may, in addition to any rights and remedies available at law or in equity, exercise its right to terminate the contract for the Surrender of Lease.

In addition, if the Surrender of Lease is not completed by the Scheduled Completion Date, SETSCO shall be required to pay JTC the market rent and Goods and Services Tax for land and building as determined by JTC for the Property from (and including) the day immediately following the Scheduled Completion Date until (and including) the actual day of Completion. Any request for extension of time is subject to JTC's prior written consent.

Prior to Completion, SETSCO is required to continue to comply with all obligations under the existing Lease, including without limitation, pay all rent, interest, outgoings and all other sums owing to JTC under the existing Lease, and to complete reinstatement works as stipulated by JTC.

As the Tenancy Arrangement will commence immediately upon Completion, SETSCO is not required to deliver vacant possession of the Property to JTC on Completion.

5. FINANCIAL EFFECTS

The financial effects of the Surrender of Lease set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company following the Surrender of Lease nor a projection of the future financial performance or position of the Company after the Surrender of Lease. The financial effects set out below are based on the Company's audited financial statements for the financial year ended 31 December 2017.

1. Earnings per Share ("EPS")

Assuming the Surrender of Lease had been effected on 1 January 2017, the EPS of the Group would be as follows:

	Before the Sale	After the Sale
Net Profit After Tax (S\$'000)	26,503	34,146
Number of issued shares ('000)	88,642	88,642
EPS (Singapore Cents)	29.90	38.52

2. Net Tangible Assets ("NTA") per Share

Assuming the Surrender of Lease had been effected on 31 December 2017, the NTA per share of the Group would be as follows :

	Before the Sale	After the Sale
NTA (S\$'000)	137,007	144,650
Number of issued shares ('000)	88,642	88,642
NTA per share (Singapore cents)	154.56	163.18

6. VALUE OF PROPERTY

The Consideration of \$21,167,394 for the Surrender of Lease of the Property was arrived at on a willing-buyer and willing-seller basis, taking into account recent market transactions of a similar nature.

As at 31 December 2018, the net book value (“NBV”) of the Property would be S\$9,055,000. The excess of the Consideration over the NBV of the Property, after deducting all estimated expenses and taking into account the Relocation Allowance, is S\$7,643,000.

7. USE OF PROCEEDS

The net proceeds from the Surrender of Lease will be used by the Company to fund the cost of the New Property.

8. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

Rule 1006 of the Listing Manual	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	6.6% ⁽¹⁾
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable as there is no net profit attributable to the Property.
(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	4.0% ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Notes:

(1) Based on the latest announced unaudited consolidated accounts of the Group for the 9 months ended 30 September 2018. The net asset value of the Property as at 31 December 2018 is approximately S\$9,055,000.

(2) Based on the Consideration for the Surrender of Lease of S\$21,167,394 and the market capitalisation of the Company of S\$534,511,260 determined by multiplying the existing number of shares in issue by S\$6.03, being the weighted average price of the Company's shares transacted on 5 December 2018.

As the applicable relative figures computed above exceed 5% but do not exceed 20%, the Surrender of Lease constitutes a disclosable transaction as defined in Chapter 10 of the Listing Manual of the SGX-ST.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company have an interest, direct or indirect, in the above transaction.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Surrender of Lease, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Surrender of Lease.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JTC's offer letter shall be available for inspection at the Company's registered office at 205 Braddell Road, Singapore 579701 during normal business hours for a period of three (3) months from the date of this announcement.

By Order of the Board

Chan Wan Tak, Wendy
Yeo Tee Yeok, Edwin
Joint Company Secretaries

6 December 2018