PRESS CLIPPINGS

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Page/s: 8

MultiVision eyes new markets

| BY NG MUN YEE |

"You don't need a disaster to prove that you've chosen the wrong digital video surveillance solution," says Dennis Li, president and chief operations officer of MultiVision Intelligent Surveillance Ltd (MultiVision), which launched its initial public offering (IPO) on Dec 9. Li should know. MultiVision designs, develops and distributes digital video surveillance (DVS) products and solutions. It is business because it seems to deliver peace of mind to its end users — transportation and healthcare companies, banks, homeowners, commercial buildings, utilities and government agencies. Among MultiVision's more notable clients are Hong Kong's Chep Lap Kok International Airport and China Light & Power Co Ltd, and Australia's New South Wales State Rail Authority. In a more security-conscious environment, MultiVision is an interesting story.

In the financial year ended March 31, 2002 (FY2002), MultiVision delivered a net profit of HK$1.2 million (S$280,000) on a turnover of HK$25.1 million (S$5.8 million). With an offer price of S$0.23, MultiVision appears expensive, trading at a historical price-earnings ratio (PER) of 225.8 times and a price to net operating cash flow of 62.2 times. However, the company achieved a much stronger performance in the first four months of FY2003, with a turnover of HK$25.8 million (S$5.9 million) and a net profit of HK$6.6 million (S$1.5 million).

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Li says to evaluate MultiVision's performance, investors should look at its order book

Li concedes that MultiVision looks like a start-up company "which has not reached a steady state". So how should investors evaluate the company's performance? "Look at our order book," he advises. MultiVision markets its products and solutions to 26 distributors and original equipment manufacturers. For FY2003, MultiVision has already contracted HK$58 million in sales with its top four distributors.

New markets

Geographically, Hong Kong, Taiwan and China account for 84, 41 and 70 per cent of MultiVision's turnover in FY2001, FY2002 and the four months ended July 31, 2002, respectively.

Issue statistics

Total offer	70.1 million shares
Placement offer	59.6 million shares
Public offer	10.5 million shares
Issue price	S$0.23
Listing ground	Main board
Net proceeds & use	S$13.3 million • S$2 million for expansion of distribution networks (15%) • S$3.3 million for potential acquisitions and investments (25%) • S$6.7 million for research and development activities (50%) • S$1.3 million for general working capital (10%)
Launch date	Dec 9
"When issued" trading	Dec 18
"Ready" trading	Dec 31
Manager	SBI E2-Capital
Underwriters	UOB Kay Hian Pte Ltd; The Bank of East Asia Ltd

Given its history in North Asia, why did MultiVision choose to list in Singapore instead of, say, Hong Kong? First, MultiVision is not able to list on the main board in Hong Kong because it does not possess a sufficiently long track record in the DVS business, having only switched from the analog system in May 2000. The alternative listing ground, the tech-heavy Hong Kong Growth Enterprise Market does not appeal to MultiVision. Secondly, MultiVision is keen to tap business in Southeast Asia and Singapore will serve as its platform for the region.

In addition, MultiVision is keen to tap the world's largest market in the security business, namely the US. According to Li, the worldwide security business is estimated to grow to US$7 billion next year and US$10 billion by 2005. Although MultiVision's products and solutions already make their way to the US and Europe, there is nothing like a direct presence to drive business in these regions. MultiVision also wants to expand into the higher-margin airline and mobile communications industries. "There are not a lot of players here. We believe we have the capability to be a player in this area once we have the funding [from the IPO]," Li says. MultiVision has already developed an onboard surveillance system that allows pilots in the cockpit to monitor passengers in the cabins and transmit real-time images captured on the surveillance cameras on the aircraft to ground-based personnel via satellites.

On the face of it, MultiVision should not have a problem raising S$2.415 million from the public offer. However, its share price performance post-listing is another matter altogether. Given the weak market environment and the experience of recently listed MobileOne, TR Networks and Econ Healthcare, MultiVision will have a challenge keeping investors interested in its story.