



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

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF COLIBRI ASSEMBLY THAILAND CO., LTD.**

1. Introduction

The Board of Directors ("**Board**") of Artivision Technologies Ltd. ("**Company**") wishes to announce that the Company had on 25 July 2013 executed a term sheet ("**Term Sheet**") with Lee See Jui, Lee Chew Liang and Loy Boon Suang (collectively, the "**Vendors**") in connection with the proposed acquisition ("**Proposed Acquisition**") of 100% of the issued share capital ("**Sale Shares**") held by the Vendors in Colibri Assembly Thailand Co., Ltd ("**Target Company**").

Pursuant to the Term Sheet, the Proposed Acquisition shall be subject to the execution of a definitive sale and purchase agreement ("**Definitive Agreement**").

2. Salient Terms of the Term Sheet

2.1 Indicative Terms of the Proposed Acquisition

The indicative terms of the Proposed Acquisition are as follows:

(i) *Consideration*

The consideration for the Sale Shares ("**Consideration**") shall be an amount between S\$2,200,000 and S\$2,500,000. The Consideration shall be satisfied by the issue of new ordinary shares in the Company at an issue price to be agreed by the parties ("**Consideration Shares**").

(ii) *Conditions Precedent*

The Proposed Acquisition shall be subject to *inter alia*, the following:

- (a) the results of the financial, operational and legal due diligence on the Target Company being satisfactory to the absolute discretion of the Company;
- (b) the Target Company's aggregate unpaid construction cost for its existing factory as at 31 July 2013 shall not be more than Singapore Dollars Three Million and Five Hundred Thousand (S\$3,500,000) ("**Unpaid Construction Cost**");
- (c) the execution of a contract for the provision of disk drive technology products between the Target Company and a US-based multi national company ("**MNC**") for a tenure which is satisfactory to the Company;



- (d) the approval for the listing and quotation of the Consideration Shares on the Catalist being obtained from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”);
- (e) financing for the Proposed Acquisition being obtained by the Company on terms satisfactory at the sole and absolute discretion of the Company;
- (f) the absence of any material breach of the representations, warranties or covenants in the Definitive Agreement; and
- (g) all necessary approvals required by the Vendors and the Company from the relevant authorities for the sale and purchase of the Sale Shares, including without limitation, approval of the SGX-ST and the shareholders of the Company being obtained.

(iii) *Settlement of Unpaid Construction Cost*

On completion of the Proposed Acquisition, the Company shall assume the Unpaid Construction Cost. Such Unpaid Construction Cost shall be repayable by the Company on terms to be agreed by the parties.

(vi) *Governing law*

The Definitive Agreement shall be governed by the laws of Singapore.

2.2 Loans

- (i) Upon the execution of the Term Sheet, the Company shall enter into a loan agreement with the Target Company pursuant to which the Company will provide an interest-free loan amounting to Singapore Dollars Three Hundred Thousand (S\$300,000) (“**Initial Loan**”) to the Target Company.

In connection therewith, the Company has, on the date of the Term Sheet, entered into a loan agreement (“**Loan Agreement**”) with the Target Company for the grant of the Initial Loan. Pursuant to the Terms of the Loan Agreement the Target Company shall, in the event of the Term Sheet being terminated, repay the Loan in full by one lump sum (a) within five (5) business days from the date of termination; or (b) if the Definitive Agreement has been signed but such Definitive Agreement has been terminated without parties completing the Proposed Acquisition, within five (5) business days from receipt by the Target Company of a written demand for the repayment of the Initial Loan.

- (ii) Additionally, upon the execution of the Definitive Agreement and up until the completion or termination of the Definitive Agreement, the Company shall provide such loans to the Target Company as the Target Company may require for its working capital (“**Additional Loans**”). The Additional Loans shall be granted on such terms and conditions to be agreed by the parties.
- (iii) The Initial Loan and Additional Loans, if any, shall be used strictly for the working capital purposes of the Target Company, and the Vendors shall take all steps to procure that the Initial Loan and Additional Loans are used by the Target Company for such purposes.



- (iv) The Vendors shall procure the Target Company to repay the Initial Loan and the Additional Loans, if any, in accordance with the terms of the Loan Agreement and such other terms and conditions agreed between the parties in respect of the Additional Loans.
- (v) In the event the Target Company shall, for any reason whatsoever, fail to repay the Initial Loan and the Additional Loans in the manner set out in paragraph (iv), the Company shall have the option ("**Option**") but not the obligation to convert the Loan and the Additional Loans into new shares ("**Conversion Shares**") in the share capital of the Target Company at a par value of Thai Baht One Thousand (THB1,000) per new share ("**Par Value**") or the net tangible asset per share of the Target Company (on an enlarged basis) ("**NTA per share**"), whichever is lower.
- (vi) In the event the issue of the Conversion Shares at NTA per share is not permitted under Thai laws, the Vendors shall:
 - (a) procure the Target Company to issue the Conversion Shares at the Par Value; and
 - (b) transfer to the Company such number of existing shares held by the Vendors in the Target Company ("**Transfer Shares**") such that, after the transfer, the percentage shareholding of the Company in the Target Company (including the Conversion Shares) shall be equivalent to its percentage shareholding in the Target Company had the Conversion Shares been issued at NTA per share. The Vendors shall transfer the Transfer Shares in proportion to their respective shareholding in the Target Company.
- (vii) The Transfer Shares shall be transferred to the Company at an aggregate consideration of Thai Baht One Thousand (THB1,000). The Vendors hereby agree that such consideration shall be paid to Lee See Jui, who shall receive the payment for and on behalf of all the Vendors.
- (viii) The Vendors shall (i) transfer the Transfer Shares; and (ii) take all steps to procure that the Conversion Shares be issued and allotted, to the Company within five (5) business days from the date of exercise of the Option by the Company.
- (ix) Prior to repayment of the Initial Loan and the Additional Loans and so long as the Company shall hold any Conversion Shares and/or Transfer Shares, the Vendors shall not cause, and shall procure the Target Company not to, without the prior written consent of the Company, make any changes in the Target Company's capital structure (including without limitation, capital reduction, stock split, issuing any shares or other securities, granting any options over shares or securities, issuing warrants or other convertible securities, increasing or decreasing the number of issued shares and any buyback of shares).

2.3 Due Diligence

Upon the execution of the Term Sheet, the Vendors shall provide the Company access to the Target Company and such information and documents to enable the Company and its advisers to carry out financial, operational and legal due diligence on the Target Company



and its assets during the Exclusivity Period (as defined below) (and such other period as the parties may agree in writing).

2.4 Exclusivity Period

- (i) Upon acceptance of the Term Sheet, the Company shall have an exclusivity period of three (3) months to enter into the Definitive Agreement ("**Exclusivity Period**") (unless otherwise extended by the parties).
- (ii) During the Exclusivity Period, each of the Vendors shall negotiate exclusively with the Company with respect to the Proposed Acquisition and shall not (whether directly or indirectly through its directors, employees, agents or representatives) negotiate or engage in discussions with, solicit or entertain offer from, provide any information to or enter into any agreement or arrangement with any other person or entity, in relation to the sale of the Target Company.

3. **Information on the Target Company**

The Target Company is a contract manufacturer of disk drive technology products for the US-based MNC.

The MNC is a manufacturing company specialising in high-performance industrial products with an annual turnover of more than US\$2.5 billion. The MNC has also been providing solutions for the computer industry for over 20 years. Beginning with applications in main frame computers, down through the advent of hard disk drives, the MNC has delivered products for all types of drive configurations. The clients of the MNC include the leading players in the hard disk drive ("**HDD**") industry.

4. **Rationale for the Proposed Acquisition**

The Proposed Acquisition will allow the Company to diversify its portfolio of technology businesses from security surveillance and display advertisement formats serving technology to contract manufacturing of disk drive technology products. This is in line with the Company's strategic plans and on-going efforts to pursue suitable new investments to enhance shareholders value.

5. **Further Announcements**

The Company will make further announcements as and when there are material developments on the Proposed Acquisition and disclose further details of the Proposed Acquisition as required under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the SGX-ST upon execution of the Definitive Agreement.

6. **Miscellaneous**

The Board wishes to emphasise that the Proposed Acquisition is subject to fulfilment of many conditions and there is no certainty or assurance as at the date of this announcement that the parties will in due course enter into the Definitive Agreements as contemplated under the Term Sheet.



Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company in relation to this announcement. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

7. Interests of Directors and Controlling Shareholders

As at the date of this announcement, save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

BY ORDER OF THE BOARD

PHILIP SOH

Non-Executive Chairman

29 July 2013

This announcement has been prepared by the Artivision Technologies Ltd. (“Company”) and its contents have been reviewed by the Company’s sponsor, Canaccord Genuity Singapore Pte. Ltd. (“Sponsor”) for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Chia Beng Kwan, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.