



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

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

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**1. INTRODUCTION**

- 1.1. The board of directors (the “**Board**” or “**Directors**”) of Artivision Technologies Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 9 June 2017, entered into a conditional sale and purchase agreement (the “**SPA**”) with Dr Ofer Miller (an Executive Director and Chief Technology Officer of the Company) (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**”) (the “**Sale Shares**”), a wholly-owned subsidiary of the Company, on the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).
- 1.2. The Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Please refer to Section 5 of this announcement for further details. In addition, for the reasons set out in Section 4 of this announcement, the Proposed Disposal also constitutes an interested person transaction under Chapter 9 of the Catalist Rules. Accordingly, the Company is seeking the approval of its independent shareholders for the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules as well as an interested person transaction under Chapter 9 of the Catalist Rules, at an extraordinary general meeting (“**EGM**”) to be convened. A circular setting out, *inter alia*, further details of the Proposed Disposal, together with a Notice of the EGM, (the “**Circular**”) will be despatched to shareholders of the Company (“**Shareholders**”) in due course.
- 1.3. Upon the completion of the Proposed Disposal, Artimedia will cease to be a subsidiary of the Company.

**2. INFORMATION RELATING TO ARTIMEDIA AND THE PURCHASER**

**2.1. Information on Artimedia**

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 the subsidiaries and an associated company of Artimedia 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 and the research and development of media solutions.
- (ii) Artimedia Ltd. (“**Artimedia BVI**”), a 40%-owned associated 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.

- (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 above-mentioned companies shall collectively be known as the “**Disposal Group**”.

Based on its unaudited consolidated financial statements for the financial year ended 31 March 2017 (“**FY2017**”), the Disposal Group recorded (i) net liabilities value and net tangible liabilities value of approximately S\$23.10 million and S\$23.14 million, respectively, as at 31 March 2017; and (ii) net loss of approximately S\$6.62 million for FY2017. 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, of which an aggregate of S\$29.99 million had been impaired in FY2017 and in prior years such that the net book value of Inter-Company Loans amounted to a 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**”), 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. Please refer to Section 3.3.6 of this announcement for details on the Waiver of Inter-Company Loans.

Based on the unaudited 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 a professional 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. Please refer to the Company’s announcement dated 25 May 2017 in relation to the unaudited results for the financial year ended 31 March 2017, for further details on the Impairment. 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 unaudited net loss for FY2017; and (b) represent approximately 620.37% of the Group’s adjusted unaudited 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.

## **2.2. Information on the Purchaser**

The Purchaser is the co-founder, Executive Director and 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 date of this announcement, the Purchaser has a shareholding interest of 0.84% in the capital of the Company (“**Shares**”).

Accordingly, the Purchaser is an “interested person” under Chapter 9 of the Catalyst Rules and the Proposed Disposal constitutes an “interested person transaction” under Chapter 9 of the Catalyst Rules.

### 3. SALIENT TERMS OF THE SPA

#### 3.1. Sale Shares

Subject to the terms and conditions of the SPA, the Sale Shares shall, at Completion (as defined below) be free from all charges, liens, encumbrances, equities and claims whatsoever and together with all rights which now are, or at any time hereafter may become, attached to them, including, but not limited to, any dividend or other distribution declared, paid or made after the date of the SPA.

#### 3.2. Consideration

Pursuant to the SPA, the aggregate consideration for the Sale Shares is S\$5.00 million ("**Consideration**"), to be satisfied fully in cash, and shall be payable by the Purchaser to the Company in instalments in the following manner:

- (a) S\$3.00 million shall be paid at completion of the Proposed Disposal (the "**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 after taking into consideration, *inter alia*, the following factors:

- (a) the future funding requirement of the Disposal Group on the back of 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 Section 7 of this announcement;
- (e) preliminary independent valuation by an independent professional valuer on the Disposal Group; 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. The Company refers to its announcement dated 15 December 2016 in relation to a non-binding term sheet in respect of its earlier proposed disposal of the Disposal Group ("**Term Sheet**") for not less than S\$50.00 million. The Term Sheet lapsed on 13 April 2017. Since then, there had been no offer to purchase the Disposal Group other than from Dr Ofer Miller who agreed to acquire all of the issued and paid-up shares in the capital of Artimedia at a consideration of S\$5.00 million.

### 3.3. Salient terms of the Proposed Disposal

#### 3.3.1. Conditions Precedent

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

- (a) the resolutions of the Board of Directors and Shareholders having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;
- (b) in the event that the transferee of the Sale Shares is a corporation or an entity pursuant to a novation or an assignment which is pursuant to the terms set out in the SPA, 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;
- (c) 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 of the Company being obtained by the Company for the circular to be issued to 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 Section 3.3.4 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**”).

- 3.3.2. 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.

#### 3.3.3. 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.

#### 3.3.4. 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.

#### 3.3.5. Stamp duties

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

### 3.3.6. 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.

## 4. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

- 4.1. As set out in Section 2.2 of this announcement, the Purchaser is considered an “interested person”, and the Proposed Disposal is considered as an “interested person transaction” for the purpose of Chapter 9 of the Catalist Rules of the SGX-ST.
- 4.2. Based on the Group’s latest audited financial statements for the financial year ended 31 March 2016, the Group recorded audited net tangible liabilities of approximately S\$1.89 million as at 31 March 2016. 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 independent Shareholders for the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules at the EGM to be convened.
- 4.3. 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 date of this announcement.

## 5. 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 latest announced unaudited 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) Based on the unaudited net liabilities of the Disposal Group as at 31 March 2017 of approximately S\$23.10 million and the unaudited net liabilities of the Group as at 31 March 2017 of approximately S\$0.92 million.

- (2) Based on the unaudited consolidated net loss of the Disposal Group for FY2017 of approximately S\$6.62 million and the unaudited net loss of the Group for FY2017 of approximately S\$15.86 million.
- (3) Based on the Consideration of S\$5.00 million and the Company's market capitalisation of approximately S\$28.8 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 Rule 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 the 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 will 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.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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.

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

- (a) the financial effect on the consolidated net tangible liabilities ("**NTL**") per Share is computed based on the assumption that the Proposed Disposal was completed on 31 March 2017;
- (b) the financial effect on the consolidated loss per share ("**LPS**") is computed based on assumption that the Proposed Disposal was completed on 1 April 2016;
- (c) no additional Inter-Company Loans subsequent to 31 March 2017 had been taken into account; and
- (d) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S\$0.23 million.

## 6.1 NTL per Share

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

## 6.2 LPS

The effect of the Proposed Disposal on LPS is 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)	1,317,950	1,317,950
LPS (cents)	(1.20)	(1.22)

## 7. RATIONALE FOR THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal is in the interest 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 incorporation. It is difficult to obtain funding for the Disposal Group;
- (ii) the Proposed Disposal will enable the Company to secure cash for the immediate other funding requirements of the Group, including but not limited to the redemption of Bond (as defined below) and the payment of corresponding interests payable, which is 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.

## 8. 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\$2.00 million bond (i) 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\$0.50 million; and

- (ii) the balance of the Net Proceeds 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.

## **9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL**

As at the date hereof and save as disclosed above, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (save for their respective shareholdings in the Company, if any).

## **10. SERVICE CONTRACTS**

No person will be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

## **11. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company will be appointing ZICO Capital Pte. Ltd. as the independent financial adviser (“**IFA**”) to advise the Directors who are considered independent of the Proposed Disposal (“**Independent Directors**”) and the Audit Committee of the Company for the Proposed Disposal as an interested person transaction.

A copy of the letter from the IFA to the Independent Directors and the Audit Committee will be set out in the Circular to be despatched to Shareholders in due course.

## **12. AUDIT COMMITTEE STATEMENT**

The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

## **13. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the SPA, 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 announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

## **14. DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 67 Ubi Avenue 1 #06-03 Starhub Green Singapore 408942 for a period of three (3) months from the date of this announcement.

## 15. CAUTIONARY STATEMENT

**Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the Conditions Precedent set out above and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.**

The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal, the SPA and other matters contemplated in this announcement.

### BY ORDER OF THE BOARD

Harry Ng  
Non-Executive Chairman & Independent Director  
11 June 2017

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), ZICO Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

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