



**ARTIVISION TECHNOLOGIES LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200407031R)

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**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE**

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**1. INTRODUCTION**

**1.1 Basis of the Proposed Rights Issue**

The board of directors (“**Directors**” or “**Board**”) of Artivision Technologies Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 876,931,404 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.03 for each Rights Share (“**Issue Price**”), on the basis of five (5) Rights Shares for every six (6) existing ordinary shares in the capital of the Company (“**Shares**”) held by shareholders of the Company (“**Shareholders**”) as at a date and time to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) (“**Books Closure Date**”), fractional entitlements to be disregarded (“**Proposed Rights Issue**”).

**1.2 Share Issue Mandate**

The Rights Shares are to be issued pursuant to the existing share issue mandate (“**Share Issue Mandate**”) approved by Shareholders at the annual general meeting of the Company held on 29 July 2015 (“**2015 AGM**”). The Share Issue Mandate authorised, *inter alia*, the Directors to (a) issue Shares whether by way of rights or otherwise, and/or (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued provided that, among others, the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) and Instruments to be issued to existing Shareholders on a pro rata basis pursuant to the Share Issue Mandate shall not exceed 100% of the total number of issued Shares (excluding treasury shares) as at 29 July 2015, after adjusting for: (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of the resolution; and (iii) any subsequent bonus issue, consolidation or subdivision of Shares.

**1.3 Irrevocable Undertakings**

As at the date of this announcement:

- (i) Algotech Holdings Ltd (“**Algotech**”) holds an aggregate of 99,849,680 Shares, representing approximately 11.10% of the issued and paid-up share capital of the Company. Accordingly, Algotech will be entitled to subscribe for an aggregate of 83,208,066 Rights Shares (“**Algotech Entitled Rights Shares**”). Algotech is an investment holding company wholly owned by Mr Soh Sai Kiang Philip, the Company’s Non-Executive Chairman;

- (ii) Mr Soh Sai Kiang Philip holds an aggregate of 32,618,000 Shares, representing approximately 3.63% of the issued and paid-up share capital of the Company. Accordingly, Mr Soh Sai Kiang Philip will be entitled to subscribe for an aggregate of 27,181,666 Rights Shares ("**SSK Entitled Rights Shares**");
- (iii) Dr Ofer Miller holds an aggregate of 59,515,224 Shares, representing approximately 6.62% of the issued and paid-up share capital of the Company. Accordingly, Dr Ofer Miller will be entitled to subscribe for an aggregate of 49,596,020 Rights Shares ("**OM Entitled Rights Shares**");
- (iv) Mr Ching Chiat Kwong holds an aggregate of 80,812,000 Shares, representing approximately 8.98% of the issued and paid-up share capital of the Company. Accordingly, Mr Ching Chiat Kwong will be entitled to subscribe for an aggregate of 67,343,333 Rights Shares ("**CCK Entitled Rights Shares**"); and
- (v) Mr Kenneth Goh Tzu Seoh holds an aggregate of 5,290,000 Shares, representing approximately 0.59% of the issued and paid-up share capital of the Company. Accordingly, Mr Kenneth Goh Tzu Seoh will be entitled to subscribe for an aggregate of 4,408,333 Rights Shares ("**KG Entitled Rights Shares**").

As an indication of their support and commitment to the Company, each of Algotech, Mr Soh Sai Kiang Philip, Dr Ofer Miller, Mr Ching Chiat Kwong and Mr Kenneth Goh Tzu Seoh ("**Undertaking Shareholders**") has given irrevocable undertakings dated 18 March 2016 to the Company ("**Irrevocable Undertakings**"), among others, that:

- (i) as at the Books Closure Date, each of the Undertaking Shareholder will not own less than their respective relevant shareholding;
- (ii) each of the Undertaking Shareholder will not sell, transfer or otherwise dispose of his Shares prior to the Books Closure Date; and
- (iii) the Undertaking Shareholders will subscribe and/or cause to be subscribed for on his behalf, (a) the Algotech Entitled Rights Shares; (b) the SSK Entitled Rights Shares; (c) the OM Entitled Rights Shares; (d) the CCK Entitled Rights Shares; and (e) the KG Entitled Rights Shares, respectively.

The Undertaking Shareholders (save for Algotech and Mr Soh Sai Kiang Philip) will each provide a confirmation of financial resources in connection with their respective Irrevocable Undertakings to the Company in due course.

As at the date of this announcement, an amount of S\$2.75 million owing to Algotech by the Company is outstanding. Algotech has agreed that the entire amount of S\$2.75 million shall be set off against (i) the entire subscription monies payable by Algotech for the Algotech Entitled Rights Shares; and (ii) a portion of the subscription monies payable by Mr Soh Sai Kiang Philip for the SSK Entitled Rights Shares. Accordingly, Algotech will not be required to provide any confirmation of financial resources in connection with its Irrevocable Undertaking to the Company, while Mr Soh Sai Kiang Philip will provide a confirmation of financial resources in connection with his Irrevocable Undertaking to the Company for the remaining balance of the subscription monies which are not set off against the amount owing to Algotech by the Company.

Based on the foregoing, the Undertaking Shareholders have undertaken to subscribe and/or cause to be subscribed for an aggregate of 231,737,418 Rights Shares, representing



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approximately 26.43% of the total Rights Shares available pursuant to the Proposed Rights Issue.

None of the Undertaking Shareholders would trigger an obligation under the Singapore Code on Take-overs and Mergers to make a general offer for the Shares of the Company in the event that none of the other shareholders subscribes for the Rights Shares.

## 2. PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

### 2.1 Entitled Shareholders

The Proposed Rights Issue will be offered on a renounceable basis to Entitled Shareholders on the basis of five (5) Rights Shares for every six (6) Shares held by, or standing to credit of the securities accounts of, Entitled Shareholders with The Central Depository (Pte) Limited (“CDP”) as at the Books Closure Date, fractional entitlements to be disregarded.

### 2.2 Number of Rights Shares to be issued

As at the date of this announcement, the Company has an issued and paid-up share capital of 899,627,918 Shares (“**Existing Share Capital**”) and the following outstanding share options and/or convertible securities:

- (a) 25,245,500 outstanding employee share options (“**Employee Share Options**”) granted under the Company’s Artivision Technologies Employee Share Option Plan which are exercisable into 25,245,500 new Shares;
- (b) a loan of up to US\$4,000,000 in principal amount, convertible into 42,462,845 new Shares (“**Loan Conversion Right**”) pursuant to the convertible loan agreement entered into with NCL Housing Pte. Ltd. (“**NCL**”). In connection with the loan, the Company has granted NCL, options which are exercisable into an aggregate of 21,231,422 new Shares (“**Convertible Call Option Shares**”);
- (c) outstanding options granted by the Company to Mr Ho Kok Fi John and Mr Lim Chye Huat @ Bobby Lim Chye Huat in accordance with the option deeds entered into by the Company on 22 September 2015 which are exercisable into an aggregate of 30,000,000 new Shares (“**September Bond Option Shares**”); and
- (d) outstanding options granted by the Company to Mr Low See Ching and Ms Poh Chew Hua Christine in accordance with the option deeds entered into by the Company on 31 December 2015 which are exercisable into an aggregate of 33,750,000 new Shares (“**December Bond Option Shares**”),

(collectively, referred to as the “**Outstanding Convertible Instruments**”).

Based on the Existing Share Capital and assuming that (i) none of the Outstanding Convertible Instruments are exercised or converted on or before the Books Closure Date and (ii) only the Undertaking Shareholders subscribe for Rights Shares pursuant to the Irrevocable Undertakings and no other Shareholder subscribes for any Rights Shares, an aggregate of



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231,737,418 Rights Shares will be issued pursuant to the Proposed Rights Issue ("**Minimum Subscription Scenario**").

In the event all of the Outstanding Convertible Instruments are exercised or converted on or before the Books Closure Date, the Existing Share Capital will increase to 1,052,317,685 Shares ("**Enlarged Share Capital**"). Based on the Enlarged Share Capital and assuming that the Rights Shares are fully subscribed for, an aggregate of 876,931,404 Rights Shares will be issued pursuant to the Proposed Rights Issue ("**Maximum Subscription Scenario**").

### **2.3 Status of the Rights Shares**

The Rights Shares are payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls on or after the date of issue of the Rights Shares. For this purpose, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or distributions.

### **2.4 Issue Price**

The Issue Price of S\$0.03 represents a discount of approximately 28.6% and 18.9%, respectively, to the closing price of S\$0.042 per Share on 17 March 2016 (being the last trading day preceding the date of this announcement) and the theoretical ex-rights price of S\$0.037 per Share (based on the closing price on 17 March 2016).

### **2.5 Non-Underwritten Rights Issue**

The Proposed Rights Issue will not be underwritten. The Company has decided to undertake the Proposed Rights Issue on a non-underwritten basis in view of the Irrevocable Undertakings provided by the Undertaking Shareholders and the savings in cost enjoyed by the Company in respect of underwriting fees.

### **2.6 Other terms**

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the offer information statement ("**Offer Information Statement**") to be lodged with the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), acting as agent on behalf of the Monetary Authority of Singapore, in due course.

## **3. RATIONALE FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is proposing to undertake the Proposed Rights Issue to raise funds to strengthen its financial position and capital base, thus enhancing its financial flexibility to capitalise on potential growth opportunities. The Proposed Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company.

The estimated net proceeds (the “**Net Proceeds**”) after deducting estimated expenses of approximately S\$116,500 are expected to be approximately S\$26.19 million under the Maximum Subscription Scenario and S\$6.84 million under the Minimum Subscription Scenario.

The Company intends to utilise the Net Proceeds as follows:

- (a) the sum of S\$2.75 million to be set off against shareholder’ loans owing to Algotech by the Company; and
- (b) the balance of the Net Proceeds will be used towards the Group’s general corporate and working capital purposes such as for the purchase of media video viewership and repayment of the bonds on maturity.

The breakdown on the use of Net Proceeds under the Maximum Subscription Scenario and the Minimum Subscription Scenario is set out as follows:-

	<b>Maximum Subscription Scenario (S\$ million)</b>	<b>Minimum Subscription Scenario (S\$ million)</b>
Set off against shareholder’ loans owing by the Company	2.75	2.75
General corporate and working capital	23.44	4.09

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement. The Company will also provide a status report on the use of the Net Proceeds in the Company’s annual report. Where the Net Proceeds have been used for working capital, the Company will provide a breakdown with specific details on the use of proceeds in the Company’s announcements and annual reports. Where there is a material deviation in the use of Net Proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Group.

For the purposes of Rule 814(1)(e) of the SGX-ST Listing Manual Section B: Rules of Catalyst, the Directors are of the opinion that:

- (a) barring unforeseen circumstances, after taking into consideration the present bank balance and the operating cash flows of the Group, save for the foreseeable advance payment to a publisher and bonds repayment, the working capital available to the Group is sufficient to meet its present requirements. As such, the Directors are of the opinion that the Proposed Rights Issue will enable the Company to meet its present working capital requirements for the purchase of media video viewership, repayment of the bonds on maturity, strengthen the financial position and capital base of the Group. Please refer to the intended use of proceeds above for further information; and

- (b) barring unforeseen circumstances, after taking into consideration the present bank balance, operating cash flows of the Group and the Net Proceeds arising from the Minimum Subscription Scenario, the working capital available to the Group will be sufficient to meet its present requirements.

#### 4. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Proposed Rights Issue (“**Entitled Shareholders**”). Entitled Shareholders comprise both Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and receive the Offer Information Statement to be issued by the Company in connection with the Proposed Rights Issue together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

##### 4.1 Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents (“**Entitled Depositors**”).

Entitled Depositors will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Record Date.

Entitled Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP at CDP at 9 North Buona Vista Drive, #01-19/20, Singapore 138588 with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

##### 4.2 Entitled Scripholders

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP and who had tendered to the Company’s share registrar, Tricor Barbinder Share Registration Services (“**Share Registrar**”), valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with address in Singapore for the services of notices and documents (“**Entitled Scripholders**”).

Entitled Scripholders will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received by 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar



in order to be registered to determine the transferee's provisional entitlements under the Proposed Rights Issue.

Entitled Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore must provide the Share Registrar at 80 Robinson Road #02-00 Singapore 068898 with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

#### **4.3 Foreign Shareholders**

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). As such, no provisional allotments of the Rights Shares will be made to, and no purported acceptance thereof and application therefor by Foreign Shareholders will be valid.

Foreign Shareholders who wish to be eligible to participate in the Proposed Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (a) CDP at 9 North Buona Vista Drive, #01-19/20, Singapore 138588 or (b) Artivision Technologies Ltd. c/o the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not later than three (3) market days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to a single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Sponsor in connection therewith.

If such provisional allotments of Rights Shares cannot be or are not sold on the Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Sponsor in connection therewith.

#### **4.4 Provisional allotments**

Entitled Shareholders are at liberty to accept or decline or otherwise renounce or trade their provisional allotments of Rights Shares and will be eligible to apply for excess Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.



Fractional entitlements of the Rights Shares, if any, will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments of Rights Shares which are not taken up for any reason, be aggregated and used to satisfy applications for excess Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the board of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

## 5. APPROVALS AND OTHER CONDITIONS TO THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares on Catalist; and
- (b) the lodgement of the Offer Information Statement with the SGX-ST, acting as agent on behalf of the Authority.

As the Company has obtained the Share Issue Mandate, no further Shareholders' approval is required for the Proposed Rights Issue and the issuance of Rights Shares.

The Offer Information Statement will be despatched to Entitled Shareholders in due course.

The Company will be making an application to the sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**"), and the SGX-ST for the listing and quotation of the Rights Shares on Catalist. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders of the Company has any interests, direct or indirect, in the Proposed Rights Issue (other than in his capacity as Director or Shareholder of the Company).

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Rights Issue, the Company and its subsidiaries, and





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the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 8. ANNOUNCEMENTS

Further announcements on the Proposed Rights Issue will be made as appropriate on variations or amendments to the terms of the Proposed Rights Issue.

**Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.**

### BY ORDER OF THE BOARD

PHILIP SOH  
Non-Executive Chairman  
18 March 2016

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*The announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").*

*The Sponsor has not independently verified the contents of the announcement. The announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of the announcement, including the correctness of any of the statements or opinions made or reports contained in the announcement.*

*The contact person for the Sponsor is Ms Goh Mei Xian, Deputy Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.*