

**CIRCULAR DATED 12 JULY 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular is issued by Artivision Technologies Ltd. (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.



artivision technologies  
**ARTIVISION TECHNOLOGIES LTD.**

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

**CIRCULAR TO SHAREHOLDERS**

in relation to

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND  
PAID-UP SHARE CAPITAL OF ARTIMEDIA PTE. LTD.**

**Independent Financial Adviser to the Independent Directors (as defined herein)**



**ZICO CAPITAL PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201613589E)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	:	25 July 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	27 July 2017 at 10.30 a.m. (or immediately following the conclusion of the Annual General Meeting to be held at the same date and venue)
Place of Extraordinary General Meeting	:	16 Arumugam Road Lion Building D #05-01 Seminar Room Singapore 409961

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## DEFINITIONS

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For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or stated:

<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Artimedia”</b>	:	Artimedia Pte. Ltd.
<b>“associate”</b>	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:  (i) his immediate family;  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and  (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“Audit Committee”</b>	:	The audit committee of the Company as at the Latest Practicable Date
<b>“Board”</b>	:	The board of directors of the Company as at the Latest Practicable Date
<b>“Catalist”</b>	:	The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 12 July 2017 in relation to the Proposed Disposal
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Artivision Technologies Ltd.
<b>“Completion”</b>	:	Completion of the Proposed Disposal

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## DEFINITIONS

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<b>“Consideration”</b>	:	The aggregate sum of S\$5.00 million as consideration for the Sale Shares, payable by the Purchaser to the Company pursuant to the Proposed Disposal
<b>“Constitution”</b>	:	The Constitution of the Company, as amended from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (unless the SGX-ST determines that such a person is not a controlling shareholder of the Company); or  (b) in fact exercises Control over the Company
<b>“CPF”</b>	:	Central Provident Fund
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date and each a <b>“Director”</b>
<b>“Disposal Group”</b>	:	Artimedia and its subsidiary and joint venture companies, details of which are set out in paragraph 2.1.1 of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 27 July 2017, notice of which is set out in pages 46 and 47 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“FY”</b>	:	Financial year ended or ending 31 March, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries, collectively
<b>“IFA”</b>	:	ZICO Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors, for the purpose of making their recommendation to Independent Shareholders in respect of the Proposed Disposal as an interested person transaction
<b>“IFA Letter”</b>	:	The letter from the IFA addressed to the Independent Directors as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	:	Directors who are considered independent for the purposes of making recommendations to the Independent Shareholders in respect of the Proposed Disposal as an interested person transaction, namely Mr Ng Weng Sui Harry, Mr Goh Tzu Seoh Kenneth, Mr Koh Boon Liang Alan and Mr Kesavan Nair

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## DEFINITIONS

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<b><i>“Independent Shareholders” or “minority Shareholders”</i></b>	:	Shareholders who are deemed to be independent for the purposes of the Proposed Disposal as an interested person transaction, being Shareholders who are independent of the Purchaser and his associates
<b><i>“Independent Valuer”</i></b>	:	Deloitte & Touche Financial Advisory Services Pte Ltd, the independent valuer appointed by the Company to value the Sale Shares for the purposes of the Proposed Disposal
<b><i>“Latest Practicable Date”</i></b>	:	28 June 2017, being the latest practicable date prior to the printing of this Circular
<b><i>“LPS”</i></b>	:	Loss per Share
<b><i>“Notice of EGM”</i></b>	:	The notice of the EGM which is set out on pages 46 and 47 of this Circular
<b><i>“NTA”</i></b>	:	Net tangible assets
<b><i>“NTL”</i></b>	:	Net tangible liabilities
<b><i>“Proposed Disposal”</i></b>	:	The proposed disposal of the Sale Shares by the Company to the Purchaser, in accordance with the terms and conditions of the SPA
<b><i>“Purchaser”</i></b>	:	The purchaser of the Sale Shares pursuant to the SPA, being Dr Ofer Miller, an Executive Director and the Chief Technology Officer of the Company
<b><i>“Register of Members”</i></b>	:	Register of members of the Company
<b><i>“Sale Shares”</i></b>	:	The entire issued and paid-up share capital of Artimedia, which is to be sold by the Company to the Purchaser pursuant to the Proposed Disposal
<b><i>“Securities Account”</i></b>	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
<b><i>“Securities and Futures Act”</i></b>	:	Securities and Futures Act, Chapter 289, of Singapore, as amended, modified or supplemented from time to time
<b><i>“SGX-ST”</i></b>	:	Singapore Exchange Securities Trading Limited
<b><i>“SGXNET”</i></b>	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST

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## DEFINITIONS

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<b>“Share Options”</b>	:	The options to subscribe for new Shares granted pursuant to the Company’s Employee Share Option Plan (which was approved and adopted by the Shareholders at an extraordinary general meeting on 21 October 2017), whereby each option entitles the holder to subscribe for one new Share
<b>“Shareholders”</b>	:	The registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company, and each a <b>“Share”</b>
<b>“SPA”</b>	:	The conditional sale and purchase agreement dated 9 June 2017 entered into between the Company and the Purchaser in relation to the Proposed Disposal
<b>“Sponsor”</b>	:	ZICO Capital Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“Valuation Letter”</b>	:	The letter dated 12 July 2017 issued by the Independent Valuer in relation to the valuation of the Disposal Group, as set out in Appendix III to this Circular
<b>“%” or “per cent.”</b>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the Catalist Rules, the Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.



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## **DEFINITIONS**

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The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

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## LETTER TO SHAREHOLDERS

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artivision technologies  
**ARTIVISION TECHNOLOGIES LTD.**

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

**Board of Directors:**

Mr Ng Weng Sui Harry (Non-Executive Chairman  
and Independent Director)  
Mr Goh Tzu Seoh Kenneth (Executive Director  
and Chief Executive Officer)  
Dr Ofer Miller (Executive Director and Chief Technology Officer)  
Mr Koh Boon Liang Alan (Independent Director)  
Mr Kesavan Nair (Independent Director)

**Registered Office:**

67 Ubi Avenue 1  
Starhub Green #06-03  
Singapore 408942

12 July 2017

To: The Shareholders of Artivision Technologies Ltd.

Dear Sir/Madam

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF  
ARTIMEDIA PTE. LTD.**

**1 INTRODUCTION**

**1.1 Overview**

On 11 June 2017, the Company announced that it had, on 9 June 2017, entered into the SPA with Dr Ofer Miller (being the Purchaser) pursuant to which the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire, all of the Sale Shares on the terms of and subject to the conditions of the SPA.

The Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Catalist Rules (as explained in paragraph 4 of this Circular) as well as an “interested person transaction” under Chapter 9 of the Catalist Rules (as explained in paragraph 6 of this Circular). Accordingly, the Proposed Disposal requires the approval of the Independent Shareholders of the Company.

**1.2 Extraordinary General Meeting**

The Board is proposing to convene an EGM to be held on 27 July 2017 at 10:30 a.m. (or immediately following the conclusion of the Annual General Meeting of the Company to be held at the same date and venue) to seek the approval of the Independent Shareholders for the Proposed Disposal.

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## LETTER TO SHAREHOLDERS

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### 1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to, and explain the rationale for, the Proposed Disposal, and to seek Independent Shareholders' approval for the Ordinary Resolution to be tabled at the forthcoming EGM. The Notice of EGM is set out on pages 46 and 47 of this Circular.

This Circular has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

**The SGX-ST assumes no responsibility for the contents of this Circular including the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**

## 2 THE PROPOSED DISPOSAL

### 2.1 Information on the Disposal Group

2.1.1 Artimedia, incorporated in Singapore on 13 October 2008, has an issued and paid-up capital of S\$945 comprising 945 ordinary shares. It is principally engaged in the business of sales and marketing by providing value added monetisation services for digital advertisement.

Salient information on Artimedia's group of companies is set out as follows:

- (i) Artimedia Technologies Ltd. ("**Artimedia IL**"), wholly-owned by Artimedia, is principally engaged in the business of sales and marketing by providing value added monetisation services for digital advertisement as well as the research and development of media solutions;
- (ii) Artimedia Ltd. ("**Artimedia BVI**"), a 40%-owned joint venture company of Artimedia, is an investment holding company;
- (iii) Artimedia (HK) Holdings Limited ("**Artimedia HK**"), wholly-owned by Artimedia BVI, is an investment holding company; and
- (iv) Artimedia (Beijing) Media Co., Ltd., wholly-owned by Artimedia HK, is principally engaged in the business of sales and marketing by providing value added monetisation services for digital advertisement.

Artimedia and the abovementioned companies shall collectively be known as the "**Disposal Group**".

2.1.2 Based on its unaudited consolidated financial statements for FY2017, the Disposal Group recorded (i) net liabilities value and net tangible liabilities value of approximately S\$23.10 million and S\$23.15 million, respectively, as at 31 March 2017; and (ii) net loss of approximately S\$6.62 million for FY2017. An extract of the unaudited consolidated financial statements of the Disposal Group for FY2015 to FY2017 is set out in Appendix II to this Circular.

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## LETTER TO SHAREHOLDERS

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Inter-company loans from the Company to the Disposal Group (“**Inter-Company Loans**”) amounted to an aggregate of approximately S\$34.99 million as at 31 March 2017. Based on the Company’s audited consolidated financial statements in the respective past financial years ended 31 March, the Company had impaired an aggregate of S\$29.99 million in FY2017 and in prior years such that the net book value of the Inter-Company Loans amounted to S\$5.00 million as at 31 March 2017. Taking into account the write-off of the entire Inter-Company Loans (“**Waiver of Inter-Company Loans**”) as detailed in paragraph 2.4.6 of this Circular, the Disposal Group’s net assets value and net tangible assets value would have been approximately S\$11.89 million and S\$11.84 million, respectively, as at 31 March 2017.

Based on the audited consolidated financial statements of the Group for FY2017, the Group provided an impairment of approximately S\$6.89 million on the Disposal Group in FY2017 (“**Impairment**”) which was based on a preliminary valuation by the Independent Valuer of the Disposal Group, with the resultant net book value of the Disposal Group amounting to S\$5.00 million as at 31 March 2017. Assuming that the Impairment had not been provided for in FY2017 and taking into consideration the Waiver of Inter-Company Loans (which would be eliminated at the Group level), the Proposed Disposal would have (a) resulted in the Group recording a loss on disposal of S\$7.12 million in FY2017, representing approximately 44.25% of the Group’s adjusted audited net loss for FY2017; and (b) representing approximately 620.37% of the Group’s adjusted audited net liabilities value as at 31 March 2017.

As the Impairment had been provided for in FY2017, the Company does not expect to report any material gain or loss on the Proposed Disposal and deficit or excess over book value of the Sale Shares, in the financial year ending 31 March 2018, except for the estimated expenses of approximately S\$0.23 million to be incurred in relation to the Proposed Disposal.

- 2.1.3 The Company had commissioned the Independent Valuer to value the Sale Shares for the purposes of the Proposed Disposal. According to the Valuation Letter issued by the Independent Valuer, the market value of the Sale Shares as at 31 March 2017 is estimated to be approximately S\$5.20 million.

The Independent Valuer had estimated the market value of the Sale Shares based on the asset approach using the adjusted book value method. In undertaking the valuation of the Sale Shares, the Independent Valuer considered, *inter alia*, the following:

- (a) audited and unaudited historical financials of the Disposal Group provided by the management of the Company for FY2016 and FY2017;
- (b) unaudited management financial information comprising the consolidation of the Disposal Group for the period from 1 April 2016 to 31 March 2017;
- (c) information on historical financial support and funding of the Disposal Group by the Company;
- (d) the listing of logos and patents registered with Artimedia;
- (e) the historical financial performance of Artimedia;
- (f) the withdrawal of funding of Artimedia and the Disposal Group;
- (g) the appointment of STS Capital Partners International Inc. since August 2016; and
- (h) discussions and correspondences with the management of the Company.

Please refer to the full text of the Valuation Letter set out in Appendix III to this Circular.

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## LETTER TO SHAREHOLDERS

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### 2.2 Information on the Purchaser

The Purchaser is the co-founder, an Executive Director and the Chief Technology Officer of the Company. He spearheads the research and development efforts of the Group and has extensive industrial experience in the field of machine vision and possesses strong academic background in computer science and video content analysis. As at the Latest Practicable Date, the Purchaser has a shareholding interest of 0.84% in the capital of the Company.

### 2.3 Consideration

The Consideration of S\$5.00 million, to be satisfied fully in cash, shall be payable in instalments in the following manner:

- (a) S\$3.00 million shall be paid at Completion;
- (b) S\$1.00 million shall be paid within 6 months from Completion; and
- (c) S\$1.00 million shall be paid within 12 months from Completion.

The Consideration was arrived at on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the following factors:

- (a) the future funding requirements of the Disposal Group, given the Company's current financial position;
- (b) the historical operating track record and financial performance of the Disposal Group;
- (c) the unaudited net liabilities of the Disposal Group as at 31 March 2017 of approximately S\$23.10 million;
- (d) the rationale for and benefits to the Company of the Proposed Disposal as set out in paragraph 3.1 of this Circular;
- (e) the preliminary valuation by the Independent Valuer on the Sale Shares; and
- (f) no other offers to purchase the Disposal Group had been received by the Company, given that the Company had been actively sourcing for other potential buyers since August 2016. Please refer to paragraph 3.1 of this Circular for details on the Company's efforts in sourcing for potential buyers for the Disposal Group.

### 2.4 Salient terms of the Proposed Disposal

#### 2.4.1 Conditions Precedent

Completion is subject to and conditional upon, *inter alia*, the fulfilment and satisfaction of the following conditions:

- (i) the resolutions of the Board and Shareholders having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;

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## LETTER TO SHAREHOLDERS

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- (ii) in the event that the transferee of the Sale Shares is a corporation or an entity pursuant to a novation or an assignment, the resolution of the board of directors of the transferee having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA; and
- (iii) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPA, financial institutions or other third parties having been obtained by the Purchaser or the Company (including, without limitation, the approval of SGX-ST and/or the Sponsor being obtained by the Company for the circular to be issued to its shareholders in relation to the Proposed Disposal), such consents, approvals and waivers not having been amended or revoked before the Completion Date (as defined in paragraph 2.4.3 below), and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled,

collectively, the “**Conditions Precedent**” and each a “**Condition Precedent**”.

### 2.4.2 Long Stop Date

The Company acknowledges that the Purchaser is in the process of securing the funds required to satisfy the Consideration (“**Funding**”). The Company and the Purchaser have agreed, in the event that (i) the Purchaser is unable to obtain the Funding; or (ii) the Conditions Precedent are not satisfied or waived, by 8 September 2017 being three (3) months from the date of the SPA (“**Long Stop Date**”), the SPA shall, save for indemnity and confidentiality obligations of the Company and the Purchaser under the SPA, lapse and cease to have further effect, and all obligations and liabilities of the parties shall cease and determine and no party shall have any claim against the others for costs, damages, compensation or otherwise.

### 2.4.3 Completion

Subject to the Conditions Precedent being satisfied or waived, the Completion will take place on the date falling not more than 10 business days after the satisfaction of the Conditions Precedent (the “**Completion Date**”), or such other date as the Company and the Purchaser may agree in writing, but in any event, before the Long Stop Date.

### 2.4.4 Novation of SPA

The rights and obligations of the Purchaser under the SPA may be novated by the Purchaser to an entity (including but not limited to a company or joint venture) which is beneficially owned by the Purchaser.

### 2.4.5 Stamp Duties

All stamp duties on the transfer of the Sale Shares shall be borne by the Company.

### 2.4.6 Waiver of Inter-Company Loans

The Company shall deliver at Completion a waiver letter confirming the waiver by the Company of any and all inter-company amounts owing by the Disposal Group to the Company as at the Completion Date.

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## LETTER TO SHAREHOLDERS

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### 3 RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

#### 3.1 Rationale for the Proposed Disposal

In July 2016, the Board conducted a review of the aggregate amount of funds provided to the Disposal Group. The Board noted that the Disposal Group, having incurred losses since its establishment, will require further substantial amount of funds in the future to bring its technologies to its maximum potential and profitability, and it was difficult for the Company to obtain further funding for the Disposal Group's progression and growth. Accordingly, the Board decided to sell the Disposal Group and had, in August 2016, appointed STS Capital Partners International Inc. ("**STS Capital**"), an international, boutique mergers and acquisitions firm specialising in sellside consulting and advisory services for mid-market entrepreneurial and family businesses, to find a potential buyer for the Disposal Group.

On 15 December 2016, the Company announced that it had, through STS Capital, found a potential buyer and subsequently entered into a non-binding term sheet (the "**Term Sheet**") with an independent third party for the proposed disposal by the Company of the Disposal Group for S\$50.00 million. The Term Sheet subsequently lapsed on 13 April 2017.

Since the lapse of the Term Sheet, the Company had been actively sourcing for other potential buyer(s). There had been no other offer(s) received by the Company for the purchase of the Disposal Group other than an offer from Dr Ofer Miller, who has agreed to acquire all of the Sale Shares at the Consideration of S\$5.00 million.

The Board confirms that since August 2016, save for the aforementioned offer from an independent third party pursuant to the Term Sheet which had lapsed, there had been no offer to purchase the Disposal Group other than from the Purchaser.

The Board considers that the Proposed Disposal is in the best interests of the Company, taking into consideration the following factors:

- (i) the Disposal Group requires a substantial amount of funding to maximise its potential and profitability. The Disposal Group incurred losses since establishment. It has been difficult to obtain funding for the Disposal Group;
- (ii) the Proposed Disposal will enable the Company to secure cash for the immediate funding requirements of the Group, including but not limited to, the redemption of the Bond (as defined in paragraph 3.2 of this Circular) and the payment of corresponding interests payable, which are currently due and payable in July 2017, as well as the working capital for the Group's day-to-day operations; and
- (iii) the Proposed Disposal will enable the Company to reduce its liabilities, improve its gearing and secure funds to be deployed for expansion into other businesses and undertake new investment opportunities that may arise in the future which may result in higher value to the Shareholders. The Company is considering its options in relation to other business ventures and more information will be provided to the Shareholders at the appropriate juncture.

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## LETTER TO SHAREHOLDERS

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### 3.2 Use of Proceeds

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses to be incurred in connection with the Proposed Disposal of approximately S\$0.23 million, is approximately S\$4.77 million (“**Net Proceeds**”).

The Company intends to utilise the Net Proceeds for the following purposes:

- (i) to redeem the S\$2.30 million bond issued by the Company to Ms Poh Chew Hua Christine at a subscription price of 100% of the principal amount of the bond (the “**Bond**”) and its corresponding interest of approximately S\$0.20 million; and
- (ii) the balance of the Net Proceeds will be used for general working capital requirements of the Group and to fund future business expansions, investments and acquisitions when suitable opportunities arise.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with financial institutions, invested in short term money markets and/or marketable securities, or for any other purposes on a short term basis, as the Directors may deem appropriate in the interests of the Group.

### 4 RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules and the audited consolidated financial statements of the Group for FY2017 are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value of assets to be disposed of, as compared with the Group’s net asset value	Not meaningful <sup>(1)</sup>
(b)	The net profits attributable to the assets disposed of, as compared with the Group’s net profits	Not meaningful <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation	17.38 <sup>(3)</sup>
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Not meaningful, as both the Disposal Group and the Group recorded net liabilities value as at 31 March 2017. The Disposal Group recorded unaudited net liabilities of approximately S\$23.10 million, whereas the Group recorded audited net liabilities of approximately S\$0.92 million, as at 31 March 2017.



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## LETTER TO SHAREHOLDERS

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- (2) Not meaningful, as both the Disposal Group and the Group reported net losses in FY2017. The Disposal Group reported unaudited consolidated net loss of approximately S\$6.62 million, whereas the Group reported audited net loss of approximately S\$15.86 million, in FY2017.
- (3) Based on the Consideration of S\$5.00 million and the Company's market capitalisation of approximately S\$28.76 million. The market capitalisation of the Company was computed based on the issued share capital of the Company of 1,797,792,986 Shares and the volume weighted average price of S\$0.016 per Share on 8 June 2017 (being the last day on which the Shares were traded prior to the date of the SPA).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to Practice Note 10(A) paragraph 11 of the Catalist Rules, tests based on assets and profits may not give a meaningful indication of the significance of a transaction to the issuer, for example, where the issuer is loss making and/or has a negative net asset value. As the Group recorded net liabilities as at 31 March 2017 and is loss making in FY2017, the relative figures to be computed based on Rules 1006(a) and (b) may not be meaningful.

However, pursuant to Practice Note 10(A) paragraph 8(a) of the Catalist Rules, the disposal of an issuer's core business (or a substantial part of its core business) will usually result in a material change to the nature of the issuer's business, and shareholders should have an opportunity to consider the future direction of the issuer and Rule 1014 of the Catalist Rules will be applied. As the Disposal Group is a part of the Company's core business, the Company is seeking the approval of Independent Shareholders for the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules.

## 5 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 5.1 **Bases and Assumptions**

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the Completion. There will not be any change in the share capital of the Company as a result of the Proposed Disposal.

The following *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for FY2017 and on the following bases and assumptions:

- (i) the financial effect on the consolidated NTL per Share is computed based on the assumption that the Proposed Disposal was completed on 31 March 2017;
- (ii) the financial effect on the consolidated LPS is computed based on the assumption that the Proposed Disposal was completed on 1 April 2016;
- (iii) no additional Inter-Company Loans subsequent to 31 March 2017 had been taken into account;
- (iv) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S\$0.23 million; and
- (v) the 185,185,185 new shares issued to Mr Tee Wee Sien on 11 April 2017 pursuant to his exercising of the options, were issued on 31 March 2017.

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## LETTER TO SHAREHOLDERS

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### 5.2 NTL per Share

The *pro forma* financial effects of the Proposed Disposal on the consolidated NTL of the Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTL of the Group (S\$'000)	(1,346)	(1,576)
Number of Shares ('000)	1,797,793	1,797,793
NTL per share (cents)	(0.07)	(0.09)

### 5.3 LPS

The *pro forma* financial effects of the Proposed Disposal on the consolidated LPS of the Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to shareholders (S\$'000)	(15,856)	(16,086)
Weighted average number of shares (excluding treasury shares) ('000)	1,318,457	1,318,457
LPS (cents)	(1.20)	(1.22)

## 6 THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

### 6.1 Interested Person

Dr Ofer Miller, the Purchaser, is an Executive Director of the Company. Accordingly, the Purchaser is considered an "interested person" within the meaning of Chapter 9 of the Catalist Rules. Please refer to paragraph 2.2 of this Circular for further information on the Purchaser.

### 6.2 Materiality Thresholds under Chapter 9 of the Catalist Rules

- 6.2.1 In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the group's latest audited NTA, the approval of shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

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## LETTER TO SHAREHOLDERS

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6.2.2 Based on the Group's latest audited financial statements for FY2017, the Group recorded NTL of approximately S\$1.35 million as at 31 March 2017. As such, the materiality of the Proposed Disposal as an interested person transaction cannot be meaningfully measured. Nevertheless, the Company is convening the EGM to seek the approval of its Independent Shareholders for the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalyst Rules.

6.2.3 Save for the Proposed Disposal, the Company has not entered into any interested person transaction with the Purchaser and his associates for the period from 1 April 2017 up to the Latest Practicable Date.

### **6.3 Advice of the Independent Financial Adviser**

6.3.1 Chapter 9 of the Catalyst Rules provides that, where shareholders' approval is required for an interested person transaction, the circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the company and its minority shareholders.

6.3.2 ZICO Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in relation to the Proposed Disposal as an interested person transaction. Based on its considerations and subject to the qualifications and assumptions set out in the IFA letter, the IFA is of the opinion that the financial terms of the Proposed Disposal are, on balance, normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders. The IFA Letter, containing the IFA's advice in full, is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

### **6.4 Statement of the Audit Committee**

6.4.1 The members of the Audit Committee do not have any interests in the Proposed Disposal and are accordingly deemed to be independent for the purposes of the Proposed Disposal.

6.4.2 Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Disposal, as well as the opinion and advice of the IFA on the Proposed Disposal, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

### **6.5 Abstention from Voting on the Proposed Disposal**

6.5.1 Dr Ofer Miller shall abstain, and shall procure that his associates and nominees abstain from voting in respect of each of their shareholdings in the Company on the Ordinary Resolution relating to the Proposed Disposal.

6.5.2 Dr Ofer Miller shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolution relating to the Proposed Disposal unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the Ordinary Resolution to be proposed at the EGM.

## LETTER TO SHAREHOLDERS

### 7 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 The interests of the Directors and the Substantial Shareholders in the Company as at the Latest Practicable Date, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	(%) <sup>(1)</sup>	Number of Shares	(%) <sup>(1)</sup>	Number of Shares	(%) <sup>(1)</sup>
<b>Director(s)</b>						
Ng Weng Sui Harry <sup>(2)</sup>	5,490,000	0.31	–	–	5,490,000	0.31
Goh Tzu Seoh Kenneth <sup>(3)</sup>	–	–	–	–	–	–
Dr Ofer Miller <sup>(4)</sup>	15,111,244	0.84	–	–	15,111,244	0.84
Koh Boon Liang Alan <sup>(5)</sup>	3,116,666	0.17	–	–	3,116,666	0.17
Kesavan Nair	–	–	–	–	–	–
<b>Substantial Shareholder(s)</b>						
Ching Chiat Kwong	395,068,911	21.98	–	–	395,068,911	21.98
Tee Wee Sien	186,185,185	10.36	–	–	186,185,185	10.36

**Notes:**

- (1) Calculated as a percentage of the total number of 1,797,792,986 issued Shares as at the Latest Practicable Date.
- (2) Mr Ng Weng Sui Harry has interests in 450,000 Share Options.
- (3) Mr Goh Tzu Seoh Kenneth has interests in 8,000,000 Share Options.
- (4) Dr Ofer Miller has interests in 4,000,000 Share Options.
- (5) Mr Koh Boon Liang Alan has interests in 450,000 Share Options.

7.2 Apart from the interests of Dr Ofer Miller in the Proposed Disposal as disclosed in paragraph 6.1 of this Circular, none of the Directors or Controlling Shareholders or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

7.3 No person is proposed to be appointed as Director of the Company or any of its subsidiaries in connection with the Proposed Disposal.

### 8 DIRECTORS' RECOMMENDATION

8.1 After having considered, amongst other things, the rationale for the Proposed Disposal, the Directors (save for Dr Ofer Miller who has abstained from making recommendations on the Proposed Disposal) are of the view that the Proposed Disposal is in the best interests of the Company and the Independent Shareholders. Accordingly, the Directors (save for Dr Ofer Miller) recommend that the Independent Shareholders vote in favour of the Proposed Disposal.

8.2 In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may

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## LETTER TO SHAREHOLDERS

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require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

### **9 EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 46 and 47 of this Circular, will be held at 16 Arumugam Road, Lion Building D, #05-01 Seminar Room, Singapore 409961 on 27 July 2017 (Thursday) at 10.30 a.m. (or immediately following the conclusion of the Annual General Meeting to be held at the same date and venue), for the purpose of considering and, if thought fit, passing with or without modification, the Ordinary Resolution set out in the Notice of EGM.

### **10 ACTION TO BE TAKEN BY THE SHAREHOLDERS**

**10.1** Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 67 Ubi Avenue 1, Starhub Green #06-03, Singapore 408942, not less than 48 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy or proxies.

**10.2** Pursuant to section 81SJ(4) of the Securities and Futures Act, a Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

### **11 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

### **12 CONSENTS**

**12.1** The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

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## LETTER TO SHAREHOLDERS

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**12.2** The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

**13** **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 67 Ubi Avenue 1, Starhub Green #06-03, Singapore 408942 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the SPA;
- (b) the IFA Letter;
- (c) the letter of consent from the IFA, referred to in paragraph 12.1 of this Circular;
- (d) the Valuation Letter;
- (e) the letter of consent from the Independent Valuer, referred to in paragraph 12.2 of this Circular;
- (f) the Constitution of the Company; and
- (g) the annual report of the Company for FY2017.

Yours faithfully

For and on behalf of the Board of Directors of  
**ARTIVISION TECHNOLOGIES LTD.**

**Ng Weng Sui Harry**

Non-Executive Chairman & Independent Director

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**APPENDIX I – LETTER FROM ZICO CAPITAL PTE. LTD. TO  
THE INDEPENDENT DIRECTORS OF ARTIVISION TECHNOLOGIES LTD.  
IN RESPECT OF THE PROPOSED DISPOSAL**

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12 July 2017

**ARTIVISION TECHNOLOGIES LTD.**

67 Ubi Avenue 1  
#06-03 Starhub Green  
Singapore 408942

Attention: The Directors who are considered independent in respect of the Proposed Disposal  
(**“Independent Directors”**)

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF  
ARTIMEDIA PTE. LTD.**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of the Company in relation to the Proposed Disposal dated 12 July 2017 (the **“Circular”**).*

**1. INTRODUCTION**

Artivision Technologies Ltd. (the **“Company”**, and together with its subsidiaries, the **“Group”**) had, on 9 June 2017, entered into a conditional sale and purchase agreement (the **“SPA”**) with Dr Ofer Miller (the **“Purchaser”**) pursuant to which the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire, all of the issued and paid-up shares in the capital of Artimedia Pte. Ltd. (**“Artimedia”**), a wholly-owned subsidiary of the Company, for a cash consideration of S\$5.00 million.

The Purchaser is the co-founder, an Executive Director and the Chief Technology Officer of the Company. He has a 0.84% shareholding interest in the capital of the Company as at the Latest Practicable Date. Accordingly, the Purchaser is an “interested person” and the Proposed Disposal constitutes an “interested person transaction” (**“Interested Person Transaction”**) under Chapter 9 of the Catalist Rules.

In accordance with Chapter 9 of the Catalist Rules, shareholders’ approval must be obtained for any interested person transaction which is of a value equal to or greater than 5% of an issuer’s latest audited consolidated net tangible assets (**“NTA”**) or which, when aggregated with other transactions with the same interested person during the same financial year, has a value equal to or more than 5% of the issuer’s latest audited consolidated NTA. Based on the Group’s latest audited financial statements for the financial year ended 31 March 2017 (**“FY2017”**), the Group recorded audited net tangible liabilities (**“NTL”**) of approximately S\$1.35 million. As such, the materiality of the Proposed Disposal as an interested person transaction cannot be meaningfully measured. Nevertheless, the Company is seeking the approval of its shareholders (**“Shareholders”**) for the Proposed Disposal as an Interested Person Transaction under Chapter 9 of the Catalist Rules at the extraordinary general meeting (**“EGM”**) to be convened.

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## APPENDIX I – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF ARTIVISION TECHNOLOGIES LTD. IN RESPECT OF THE PROPOSED DISPOSAL

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The Proposed Disposal also constitutes a “major transaction” involving the Group’s core business, and has to be subject to Shareholders’ approval pursuant to Practice Note 10(A) paragraph 8(a) of the Catalist Rules. Accordingly, the Company will also be seeking Shareholders’ approval for the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules at the EGM to be convened.

ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Independent Directors, for the purpose of making their recommendation to Shareholders in respect of the Proposed Disposal as an Interested Person Transaction.

This letter (“**IFA Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on whether, from a financial perspective, the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. This IFA Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors thereon.

### 2. TERMS OF REFERENCE

ZICO Capital has been appointed as the IFA to advise the Independent Directors in respect of their recommendation to Shareholders in relation to the Proposed Disposal.

Our terms of reference do not require us to evaluate or comment on the rationale, legal and commercial risks and/or merits (if any) of the Proposed Disposal or on the future financial performance or prospects of the Group, and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Company (the “**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendations as set out in this IFA Letter.

We were not involved in or responsible for, any aspect of the negotiations pertaining to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Disposal. We were also not requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Proposed Disposal. In this regard, we are not addressing the relative merits of the Proposed Disposal as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future. Such comparison and consideration remain the responsibility of the Directors.

We do not, by this IFA Letter, warrant the merits of the Proposed Disposal other than to express an opinion on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

In the course of our evaluation of the financial terms of the Proposed Disposal, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided



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to us by the aforesaid parties, including information contained in the Circular. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and accordingly cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information or representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular is fair and accurate in all material aspects. The Directors have confirmed to us that, to the best of their knowledge and belief, there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Proposed Disposal to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such enquiry and judgement as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information which we have relied upon.

For the purposes of assessing the financial terms of the Proposed Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group or Artimedia Pte. Ltd., its subsidiaries and joint venture companies (the “**Disposal Group**” or “**Artimedia Group**”). We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group or the Disposal Group in connection with our opinion in this IFA Letter.

We have not made any independent valuation or appraisal of assets and liabilities of the Disposal Group.

In connection with the Proposed Disposal, the Company had commissioned independent valuer, namely Deloitte & Touche Financial Advisory Services Pte Ltd (“**Deloitte**” or the “**Independent Valuer**”), to carry out a valuation of the entire issued share capital of Artimedia. The valuation letter by Deloitte (“**Valuation Letter**”) is set out in Appendix III to the Circular. We have placed sole reliance thereon for the valuation and information contained in the Valuation Letter. We are not involved in the preparation of, and assume no responsibility for, the Valuation Letter. We have not made any independent verification of the contents thereof. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our

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## APPENDIX I – LETTER FROM ZICO CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF ARTIVISION TECHNOLOGIES LTD. IN RESPECT OF THE PROPOSED DISPOSAL

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recommendations contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Proposed Disposal, which may be released after the Latest Practicable Date.

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Proposed Disposal as an Interested Person Transaction, but any recommendations made by the Independent Directors in respect of the Proposed Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed Disposal as an Interested Person Transaction) at any time and in any manner without the prior written consent of ZICO Capital. Our opinion in relation to the Proposed Disposal as an Interested Person Transaction should be considered in the context of the entirety of this IFA Letter and the Circular.

### 3. SALIENT TERMS OF THE PROPOSED DISPOSAL

Pursuant to the SPA, the Company will dispose of all of the issued and paid-up shares in the capital of Artimedia to the Purchaser. Upon completion of the Proposed Disposal (“**Completion**”), Artimedia will cease to be a subsidiary of the Company.

#### 3.1 The Disposal Group

Artimedia, incorporated in Singapore on 13 October 2008, has an issued and paid-up capital of S\$945 comprising 945 ordinary shares. It is principally engaged in the business of sales and marketing by providing value added monetisation services for digital advertisement.

The Disposal Group comprises the following companies:

- (i) Artimedia Technologies Ltd. (“**Artimedia IL**”), wholly-owned by Artimedia, is principally engaged in the sales and marketing of value-added monetisation services for digital advertisement as well as the research and development of media solutions;
- (ii) Artimedia Ltd. (“**Artimedia BVI**”), a 40%-owned joint venture company of Artimedia, is an investment holding company;

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- (iii) Artimedia (HK) Holdings Limited (“**Artimedia HK**”), wholly-owned by Artimedia BVI, is an investment holding company; and
- (iv) Artimedia (Beijing) Media Co., Ltd. (“**Artimedia Beijing**”), wholly-owned by Artimedia HK, is principally engaged in the business of sales and marketing by providing value added monetisation services for digital advertisement.

### **3.2 Consideration for the Proposed Disposal**

The consideration for the Proposed Disposal (“**Consideration**”) is S\$5.00 million, to be satisfied fully in cash. The Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, *inter alia*, the following factors:

- (a) the future funding requirements of the Disposal Group, given the Company’s current financial position;
- (b) the historical operating track record and financial performance of the Disposal Group;
- (c) the unaudited net liabilities of the Disposal Group as at 31 March 2017 of approximately S\$23.10 million;
- (d) the rationale for and benefits to the Company of the Proposed Disposal as set out in paragraph 3.1 of the Circular;
- (e) the preliminary valuation by the Independent Valuer on the Sale Shares; and
- (f) no other offers to purchase the Disposal Group had been received by the Company, given that the Company had been actively sourcing for other potential buyers since August 2016.

### **3.3 Terms of Settlement of the Consideration**

The Consideration shall be satisfied in the following manner:

- (i) S\$3.00 million shall be paid at Completion;
- (ii) S\$1.00 million shall be paid within 6 months from Completion; and
- (iii) S\$1.00 million shall be paid within 12 months from Completion.

### **3.4 Completion and Long Stop Date**

Subject to the satisfaction or waiver of conditions precedent set out in the SPA (“**Conditions Precedent**”), the Completion will take place on the date falling not more than 10 business days after the satisfaction of the Conditions Precedent (the “**Completion Date**”), or such other date as the Company and the Purchaser may agree in writing, but in any event, before 8 September 2017, being three (3) months from the date of the SPA (“**Long Stop Date**”).

Please refer to paragraph 2.4.1 of the Circular for details of the Conditions Precedent.

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**3.5 Waiver of loans owing to the Company**

Pursuant to the SPA, the amounts totalling S\$34.99 million owing by the Disposal Group to the Company as at 31 March 2017 will be waived (“**Waiver of Inter-Company Loans**”). The Company shall, at Completion, deliver a letter confirming the waiver of any and all amounts owing by the Disposal Group to the Company at the Completion Date.

**4 EVALUATION OF THE PROPOSED DISPOSAL**

In evaluating and assessing the financial terms of the Proposed Disposal, we have taken into account, *inter alia*, the pertinent factors set out below:

- (a) Rationale for the Proposed Disposal;
- (b) Financial performance and position of the Disposal Group;
- (c) Book value of the Disposal Group;
- (d) Valuation of the Disposal Group by the Independent Valuer;
- (e) Comparable companies analysis;
- (f) Financial effects of the Proposed Disposal; and
- (g) Other relevant considerations in relation to the Proposed Disposal.

**4.1 Rationale for the Proposed Disposal**

The full text of the rationale for the Proposed Disposal has been extracted from paragraph 3.1 of the Circular and is set out in italics below:

- “(i) the Disposal Group requires a substantial amount of funding to maximise its potential and profitability. The Disposal Group incurred losses since establishment. It has been difficult to obtain funding for the Disposal Group;*
- (ii) the Proposed Disposal will enable the Company to secure cash for the immediate funding requirements of the Group, including but not limited to, the redemption of the Bond (as defined in paragraph 3.2 of this Circular) and the payment of corresponding interests payable, which are currently due and payable in July 2017, as well as the working capital for the Group’s day-to-day operations; and*
- (iii) the Proposed Disposal will enable the Company to reduce its liabilities, improve its gearing and secure funds to be deployed for expansion into other businesses and undertake new investment opportunities that may arise in the future, which may result in higher value to the Shareholders. The Company is considering its options in relation to other business ventures and more information will be provided to the Shareholders at the appropriate juncture.”*

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We wish to emphasise that it is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Group after the Proposed Disposal.

#### **4.2 Financial performance and position of the Disposal Group**

We note that audited consolidated financial statements of the Disposal Group are not available, and that the Company had presented the historical financial performance of the Disposal Group based on the compilation of audited and unaudited financial statements of the respective entities within the Artimedia Group. Please refer to Appendix II to the Circular for details.

##### Review of financial performance

We set out below a summary of the unaudited consolidated statement of comprehensive income of Artimedia Group for FY2015, FY2016 and FY2017:

<b>(S\$'000)</b>	<b>← Unaudited →</b>		
	<b>FY2017</b>	<b>FY2016</b>	<b>FY2015</b>
Revenue	14,540	3,656	105
Gross profit	1,100	(744)	19
Loss before income tax	(6,624)	(6,283)	(2,990)
Net loss for the year	(6,624)	(6,283)	(2,990)

We note that, notwithstanding the trend of increasing revenue, the Artimedia Group was in net loss positions for the past three financial years ended 31 March.

##### ***FY2017 vs FY2016***

Revenue increased by S\$10.88 million, from S\$3.66 million in FY2016 to S\$14.54 million in FY2017, mainly due to increased usage of the media technology by more advertisers and advertising agencies.

The Artimedia Group recorded a gross profit of S\$1.10 million in FY2017 as compared to gross loss of S\$0.74 million in FY2016, mainly due to better economies of scale in its operations.

Distribution, administrative and finance expenses increased by S\$2.90 million in FY2017 mainly due to a rise in headcount resulting from increased activities, professional fees relating to legal fees and software sub-contractors as well as interest expenses incurred from loans from the Company.

Due to the factors above, the Artimedia Group incurred a net loss of S\$6.62 million in FY2017 as compared to S\$6.28 million in FY2016.

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***FY2016 vs FY2015***

Revenue increased by S\$3.55 million, from S\$0.11 million in FY2015 to S\$3.66 million in FY2016, mainly due to the Artimedia Group's efforts in working with leading news and entertainment portals in Israel to promote its videos to the advertisers.

The Artimedia Group registered a gross profit of S\$0.02 million in FY2015 but incurred a gross loss of S\$0.74 million in FY2016. This was mainly due to the fact that generated revenue was unable to adequately cover the direct expenses associated with acquisitions of media video viewerships from publishers which granted Artimedia Group the rights to market online videos of Israel-based publishers to advertisers.

Distribution, administrative and finance expenses increased by S\$3.14 million in FY2016 mainly due to higher headcount, professional expenses relating mainly to legal fees and software subcontractors, as well as advertising and promotional expenses to kick-start Artimedia Group's media solutions business.

As a result of higher cost of sales, overall increase in expenses and gross loss, the Artimedia Group incurred net loss of S\$6.28 million in FY2016 as compared to net loss of S\$2.99 million in FY2015.

Review of financial position

A summary of the unaudited consolidated statements of financial position of Artimedia Group as at 31 March 2015, 2016 and 2017 are set out below:

<b>(S\$'000)</b>	<b>← Unaudited →</b>		
	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Current Assets	15,827	9,446	1,090
Non-current assets	138	118	49
<b>Total assets</b>	<b>15,965</b>	<b>9,564</b>	<b>1,139</b>
Current liabilities	7,277	4,986	2,948
Non-current liabilities	31,791	20,148	7,448
<b>Total liabilities</b>	<b>39,068</b>	<b>25,134</b>	<b>10,396</b>
<b>Net liabilities</b>	<b>23,103</b>	<b>15,570</b>	<b>9,257</b>

We note that the Artimedia Group was in a negative net worth position, with net liabilities value ("NLV") of S\$23.10 million as at 31 March 2017.

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*Assets*

As at 31 March 2017, current assets comprise cash and cash equivalents of S\$3.73 million, trade and other receivables of S\$11.91 million and other current assets of S\$0.19 million, and non-current assets comprise plant and equipment of S\$0.09 million and intangible assets of S\$0.04 million.

Cash and cash equivalents increased from S\$0.37 million as at 31 March 2015 to S\$1.55 million as at 31 March 2016 and S\$3.73 million as at 31 March 2017, mainly due to additional loans from the Company. Trade and other receivables increased from S\$0.56 million as at 31 March 2015 to S\$7.70 million as at 31 March 2016 and S\$11.91 million as at 31 March 2017, mainly attributable to the increase in trade receivables which was in line with the higher revenue in FY2016 and FY2017, and the increase in advance payments to publishers for the purchase of media video viewerships.

*Liabilities*

As at 31 March 2017, current liabilities comprise trade payables and other liabilities of S\$4.08 million and amounts due to immediate holding company of S\$3.20 million, and non-current liabilities comprise amounts due to immediate holding company of S\$31.79 million. The amounts due to immediate holding company relate to loans extended by the Company to Artimedia Group for working capital purposes.

Trade payables and other liabilities increased from S\$0.32 million as at 31 March 2015 to S\$2.43 million as at 31 March 2016 and S\$4.08 million as at 31 March 2017, mainly due to an increase in payables to publishers for the purchase of media video viewerships, and accrued operating expenses.

Amounts due to immediate holding company (non-current) increased from S\$7.45 million as at 31 March 2015 to S\$20.15 million as at 31 March 2016 and S\$31.79 million as at 31 March 2017 due to additional loans extended by the Company to Artimedia Group for working capital purposes.

The Directors have confirmed that, to the best of their knowledge and belief, there are no assets and/or liabilities which values as at the Latest Practicable Date would be materially different from those recorded in the unaudited statement of financial position of Artimedia Group as at 31 March 2017. The Directors have also confirmed that there have been no material disposals or acquisitions of assets by Artimedia Group since 31 March 2017 and up to the Latest Practicable Date.



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**4.3 Book value of the Disposal Group**

Based on its unaudited consolidated financial statements for the financial year ended 31 March 2017, the Disposal Group recorded NLV and NTL of approximately S\$23.10 million and S\$23.15 million, respectively, as at 31 March 2017.

Taking into account the Waiver of Inter-Company Loans, the adjusted net asset value (“**Adjusted NAV**”) and adjusted net tangible asset (“**Adjusted NTA**”) of the Disposal Group would be approximately S\$11.89 million and S\$11.84 million respectively, as at 31 March 2017.

The Consideration represents a discount of approximately 57.9% and 57.8% to the Disposal Group’s Adjusted NAV and Adjusted NTA as at 31 March 2017 respectively.

**4.4 Valuation of the Disposal Group by the Independent Valuer**

Deloitte, the Independent Valuer, had been engaged by the Company to undertake an independent valuation of the entire issued share capital of Artimedia. Based on the asset approach using the adjusted book value method, Deloitte had attributed an estimated market value of S\$5.20 million to the entire issued share capital of Artimedia as at 31 March 2017.

We note that Deloitte had made the following assumptions, amongst others:

- (i) There is approximately S\$1.0 million of trade receivables that are long outstanding which are not recoverable;
- (ii) Advances to vendors amounting to approximately S\$5.6 million are paid-up commitment fees which are not refundable from video media publishers;
- (iii) The amounts due to the Company amounting to S\$35.0 million will be waived entirely by the Company; and
- (iv) The disposal of Artimedia is on an “as-is” perspective and that Artimedia and the Disposal Group will cease to be a going concern upon withdrawal of funding from the Company.

The Consideration represents a discount of approximately 3.8% to the market value of Artimedia as at 31 March 2017 attributed by Deloitte.

Please refer to the Valuation Letter as set out in Appendix III to the Circular for details of the valuation approach and assumptions adopted by Deloitte in its valuation exercise.

We note that the Company has also recorded an impaired value of S\$5.0 million in respect of the Disposal Group, in its consolidated financial statements for FY2017.



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**4.5 Comparable Companies analysis**

For the purpose of assessing the Consideration, we have referred to the current valuation statistics of selected listed companies, which businesses may be considered to be broadly comparable to the Disposal Group (“**Comparable Companies**”). We have had discussions with the Directors and the Management about the suitability and reasonableness of the Comparable Companies acting as a basis for comparison with the Disposal Group, and wish to highlight that none of the Comparable Companies is listed on the SGX-ST.

We recognise that there is no listed company which can be considered to be identical to Artimedia Group in terms of, *inter alia*, composition of business activities, scale of business operations, asset base, track record, geographical markets, market capitalisation, market/industry size, future prospects, risk profile, political risk, competitive and regulatory criteria, accounting policies, financial position and other relevant criteria. Furthermore, these Comparable Companies are listed on foreign exchanges where there may be significant differences between valuations that investors may accord to companies listed on the SGX-ST vis-à-vis other exchanges, and such cross border valuation statistics are also subject to differing macroeconomic variables. Therefore, any comparisons made are necessarily limited and are intended to serve only as an illustrative guide.

We set out in the table below the Comparable Companies, together with a brief description of their business activities:

<b>Comparable Companies</b>	<b>Financial year-end</b>	<b>Stock Exchange</b>	<b>Business activities</b>
Brightcove Inc. (“ <b>Brightcove</b> ”)	31 December	NASDAQ	Brightcove provides video hosting and publishing services. It operates a video platform whose services include uploading and encoding, content management, players and styling, delivery, and live streaming. Brightcove offers its services globally.
Maxpoint Interactive, Inc. (“ <b>Maxpoint</b> ”)	31 December	NASDAQ	MaxPoint provides advertising services to online markets. It offers targeted display campaigns, instream, and video advertising targeting. MaxPoint Interactive operates in the United States.
The Trade Desk, Inc. (“ <b>Trade Desk</b> ”)	31 December	NASDAQ	Trade Desk operates as an advertising technology company. It offers online advertising platform that manages display, social, mobile, and video advertising campaigns. Trade Desk serves customers worldwide.

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<b>Comparable Companies</b>	<b>Financial year-end</b>	<b>Stock Exchange</b>	<b>Business activities</b>
Tremor Video, Inc. (“ <b>Tremor Video</b> ”)	31 December	NYSE	Tremor Video provides digital video advertising services. It offers a video engagement platform that allows advertisers to target their viewers and publishers to manage and monetise video impression. Tremor Video serves clients worldwide.
YuMe, Inc. (“ <b>YuMe</b> ”)	31 December	NYSE	YuMe provides mobile video advertising technology and network services. It offers technologies that connect advertisers, application developers, content distributors, consumer electronics manufacturers, and publishers. YuMe serves customers worldwide.

*Source: Bloomberg*

We have considered various widely used valuation measures, and are of the view that an earnings approach to assess the reasonableness of the Consideration is not applicable in this case as the Disposal Group was in a net loss position for FY2017. Therefore, we have adopted the net assets valuation approach in our assessment of the valuation of the Disposal Group (as implied by the Consideration) vis-à-vis the valuation of the Comparable Companies.

For the purpose of our evaluation and for illustration, we have made comparisons between the Disposal Group and the Comparable Companies on a historical basis using the following:

- (i) **P/NAV ratio:** The P/NAV ratio is the ratio of the market price of a company’s shares relative to its historical NAV per share. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.
- (ii) **P/NTA ratio:** The P/NTA ratio is the ratio of the market price of a company’s shares relative to its historical NTA per share. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.

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<b>Comparable Companies</b>	<b>Market capitalisation as at Latest Practicable Date<sup>1</sup> (S\$' million)</b>	<b>Historical P/NAV<sup>2</sup> (times)</b>	<b>Historical P/NTA<sup>2</sup> (times)</b>
Brightcove	299.35	2.89	15.42
Maxpoint	64.61	1.54	1.54
Trade Desk	2,924.04	12.32	12.32
Tremor Video	163.24	1.69	2.22
YuMe	272.64	1.99	2.07
Mean		4.09	6.71
Median		1.99	2.22
Maximum		12.32	15.42
Minimum		1.54	1.54
<b>Disposal Group (as implied by the Consideration)</b>		<b>0.42<sup>3</sup></b>	<b>0.42<sup>3</sup></b>

*Source: Bloomberg and announcements of the Comparable Companies*

**Notes:**

- (1) Market capitalisation in Singapore dollars based on the exchange rate of US\$1.00 to S\$1.3800 as at Latest Practicable Date
- (2) The P/NAV and P/NTA ratios of the Comparable Companies were computed based on their respective NAV and NTA values as set out in their latest published financial statements as at the Latest Practicable Date.
- (3) The computation of the P/NAV and P/NTA ratios of the Disposal Group, as implied by the Consideration denominators, are based on the Disposal Group's Adjusted NAV and Adjusted NTA respectively as at 31 March 2017.

We note that the P/Adjusted NAV and P/Adjusted NTA ratios of the Disposal Group of 0.42 time and 0.42 time, as implied by the Consideration, are lower than the range of the P/NAV and P/NTA ratios of the Comparable Companies.

We would like to highlight that none of the Comparable Companies is in a net liabilities position, unlike the Disposal Group which has a NLV of S\$23.10 million prior to the Waiver of Inter-Company Loans. Accordingly, we wish to emphasise that the valuation statistics of the Comparable Companies may not be entirely meaningful bases for comparison with the Disposal Group.

#### **4.6 Financial effects of the Proposed Disposal**

The *pro forma* financial effects of the Proposed Disposal on the consolidated NTL per Share and loss per Share (“LPS”) are set out in paragraph 5 of the Circular, and have prepared based on the audited consolidated financial statements of the Group for FY2017 and on the following bases and assumptions:

- (i) the financial effect on the consolidated NTL per Share is computed based on the assumption that the Proposed Disposal was completed on 31 March 2017;

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- (ii) the financial effect on the consolidated LPS is computed based on the assumption that the Proposed Disposal was completed on 1 April 2016;
- (iii) no additional Inter-Company Loans subsequent to 31 March 2017 had been taken into account;
- (iv) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S\$0.23 million; and
- (v) the 185,185,185 new shares issued to Mr Tee Wee Sien on 11 April 2017 pursuant to his exercising of the options, were issued on 31 March 2017.

We wish to highlight that these *pro forma* financial effects are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the Completion.

(a) Net Tangible Liability

The *pro forma* financial effects of the Proposed Disposal on the consolidated NTL of the Group are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTL of the Group (S\$'000)	(1,346)	(1,576)
Number of Shares ('000)	1,797,793	1,797,793
NTL per Share (cents)	(0.07)	(0.09)

We note that Inter-Company Loans have been eliminated, and the Group has provided impairment of approximately S\$6.89 million on the Disposal Group to arrive at the consolidated NTL of the Group before the Proposed Disposal.

(b) Net Loss

The *pro forma* financial effects of the Proposed Disposal on the consolidated LPS of the Group are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Net loss attributable to shareholders (S\$'000)	(15,856)	(16,086)
Weighted average number of shares (excluding treasury shares) ('000)	1,318,457	1,318,457
LPS (cents)	(1.20)	(1.22)

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**4.7 Other relevant considerations in relation to the Proposed Disposal**

**4.7.1 Non-materialisation of prior non-binding term sheet with independent third party purchaser**

We note that the Board had decided to sell the Disposal Group in July 2016, after reviewing the then subsisting funding extended to the Disposal Group, the additional substantial funding requirements of the Disposal Group in order to bring its technologies to maximum potential and profitability, and having considered the fact that it would be difficult to obtain further funding to support the future progression and growth of the Disposal Group. Accordingly, the Company had in August 2016, appointed STS Capital Partners International Inc. ("**STS Capital**"), an international, boutique mergers and acquisitions firm specialising in sellside consulting and advisory services for mid-market entrepreneurial and family businesses, to source for a buyer. As announced by the Company on 15 December 2016, the Company signed a non-binding term sheet with an independent third party ("**Term Sheet**") in respect of the disposal of the Disposal Group for S\$50.00 million.

We note that the Consideration of S\$5.00 million is significantly lower than the consideration set out in the Term Sheet. Nevertheless, we note that the Term Sheet subsequently lapsed on 13 April 2017 and the proposed disposal did not materialise.

**4.7.2 No other alternative offers from third parties**

The Board has confirmed that since August 2016, save for the offer from the independent third party pursuant to the Term Sheet which had lapsed, there had been no offer to purchase the Disposal Group other than from the Purchaser.

The Board and the Management are of the view that it would be difficult to find interested buyers who would fully understand and appreciate the specialised technologies of the Disposal Group.

**4.7.3 Use of proceeds**

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses to be incurred in connection with the Proposed Disposal of approximately S\$0.23 million, is approximately S\$4.77 million ("**Net Proceeds**").

The Company intends to utilise the Net Proceeds for the following purposes:

- (i) to redeem the S\$2.3 million 15% Bond (as defined herein) at a subscription price of 100% of the principal amount of the bond and its corresponding interest of approximately S\$0.20 million; and
- (ii) the balance of the Net Proceeds will be used for general working capital requirements of the Group and to fund future business expansions, investments and acquisitions when suitable opportunities arise.

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#### **4.7.4 Financial condition of the Group**

Based on the audited financial statements for the financial year ended 31 March 2017, we noted that the Group continued to be loss-making. It incurred an audited net loss amounting to S\$15.86 million and remained in a NLV position of S\$0.92 million as at 31 March 2017. Comparatively, the Group recorded an audited net loss of S\$7.81 million in FY2016 and an NLV of S\$1.19 million as at 31 March 2016. The Group also registered an audited operating cash outflow of S\$7.67 million in FY2017. The Group's overall comparatively poorer performance in FY2017 was largely attributable to the operations of the Disposal Group.

As at 31 March 2017, the Group had an outstanding S\$5.52 million convertible loan ("**Convertible Loan**") bearing interest of 15% per annum repayable on 16 April 2017, and an aggregate amount of S\$7.18 million in bonds payable ("**Bonds Payable**"). The Bonds Payable comprise the following:

- a. an aggregate principal amount of S\$2,300,000 which bears interest at 15% per annum and is repayable on 30 June 2017 ("**S\$2.3 million 15% Bond**");
- b. an aggregate principal amount of S\$2,875,000 which bears interest at 10% per annum and is repayable on 30 June 2017 ("**S\$2.875 million 10% Bond**"); and
- c. an aggregate principal amount of S\$2,000,000, which bears interest at 10% per annum and repayable on 19 July 2017 ("**S\$2.0 million 10% Bond**").

The Convertible Loan and Bonds Payable are unsecured and repayable in one lump sum.

Subsequent to the financial year-ended 31 March 2017, the Group fully repaid the Convertible Loan through existing cash and cash equivalents, net proceeds from the issuance of a S\$2.0 million bond and grant of options to Mr Tang Boo Teck in April 2017; and net proceeds from the exercise of options by Mr Tee Wee Sien in April 2017.

In June 2017, the Group agreed with the respective holder of the Bonds Payable to extend the due date for the S\$2.3 million 15% Bond to 31 July 2017 and the due dates for the S\$2.875 million 10% Bond and S\$2.0 million 10% Bond to 31 August 2018.

As at the Latest Practicable Date, the Group has S\$9.18 million in principal amount of bonds payable.

The Directors and Management are of the opinion that the Group does not have the financial capacity to continue supporting the operations of the Disposal Group which has been in loss-making position since its establishment, and there is also no certainty that the Group will be able to raise the financing necessary in this regard. They believe that the Proposed Disposal would alleviate the strain on the financial performance and condition of the Group.

#### **4.7.5 Impairment of loans to Disposal Group**

We note that the outstanding amounts due from the Disposal Group to the Company stood at S\$34.99 million as at 31 March 2017, of which an aggregate of S\$29.99 million of the amounts owing by the Disposal Group have been impaired in the accounts of the Company in FY2017 and in prior years. As at 31 March 2017, the net book value of such amounts owing amounted to S\$5.00 million on the financial statements of the Company.

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Barring unforeseen circumstances, the Directors and Management envisage that further impairment to the loans to the Disposal Group would be in order as there are no reasonable signs that the Disposal Group has the capacity to repay such loans. In view of this, the Company was thus prepared to agree to the Waiver of Inter-Company Loans in connection with the SPA.

### 4.7.6 Material uncertainty related to going concern by auditors

We wish to highlight that the Company's auditors, PricewaterhouseCoopers LLP ("PwC"), had included a material uncertainty related to going concern in respect of the Group's financial statements for FY2017. It highlighted, *inter alia*, the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern in view of the net loss of S\$15.86 million incurred in FY2017, and that current liabilities and total liabilities exceeded its assets by S\$4.00 million and S\$0.92 million respectively as at 31 March 2017.

Nevertheless, the financial statements were prepared on a going concern basis as the Directors of the Group are of the view that it is appropriate to do so having considered that the Company had received aggregate gross proceeds of S\$5.00 million from a bond issuance and the exercise of option shares in April 2017; and separate proceeds from share placement, bonds and options exercised were sufficient to repay its convertible loan due on 16 April 2017. In addition, the Group obtained agreement from bondholders holding an aggregate of S\$6.88 million in bonds to amend the maturity of bonds to 31 August 2018. Further, PwC noted that the Company has entered into a sale and purchase agreement with a director of the Company for the sale of Artimedia and its wholly owned subsidiary, Artimedia IL, for S\$5.00 million on 9 June 2017. The controlling shareholder, Mr Ching Chiat Kwong, had also undertaken to provide the Group with adequate funds to enable the Group to continue its operations on a going concern basis and to enable the Group to pay its liabilities as and when they fall due, up to 31 August 2018.

## 5 OUR OPINION

In arriving at our opinion, we have reviewed and deliberated on factors which we consider to be relevant and to have a significant bearing on our assessment as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. These factors include, *inter alia*, the views and representations made by the Directors and the Management of the Company. We have carefully considered as many factors as we deem essential and balance them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

**Based on our analysis, and after having considered carefully the information available to us as of the Latest Practicable Date, we are of the opinion that the financial terms of the Proposed Disposal are, on balance, normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.**

In arriving at our opinion, we have relied on, *inter alia*, relevant statements contained in the Circular, confirmations, advice and representations by the Directors, and the Company's announcement in relation to the Proposed Disposal. We wish to emphasise that we have arrived at our recommendation based on information made available to us prior to and



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including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the commercial merits of the Proposed Disposal which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Proposed Disposal vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Proposed Disposal as an Interested Person Transaction, but any recommendations made by the Independent Directors in respect of the Proposed Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed Disposal as an Interested Person Transaction) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**ZICO Capital Pte. Ltd.**

Karen Soh  
Managing Director

Leong Huey Miin  
Director



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**APPENDIX II – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE DISPOSAL GROUP FOR FY2015 TO FY2017**

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**Unaudited Consolidated Statement of Comprehensive Income of the Disposal Group for  
FY2015, FY2016 and FY2017**

	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Revenue	14,539,925	3,656,068	105,207
Cost of Sales	(13,440,353)	(4,400,209)	(86,552)
<b>Gross Profit</b>	<b>1,099,572</b>	<b>(744,141)</b>	<b>18,655</b>
Other gains/(losses) – net	1,208,608	482,699	(17,656)
Expenses:			
– Distribution	(1,881,585)	(1,717,188)	(771,888)
– Administrative	(4,595,264)	(3,358,330)	(2,069,141)
– Finance	(2,399,493)	(903,031)	–
Share of loss of a joint venture	(55,388)	(42,712)	(149,492)
Loss before income tax	(6,623,550)	(6,282,703)	(2,989,522)
Income tax expense	–	–	–
<b>Net loss for the year</b>	<b>(6,623,550)</b>	<b>(6,282,703)</b>	<b>(2,989,522)</b>
<b>Other Comprehensive Loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(909,984)	(29,898)	(48,366)
<b>Total Comprehensive Loss</b>	<b>(7,533,534)</b>	<b>(6,312,601)</b>	<b>(3,037,888)</b>

**APPENDIX II – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE DISPOSAL GROUP FOR FY2015 TO FY2017**

**Unaudited Consolidated Statements of Financial Position of the Disposal Group for  
FY2015, FY2016 and FY2017**

<b>ASSETS</b>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	3,729,421	1,552,673	368,209
Trade and other receivables	11,905,523	7,703,209	558,140
Other current assets	192,537	190,228	164,013
	<u>15,827,481</u>	<u>9,446,110</u>	<u>1,090,362</u>
<b><u>Non-current assets</u></b>			
Investments in joint venture	–	–	–
Plant and equipment	93,741	92,264	47,946
Intangible assets	43,876	25,476	863
	<u>137,617</u>	<u>117,740</u>	<u>48,809</u>
<b>Total assets</b>	<u><u>15,965,098</u></u>	<u><u>9,563,850</u></u>	<u><u>1,139,171</u></u>
<b>LIABILITIES</b>			
<b><u>Current liabilities</u></b>			
Trade payables and other liabilities	4,077,452	2,430,594	321,388
Amounts due to immediate holding company	3,199,800	2,554,961	2,626,379
	<u>7,277,252</u>	<u>4,985,555</u>	<u>2,947,767</u>
<b><u>Non-current liability</u></b>			
Amounts due to immediate holding company	31,791,182	20,148,097	7,448,605
	<u>31,791,182</u>	<u>20,148,097</u>	<u>7,448,605</u>
<b>Total liabilities</b>	<u><u>39,068,434</u></u>	<u><u>25,133,652</u></u>	<u><u>10,396,372</u></u>
<b>NET LIABILITIES</b>	<u><u>(23,103,336)</u></u>	<u><u>(15,569,802)</u></u>	<u><u>(9,257,201)</u></u>
<b>EQUITY</b>			
Share capital	945	945	945
Other reserves	(996,759)	(86,775)	(56,877)
Accumulated losses	(22,107,522)	(15,483,972)	(9,201,269)
<b>Total equity</b>	<u><u>(23,103,336)</u></u>	<u><u>(15,569,802)</u></u>	<u><u>(9,257,201)</u></u>

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## APPENDIX III – VALUATION LETTER

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**Deloitte.**

Deloitte & Touche Financial  
Advisory Services Pte Ltd  
Co. Reg. No. 200205727K  
6 Shenton Way #33-00  
OUE Downtown Two  
Singapore 068809

Tel: +65 6224 8288  
Fax: +65 6538 6166  
www.deloitte.com

12 July 2017

The Board of Directors  
Artivision Technologies Ltd.  
67 Ubi Avenue 1 #06-03  
Starhub Green  
Singapore 408942

Dear Sirs,

*Unless otherwise defined or the context otherwise requires, all terms defined in the Circular to shareholders of Artivision Technologies Ltd to be dated on or about 12 July 2017 (the “Circular”) shall have the same meaning herein.*

### 1. INTRODUCTION

Deloitte & Touche Financial Advisory Services Pte Ltd (“Deloitte”) has been engaged on 12 June 2017 by Artivision Technologies Ltd (“Artivision” or the “Client”) to provide valuation advisory services to estimate the market value of the entire issued share capital of Artimedia Pte. Ltd. (“Artimedia”) (the “Independent Valuation”) as at 31 March 2017 (the “Valuation Date”) in relation to the proposed disposal of 100% of Artimedia to Dr Ofer Miller (the “Purchaser”) (the “Proposed Transaction”).

The Proposed Transaction of Artimedia will involve Artimedia’s subsidiaries and joint venture companies comprising: Artimedia Technologies Ltd., Artimedia Ltd., Artimedia (HK) Holdings Limited and Artimedia (Beijing) Media Co., Ltd. (including Artimedia, collectively referred to as the “Disposal Group”), references to Artimedia also includes the Disposal Group.

### 2. THE PROPOSED TRANSACTION

We understand that Artivision is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. On 11 June 2017, the board of directors (“Directors”) of Artivision (the “Artivision Board”) announced that Artivision entered into a sale and purchase agreement dated 9 June 2017 (the “SPA”) with the Purchaser to dispose of all the issued and paid-up shares in the share capital of Artimedia to the Purchaser.

The aggregate consideration shall be satisfied in full by cash.

Artimedia is involved in the inventing, manufacturing, producing and/or marketing of various machine vision based on applications and solutions for media publishers and media content providers. Artimedia earns revenue from advertisers by serving advertisements on behalf to viewers of online videos based on their personal interests and internet-usage habits. The

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## APPENDIX III – VALUATION LETTER

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videos and media space utilised by Artimedia to insert advertising on behalf of customers are secured by Artimedia by payment of upfront and variable fees to content providers and networks.

This letter is addressed to the Artivision Board for their benefit in connection with and for the purposes of their consideration of the Proposed Transaction. Other than for this intended purpose, this letter cannot be used or relied upon for any other purpose.

In concluding on our estimated market value, we have not had regard to the investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any shareholder. As different shareholders have different investment profiles and objectives, we recommend such shareholder who may require specific advice to consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

### 3. TERMS OF REFERENCE

The Independent Valuation is in relation to the Proposed Transaction. For the avoidance of doubt, the decision as to the final price at which the Proposed Transaction is done rests solely with Artivision.

Our estimate of the market value of the entire issued share capital of Artimedia should not form the only basis of the price at which Artimedia is to be transacted. This letter and the data on which this letter is prepared is not intended to form the basis of any transaction decision in relation to the Proposed Transaction and does not contain all the information that is necessary to fully evaluate the Proposed Transaction.

Other than this engagement, Deloitte has had no involvement in any other aspect pertaining to the Proposed Transaction including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the Proposed Transaction. We do not, by this letter or otherwise, advise, recommend, evaluate, comment or form any judgement or opinion on the legal, commercial or financial rationale, merits or risks in relation to the Proposed Transaction or the relative merits of the Proposed Transaction as compared to any alternative transaction previously considered by Artivision or that otherwise may be available to Artivision in the future or on the future growth prospects or earnings potential of Artimedia. Such advice, recommendation, evaluation, comment, judgement or opinion are and remain the sole responsibility of the Artivision Board and its advisors engaged for the Proposed Transaction.

This letter does not constitute and cannot be construed as an advice, a recommendation or any form of judgement or opinion to any person in connection with the Proposed Transaction.

The management of Artivision confirmed to us that, to the best of their knowledge and belief, the information contained in this letter and the data on which this letter is prepared constitute a full and true disclosure of all relevant and material facts on Artimedia and there is no other information or fact, the omission of which would cause any of the information disclosed to us or relied by us or any information contained herein and in the data on which this letter is prepared to be untrue, incomplete or misleading in any material respect.

In connection with our engagement, we held discussions with the management of Artivision, and relied on information provided and representations made to us by Artivision and such information and representations are the sole responsibility of Artivision. Our scope of work excludes, *inter alia*, (i) providing a view on the reasonableness of any historical financials,

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## APPENDIX III – VALUATION LETTER

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projections or any prospective information, (ii) undertaking any independent market study on the industry in which Artimedia and the Disposal Group operates, (iii) the validity, rights, obligations and completeness of the licenses and operating permits and approvals required to operate the business of Artimedia, and (iv) the validity, rights, obligations and completeness of the agreements between Artimedia and other parties. In addition, we examined certain publicly available information which we consider to be pertinent to our engagement. We have not independently verified such information, whether written or verbal, and accordingly, we cannot and do not warrant, opine or accept any responsibility for the accuracy, completeness or adequacy of such information we received from Artivision. We have not carried out any work which constitutes an audit in accordance with generally accepted auditing standards including any in-depth investigation into the business and affairs of Artimedia. In performing our engagement herein, we relied upon and have assumed that all information provided to us is true, accurate, not misleading and complete in all respects as at the date hereof and that all information which is or may be relevant to our engagement has been duly provided to us and drawn to our attention by the management of Artivision. We do not express any opinion on and we do not take any responsibility for or in relation to and have further assumed that all bases and assumptions, statements of fact, beliefs, opinions and intentions made by the management of Artivision in preparing the information and representations made to us.

Our estimate of the market value of the entire issued share capital of Artimedia was based on generally accepted valuation procedures and practices that rely on the use of assumptions and the consideration of uncertainties not all of which can be easily quantified or ascertained. The final analysis leading to our estimate of the market value of the entire issued share capital of Artimedia presents an independent assessment based on our best professional judgement and experience predicated on all relevant and available references and resources. You should note that by its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will of necessity be subjective and dependent on the exercise of individual judgement. There is therefore, no indisputable single value. Whilst we consider our estimate of the market value of the entire issued share capital of Artimedia to be both reasonable and defensible based on our scope and the information available to us, others may place a different value on Artimedia.

Our estimate of the market value of the entire issued share capital of Artimedia is based on the market, economic, industry and other conditions prevailing at the time when the Independent Valuation was conducted and the information made available to us by management of Artivision on behalf of Artimedia. We assume no responsibility to update, revise or reaffirm our evaluation or assumptions in light of any subsequent events or circumstances that may affect our estimate of the market value of the entire issued share capital of Artimedia or any factors or assumptions contained herein.

We have used the market value standard for our work, presuming the application of existing use framework. Market value is defined for this purpose as:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

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## APPENDIX III – VALUATION LETTER

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### 4. VALUATION APPROACH

Artimedia has been able to continue to operate as a going concern only with continued financial support and funding from Artivision. The Artivision Board believes that, in order for the business to reach its potential and maximise its profitability, the business will require substantial funding. The Artivision Board does not intend to continue its funding of Artimedia and the Disposal Group's operations. As such, the disposal of Artimedia is undertaken on an "as-is" perspective and that Artimedia and the Disposal Group will cease to be a going concern upon withdrawal of funding by Artivision.

As such, we have performed the Independent Valuation based on the Asset Approach using the Adjusted Book Value ("ABV") method.

In undertaking the Independent Valuation of Artimedia, we considered, *inter alia*, the following:

- (a) Audited and unaudited historical financials of the Disposal Group provided by the management of Artivision for the financial years ended 31 March 2016 and 31 March 2017;
- (b) Unaudited management financial information comprising the consolidation of the Disposal Group for the period from 1 April 2016 to 31 March 2017;
- (c) Information on historical financial support and funding of the Disposal Group by Artivision;
- (d) The listing of logos and patents registered with Artimedia;
- (e) The historical financial performance of Artimedia;
- (f) The withdrawal of funding of Artimedia and the Disposal Group as explained in 3.1 of the Circular;
- (g) The appointment of STS Capital Partners International Inc. since August 2016 as explained in 3.1 of the Circular; and
- (h) Discussions and correspondences with the management of Artivision.

### 5. KEY ASSUMPTIONS

The estimated market value of the entire issued share capital of Artimedia is based on the following key assumptions and representations by management of Artimedia:

- (a) The information provided fairly reflects the financial and operating position of Artimedia and the Disposal Group as at 31 March 2017;
- (b) The disposal of Artimedia is on an "as-is" perspective and that Artimedia and the Disposal Group will cease to be a going concern upon withdrawal of funding from Artivision;
- (c) There is approximately S\$1.0 million of trade receivables that are long outstanding which are not recoverable;

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## APPENDIX III – VALUATION LETTER

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- (d) Advances to vendors amounting to approximately S\$5.6 million are paid-up commitment fees which are not refundable from video media publishers;
- (e) The amounts due to Artivision amounting to S\$35.0 million will be waived entirely by Artivision as explained in 2.4.6 of the Circular;
- (f) There will be no material changes, after the date of this Independent Valuation, in the market conditions under which the business of Artimedia operates;
- (g) There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on the estimated market value of Artimedia;
- (h) There are no other surplus or non-operational assets not disclosed to us, which would have a material impact on the estimated market value of Artimedia; and
- (i) The other assumptions used in this Independent Valuation hold true.

### 6. ESTIMATED VALUE

Based on our terms of reference, valuation approach and key assumptions above, we estimated the market value of the entire issued share capital of Artimedia as at 31 March 2017 to be S\$5.2 million.

### 7. CONCLUSION

Based upon and subject to the foregoing and other information used in the preparation of this letter, we have estimated the market value of 100% of Artimedia to be **S\$5.2 million** as at 31 March 2017.

Our estimation of the market value of Artimedia should be considered in the context of the entirety of this letter. Save for the purposes of the Circular in connection with the Proposed Transaction, this letter may not be reproduced, disseminated or quoted for any other purpose without Deloitte's prior written consent. This letter is governed by, and should be construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated therein and do not apply by implication to any other matter.

Yours faithfully,  
DELOITTE & TOUCHE FINANCIAL ADVISORY SERVICES PTE LTD

Keoy Soo Earn  
Executive Director

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **ARTIVISION TECHNOLOGIES LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number 200407031R)

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Artivision Technologies Ltd. (the “**Company**”) will be held at 16 Arumugam Road, Lion Building D #05-01 Seminar Room, Singapore 409961 on Thursday, 27 July 2017 at 10.30 a.m. (or immediately following the conclusion of the Annual General Meeting to be held at the same date and venue) for the purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolution:

All capitalised terms used in this Notice which are not defined herein shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 12 July 2017 (the “**Circular**”).

#### **ORDINARY RESOLUTION – THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ARTIMEDIA PTE. LTD.**

Resolved that:

- (a) approval be and is hereby given for the sale of the entire issued and paid-up share capital of the Company’s wholly-owned subsidiary, Artimedia Pte. Ltd., to Dr Ofer Miller in accordance with the terms and conditions of the sale and purchase agreement entered into between the Company and Dr Ofer Miller; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Disposal, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Proposed Disposal.

**By Order of the Board**

**Ms Ong Beng Hong and Ms Tan Swee Gek**  
Company Secretaries  
12 July 2017



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the Extraordinary General Meeting of the Company (the “**Meeting**”) is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
3. A member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“**Relevant Intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
  5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its duly authorised officer or attorney.
  6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 67 Ubi Avenue 1, #06-03 Starhub Green, Singapore 408942 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

### Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Extraordinary General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

*This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.*

*The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*

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## ARTIVISION TECHNOLOGIES LTD.

(Company Registration No. 200407031R)

(Incorporated in the Republic of Singapore)

### PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

I/We, \_\_\_\_\_ (Name) NRIC/Passport No.\* \_\_\_\_\_

of \_\_\_\_\_

being a member/members\* of Artivision Technologies Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our\* proxy/proxies\* to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company (the "Meeting") to be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Thursday, 27 July 2017 at 10.30 a.m. (or immediately following the conclusion of the Annual General Meeting to be held at the same date and venue) and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her\* discretion.

Please tick here if more than two (2) proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

No.	Resolution relating to:	Number of votes	
		For**	Against**
1	The Proposed Disposal of the entire issued and paid-up share capital of Artimedia Pte. Ltd.		

\*\* If you wish to exercise all your votes "For" or "Against", please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Total No. of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
Of Common Seal of Corporate Shareholder

\* Delete where inapplicable

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), a member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.
4. Pursuant to Section 181(6) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 67 Ubi Avenue 1, #06-03 Starhub Green, Singapore 408942 not less than forty-eight (48) hours before the time appointed for the holding the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 12 July 2017.