



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

**ISSUANCE OF BONDS AND GRANT OF OPTIONS
TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

1. Introduction

The board of directors (the “**Board**” or “**Directors**”) of Artivision Technologies Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 31 December 2015, entered into two (2) separate subscription agreements (the “**Subscription Agreements**”) with Mr Low See Ching (“**Mr Low**”) and Ms Poh Chew Hua Christine (“**Ms Poh**”) (together, the “**Subscribers**”) respectively, pursuant to which the Subscribers agreed to subscribe for bonds in aggregate principal amount of S\$4,500,000 to be issued by the Company (“**Bonds**”) (of which S\$2,500,000 is subscribed for by Mr Low and S\$2,000,000 is subscribed for by Ms Poh) at a subscription price of 100% of the principal amount of the Bonds (“**Subscription Price**”), on the terms and subject to the conditions of the Subscription Agreements (“**Issuance of Bonds**”).

In connection with the Issuance of Bonds, the Company had, on the same day, entered into two (2) separate option deeds (the “**Option Deeds**”) with the Subscribers respectively, pursuant to which the Company had granted the Subscribers a total of 33,750,000 share options (“**Options**”) (of which 18,750,000 Options are granted to Mr Low and 15,000,000 Options are granted to Ms Poh) (“**Grant of Options**”), with each Option carrying the right to subscribe for one new ordinary share in the capital of the Company (“**New Share**”) at the exercise price of S\$0.10 per New Share (“**Exercise Price**”), on the terms and subject to the conditions of the respective Option Deeds. In the event the Options are fully exercised, the proceeds thereof would amount to approximately S\$3,375,000.

There is no placement agent appointed for the Issuance of Bonds and the Grant of Options. The Issuance of Bonds and the Grant of Options are by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. Hence, no prospectus or offer information statement in connection with the Issuance of Bonds and/or the Grant of Options will be lodged with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore.

Mr Low is the deputy chief executive officer and executive director of Oxley Holdings Limited (a company listed on the Main Board of the SGX-ST) and Ms Poh is a private investor. The Subscribers are private investors who were introduced to the Company and are subscribing for the Bonds for investment purposes. Neither of the Subscribers is related to any of the Directors, substantial shareholders of the Company or their respective associates. Neither of the Subscribers is a substantial shareholder of the Company or any other entity/person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

2. Principal terms of the Subscription Agreements and the Option Deeds

The principal terms of the Subscription Agreements are summarised as follows:

| | | |
|----------------------------|---|--|
| Principal Amount | : | S\$4,500,000 in aggregate, of which S\$2,500,000 is subscribed for by Mr Low and S\$2,000,000 is subscribed for by Ms Poh |
| Completion Date | : | Completion shall take place on the date of the Subscription Agreements (or on such other date as may be agreed in writing between the Company and the Subscribers) upon, <i>inter alia</i> , payment by the Subscribers to the Company of the Subscription Amount (as defined below), which shall be released and disbursed to the Company no later than 31 December 2015. |
| Maturity Date | : | The Bonds shall be redeemable at 100% of its principal amount on the first anniversary of the date of Issuance of Bonds or such other date as may be agreed between the Company and the Subscribers. |
| Interest Rate | : | The Bonds bear interest at a rate of fifteen per cent (15%) per annum payable on maturity date. |
| Subscription Price | : | 100% of the principal amount of the Bonds |
| Subscription Amount | : | S\$4,500,000 in aggregate |

The principal terms of the Option Deeds are summarised as follows:

| | | |
|---------------------------------|---|--|
| Grant of Options | : | Each of the Subscribers shall have the right to exercise his/her share of the 33,750,000 Options (being 18,750,000 Options granted to Mr Low and 15,000,000 Options granted to Ms Poh), in tranches of 500,000 Options at each time, to subscribe for the New Shares at the Exercise Price. The right to exercise the Options is at any time during the period commencing on and including 31 December 2015 and expiring on 30 December 2017. |
| Status of the New Shares | : | The New Shares, when issued, shall be credited as fully paid up and free from all encumbrances, together with all rights attaching thereto as at the date of allotment of the New Shares (" Allotment Date ") and shall rank <i>pari passu</i> in all respects with existing issued shares of the Company (" Shares ") as at the Allotment Date, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the Allotment Date (as the case may be) and will be admitted for listing on Catalist. |

The Exercise Price of S\$0.10 represents a premium of approximately 87.3% to the volume weighted average price of S\$0.0534 per Share, for trades done on the SGX-ST on 30 December 2015, being the full market day on which the Shares were traded prior to the date of the Subscription Agreements.

3. New Shares

As at the date of this announcement, the Company has an issued and paid-up share capital of 899,627,918 Shares and has no treasury Shares.

Assuming that the Options are exercised in full, 33,750,000 New Shares will be issued by the Company, representing (i) approximately 3.75% of the existing issued and paid-up share capital of the Company (excluding treasury Shares) as at the date of this announcement; and (ii) approximately 3.62% of the enlarged issued and paid-up share capital of the Company after the issue of the New Shares.

The New Shares will be allotted and issued pursuant to the general share issue mandate granted by shareholders of the Company at the annual general meeting of the Company held on 29 July 2015 (“**2015 Share Issue Mandate**”) for the issue of new Shares and/or convertible securities not exceeding 100% of the total number of issued Shares (excluding treasury Shares), of which the aggregate number of new Shares and convertible securities of the Company to be issued other than on a pro-rata basis to all existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury Shares).

As at the date of this announcement, the Company has:

- (i) issued 11,200,000 new Shares pursuant to the 2015 Share Issue Mandate;
- (ii) 35,300,000 outstanding share awards pursuant to the Company’s share award scheme;
- (iii) US\$4,000,000 outstanding convertible loan which are exercisable into 42,462,845 new Shares;
- (iv) US\$2,000,000 outstanding call options which are exercisable into 21,231,422 new Shares; and
- (v) 30,000,000 outstanding options which are exercisable into 30,000,000 new Shares.

The aggregate of (a) the 33,750,000 New Shares; (b) the 11,200,000 new Shares issued by the Company since the approval for the 2015 Share Issue Mandate was granted; and (c) the 128,994,267 new Shares to be issued pursuant to points (ii) to (v) above represent approximately 19.58% of the Company’s total number of issued Shares (excluding treasury Shares) of 888,427,918 at the time the approval for the 2015 Share Issue Mandate was granted. Accordingly, the proposed allotment and issuance of the New Shares falls within the limit of the 2015 Share Issue Mandate.

The Company will make an application to the SGX-ST via the sponsor of the Company for the dealing in, listing of and quotation for the New Shares on Catalist. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

4. Rationale and use of proceeds

The Directors are of the view that the Issuance of Bonds and the Grant of Options would augment the working capital position of the Group, and would enhance its financial flexibility to purchase media video viewership and capitalise on potential growth opportunities.

Under the terms of the Subscription Agreements, the Company shall apply the proceeds from the Issuance of Bonds (which amount to approximately S\$4,500,000) towards general working capital for the Group. The Company intends to utilise (i) approximately S\$2.41 million of the net proceeds from the Issuance of Bonds (being approximately 54%) as an advance payment by the Group (through its subsidiary, Artimedia Technologies Ltd) for the purchase of media video viewership, in its ordinary course of business, from a publisher in Israel ("**Advance Payment**"); and (ii) the balance for other general working capital purposes. As and when the Options are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards repayment of the Group's borrowings, investment purposes, working capital and/or such other purposes as the Directors may deem fit.

Pending the deployment of the total proceeds from the Issuance of Bonds and exercise of the Options ("**Total Proceeds**"), such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Total Proceeds, as and when they are materially disbursed and provide a status report on such use of proceeds in the Company's annual report. Where there is any material deviation from the stated use of the Total Proceeds, the Company will announce the reasons for such deviation.

5. Confirmations by the Directors

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration the existing bank balance and operating cash flow of the Group, save for the Advance Payment, the working capital available to the Group is sufficient to meet its present requirements. The Directors are of the opinion that the Issuance of Bonds and Grant of Options will enable the Company to meet its present working capital requirements for the purchase of media video viewership and to improve its financial position as well as bolster its general corporate requirements.

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration the proceeds from the Issuance of Bonds, the existing bank balance and operating cash flow of the Group, the working capital available to the Group is sufficient to meet its present requirements.

6. Financial effects

It is not possible to determine precisely the financial effects of the Issuance of Bonds and the Grant of Options would have on the Company or the Group until the Bonds have been fully repaid or the

Options fully exercised. However, **solely for the purposes of illustration only**, the Company has set out the financial effects of the Issuance of Bonds and the Grant of Options on the Company's share capital, loss per Share, net tangible assets ("**NTA**") per Share and gearing, based on the latest unaudited consolidated financial statements of the Group for the six months financial period ended 30 September 2015 ("**6M2016**"). The financial effects set out below are on the following bases and assumptions:

- (i) the Options are exercised in full, and the Company issues and allots 33,750,000 New Shares pursuant to the exercise of the Options;
- (ii) the financial impact on the loss per Share is computed based on the assumption that the Bonds were fully disbursed, and the Options were fully exercised at the beginning of 6M2016, being 1 April 2015;
- (iii) the financial impact on the NTA per Share is computed based on the assumption that the Bonds were fully disbursed, and the Options were fully exercised, at the end of 6M2016, being 30 September 2015; and
- (iv) the expenses incurred in relation to the Issuance of Bonds and the Grant of Options are negligible.

For the avoidance of doubt, such financial effects do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 1 April 2015; and (ii) any issuance of new Shares subsequent to 1 April 2015.

Share capital

| | As at 30 September 2015 | After disbursement of the Bonds and before maturity of the Bonds | (i) Before maturity of the Bonds; and (ii) after exercise of the Options and issue of the New Shares |
|--|--------------------------------|---|---|
| Issued and paid-up share capital (S\$'000) | 50,731 | 50,731 | 54,106 |
| Total number of issued Shares | 888,427,918 | 888,427,918 | 922,177,918 |

Loss per Share

| | 6M2016 | After disbursement of the Bonds and before maturity of the Bonds | (i) Before maturity of the Bonds; and (ii) after exercise of the Options and issue of the New Shares |
|--|---------------|---|---|
| Loss for the period (S\$'000) | 2,411 | 2,411 | 2,411 |
| Weighted average number of issued Shares | 888,427,918 | 888,427,918 | 922,177,918 |
| Loss per Share (S\$ cents) | 0.27 | 0.27 | 0.26 |
| Fully diluted loss per Share (S\$ cents) | 0.27 | 0.27 | 0.26 |

NTA per Share

| | As at 30 September 2015 | After disbursement of the Bonds and before maturity of the Bonds | (i) After maturity of the Bonds; and (ii) after exercise of the Options and issue of the New Shares |
|---------------------------|--------------------------------|---|--|
| NTA (S\$'000) | 2,263 | 2,263 | 5,638 |
| NTA per Share (S\$ cents) | 0.25 | 0.25 | 0.61 |

Gearing

| | As at 30 September 2015 | After disbursement of the Bonds and before maturity date of the Bonds | (i) Before maturity of the Bonds; and (ii) after exercise of the Options and issue of the New Shares |
|---|--------------------------------|--|---|
| Total borrowings ⁽¹⁾ (S\$'000) | 5,840 | 10,340 | 10,340 |
| Shareholders' funds (S\$'000) | 3,071 | 3,071 | 6,446 |
| Gearing ratio ⁽²⁾ | 1.90 | 3.37 | 1.60 |

Notes:-

- (1) Refer to the aggregate of borrowings from banks and financial institutions, and other loans.
- (2) Gearing refers to the ratio of "Total Borrowings" to "Shareholders' Funds".

7. Interests of Directors and Substantial Shareholders

None of the Directors and substantial shareholders of the Company, or any other persons listed in Rule 812(1) of the Catalist Rules, has any interest, direct or indirect, in the Subscription Agreements and the Option Deeds, save for their interests arising by way of their shareholdings in the Company (if any).

8. Documents available for inspection

A copy of the respective Subscription Agreements and the respective Option Deeds is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 67 Ubi Avenue 1 #06-02/03 Starhub Green, Singapore 408942 for three (3) months from the date of this announcement.

9. 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 Issuance of Bonds, the Grant of Options, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this 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.

BY ORDER OF THE BOARD

PHILIP SOH

Non-Executive Chairman

31 December 2015

*This announcement has been prepared by the 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the 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 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.