

## **MULTIVISION INTELLIGENT SURVEILLANCE LIMITED**

### **PROPOSED ACQUISITION OF 100% OF HUGE HILL LIMITED**

#### **1. Introduction**

The Board of Directors of MultiVision Intelligent Surveillance Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Company has entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Zhao Yujun (the "Vendor") on 4 August 2005 to acquire 1 share of par value US\$1.00, which has been issued and is fully paid up or credited as fully paid up, representing the entire issued share capital of Huge Hill Limited ("HHL") for an aggregate purchase consideration of HK\$48,840,000 to be satisfied in full by (i) the allotment and issue of 20,000,000 ordinary shares of HK\$0.07 each in the capital of the Company (the "Consideration Shares") to the Vendor and (ii) the payment of HK\$30,000,000 in cash (the "Acquisition").

This announcement is made pursuant to Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual").

#### **2. Information on HHL**

- 2.1 Huge Hill Limited (Company No. 594802) is a company incorporated in the British Virgin Islands on 3 May 2004 with an authorised share capital of US\$50,000 divided into 50,000 shares (each a "Share") of US\$1.00 each, of which 1 Share (the "Sale Share") has been issued and is fully paid up or credited as fully paid.
- 2.2 HHL is an investment holding company which also undertakes the provision of technical support services in surveillance projects.

#### **3. Purchase Consideration**

- 3.1 The aggregate purchase consideration for the Acquisition of HK\$48,840,000 (the "Purchase Consideration") is to be satisfied as follows:
  - (a) the allotment and issue of 20,000,000 Consideration Shares to the Vendor (equivalent to HK\$18,840,000 based on the price of the Shares of S\$0.20 as at the close of trading of the Company's shares on 4 August 2005 and the exchange rate of S\$1 : HK\$4.71 as at 4 August 2005), and
  - (b) the payment of HK\$30,000,000 in cash.
- 3.2 In the event the Company does not obtain approval from the SGX-ST for the listing of the Consideration Shares within 4 weeks from the completion of the Acquisition, the Company may by notice in writing (the "Notice") to the Vendor elect to make payment of a sum equivalent to the aggregate price of the Consideration Shares based on the average price of the Company's shares on the SGX-ST for the last 5 trading days immediately prior to the date the Notice is given, instead of issuing the Consideration Shares to the Vendor under paragraph 3.1(a) above.
- 3.3 The Purchase Consideration will be funded by the Company's own internal resources.
- 3.4 The Purchase Consideration was arrived at on a willing-buyer willing-seller basis.

#### **4. Material Conditions**

The Sale and Purchase Agreement is conditional upon *inter alia*:

- (a) HHL having entered into an exclusive technical support services agreement in respect of six districts in a surveillance project in Beijing, the People's Republic of China ("PRC"); and
- (b) the Vendor guaranteeing that the Company's operation will generate RMB 2 million by 31 March 2006 and RMB 5 million within 12 months from the completion of the Acquisition.

#### **5. Value of shares acquired**

The valuation of the Sale Share is based on a profit guarantee of RMB 5.0 million for the first 12 months from the completion of the Acquisition.

#### **6. Financial Effects**

- 6.1 The net profit attributable to the Sale Share is RMB 5.0 million (equivalent to HK\$4.8 million based on an exchange rate of HK\$1 : RMB 1.04 as at 3 August 2005).
- 6.2 For illustration purposes only, based on the financial statements of the Group for the financial year ended 31 March 2005, the financial effects of the Acquisition on the Company would be as follows:
  - (a) the net tangible assets per share of the Group would have decreased by HK\$0.046 from HK\$0.545 as at 31 March 2005 to HK\$0.499, assuming that the Acquisition had been completed on 31 March 2005; and
  - (b) the earnings per share of the Group for the year ended 31 March 2005 would have increased by HK\$0.011 from HK\$0.092 to HK\$0.103, assuming that the Acquisition had been completed on 1 April 2004.

#### **Notes:**

- (1) The earnings per share of the Group in the financial year ending 31 March 2005 is calculated based on the Group's profit for the year attributable to shareholders of approximately HK\$38.22 million divided by the weighted average number of ordinary shares of 417,726,100 in issue during that year.

#### **7. Rationale**

The directors of the Company (the "Directors") believe that the Acquisition is in line with the Company's plan to expand its business into the service aspects of the surveillance industry, and will provide the Company with greater stability in income in the future.

HHL has entered into a technical support services contract with Hua An Tian Wang (Beijing) Information Technology Limited on 18 July 2005 to provide surveillance services for six districts in Beijing, PRC. The Company has been appointed the sole provider of digital video surveillance products and solutions in respect of the same project. The Directors of the Company believe that the Acquisition will provide more opportunities in future for the Company to secure projects relating to public security in the PRC.

## **8. Interests of Directors and Controlling Shareholders**

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

## **9. Service Contracts of Directors**

There are no directors who are proposed to be appointed to the Company in connection with the Acquisition.

## **10. Relative Bases computed on the Bases set out in Rule 1006 of the Listing Manual**

Adopting the bases under:-

- (a) Rule 1006(b) of the Listing Manual, the net profits attributable to the assets being acquired of RMB 5,000,000 for the first 12 months following the completion of the Acquisition guaranteed by the Vendor, as compared with the net profits of the Group of approximately HK\$38.22 million for the financial year ended 31 March 2005 is approximately 12.6% based on the exchange rate of HK\$1 : RMB1.04 as at 3 August 2005;
- (b) Rule 1006(c) of the Listing Manual, the aggregate consideration for the Acquisition of HK\$48,840,000 as compared with the Company's market capitalisation of approximately HK\$394 million as at close of trading of the Company's Shares on 4 August 2005 (the market day preceding the date of the Agreement) is approximately 12.4% based on the exchange rate of S\$1 : HK\$4.71 as at 4 August 2005; and
- (c) Rule 1006(d) of the Listing Manual, the 20,000,000 Consideration Shares to be issued by the Company as part consideration for the Acquisition as compared with the 417,726,100 Shares in issue as at 31 March 2005 is approximately 4.8%.

## **11. Inspection**

A copy of the Sale and Purchase Agreement is available for inspection during normal business hours at the Company's Hong Kong office at 26<sup>th</sup> Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong for 3 months from the date of this announcement.

## **12. Directors' Responsibility Statement**

The Directors of the Company (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and the opinion expressed are fair and accurate and that no material facts have been omitted, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD  
MULTIVISION INTELLIGENT SURVEILLANCE LIMITED

Dennis Li Kin Keung  
Executive Director  
5 August 2005

Submitted by Dennis Li Kin Keung on 05/08/2005 to the SGX-ST