
PROPOSED RENOUNCEABLE AND PARTIALLY UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

1.1 Basis of the Proposed Rights Issue

The board of directors ("**Directors**") of Artivision Technologies Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a renounceable and partially underwritten rights issue of up to 273,435,576 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S\$0.02 for each Rights Share ("**Issue Price**"), on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in the capital of the Company ("**Shares**") held by the shareholders of the Company ("**Shareholders**") as at a date and time to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) ("**Books Closure Date**"), fractional entitlements to be disregarded ("**Proposed Rights Issue**").

1.2 Share Issue Mandate

The Rights Shares will be issued pursuant to the existing share issue mandate approved by the Shareholders at the annual general meeting of the Company held on 30 July 2013 ("**Share Issue Mandate**"). The Share Issue Mandate authorised, *inter alia*, the Directors to (a) issue Shares whether by way of rights or otherwise, and/or (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued provided that, among others, the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) and Instruments to be issued to existing Shareholders on a pro rata basis pursuant to the Share Issue Mandate shall not exceed 100% of the total number of issued Shares (excluding treasury shares) as at 30 July 2013, after adjusting for: (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of the resolution; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

1.3 Irrevocable Undertakings

As at the date of this announcement, Algotech Holdings Ltd ("**Algotech**") holds an aggregate of 175,866,000 Shares, representing approximately 27.71% of the issued and paid-up share capital of the Company. Accordingly, Algotech will be entitled to subscribe for an aggregate of 70,346,400 Rights Shares. Pursuant to a deed of undertaking dated 28 February 2014, Algotech undertakes to, *inter alia*, irrevocably and unconditionally renounce (a) its entitlement to 32,618,000 Rights Shares in favour of Soh Sai Kiang Philip (the "**SSK Algotech Entitled Rights Shares**"), (b) its entitlement to 15,228,400 Rights Shares in favour of Ching Chiat Kwong (the "**CCK Algotech Entitled Rights Shares**"), and (c) its entitlement to 22,500,000 Rights Shares in favour of Poh Chew Hua Christine (the "**PCH Algotech Entitled Rights Shares**"), respectively.

As at the date of this announcement, Ching Chiat Kwong holds an aggregate of 43,474,000 Shares, representing approximately 6.85% of the issued and paid-up share capital of the Company. Accordingly, Ching Chiat Kwong will be entitled to subscribe for an aggregate of 17,389,600 Rights Shares ("**CCK Entitled Rights Shares**").

As at the date of this announcement, Goh Tzu Seoh Kenneth holds an aggregate of 2,350,000 Shares, representing approximately 0.37% of the issued and paid-up share capital of the Company. Accordingly, Goh Tzu Seoh Kenneth will be entitled to subscribe for an aggregate of 940,000 Rights Shares ("**GTS Entitled Rights Shares**").

As an indication of their support and commitment to the Company, each of Soh Sai Kiang Philip, Ching Chiat Kwong, Poh Chew Hua Christine and Goh Tzu Seoh Kenneth ("**Undertaking Shareholders**") has given irrevocable undertakings dated 28 February 2014 to the Company as well as the Manager and Underwriter (as defined below), to, *inter alia*, subscribe and/or cause to be subscribed for on his/her behalf, (a) the SSK Algotech Entitled Rights Shares, (b) the CCK Algotech Entitled Rights Shares and CCK Entitled Rights Shares, (c) the PCH Algotech Entitled Rights Shares, and (d) the GTS Entitled Rights Shares, respectively (collectively, "**Irrevocable Undertakings**"). Soh Sai Kiang Philip, Ching Chiat Kwong, Poh Chew Hua Christine and Goh Tzu Seoh Kenneth will provide a confirmation of financial resources in connection with their respective Irrevocable Undertakings to the Company as well as the Manager and Underwriter in due course.

1.4 Rights Issue Manager and Underwriter

The Company has appointed Canaccord Genuity Singapore Pte. Ltd. as the manager and underwriter ("**Manager and Underwriter**") of the Proposed Rights Issue.

2. PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

2.1 Entitled Shareholders

The Proposed Rights Issue will be offered on a renounceable basis to Entitled Shareholders on the basis of two (2) Rights Shares for every five (5) Shares held by, or standing to credit of the securities accounts of Entitled Shareholders with the Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date, fractional entitlements to be disregarded.

2.2 Number of Rights Shares to be issued

As at the date of this announcement, the existing issued and paid-up share capital of the Company comprises 634,556,192 Shares ("**Existing Share Capital**"), and the Company has:

- (a) outstanding vested employee share options ("**Employee Share Options**") granted under the Company's employee share option plan which are convertible into 13,332,750 Shares ("**Option Shares**"); and
- (b) outstanding options granted by the Company to several subscribers ("**Placement Options**") in accordance with the subscription agreements entered into by the Company on 28 September 2013 which are exercisable into 35,700,000 Shares ("**Placement Option Shares**"). For more details on the grant of Placement Options, please refer to the Company's announcement dated 2 October 2013.

Assuming that the Employee Share Options and the Placement Options have been exercised in full before the Books Closure Date, the Existing Share Capital will increase to 683,588,942 Shares. Based on the enlarged share capital and assuming that the Rights Shares are fully subscribed for, an aggregate of 273,435,576 Rights Shares will be issued pursuant to the Proposed Rights Issue ("**Maximum Base Scenario**").

Assuming none of the Employee Share Options and the Placement Options have been exercised before the Books Closure Date, the Existing Share Capital will remain at 634,556,192 Shares. Based on the Existing Share Capital and assuming that the Rights Shares are fully subscribed for, an aggregate of 253,822,476 Rights Shares will be issued pursuant to the Proposed Rights Issue ("**Minimum Base Scenario**").

2.3 Management and Underwriting Agreement

The Company as well as the Manager and Underwriter have on 3 March 2014 entered into a management and underwriting agreement (“**Management and Underwriting Agreement**”). Pursuant to the Management and Underwriting Agreement, the Underwriter will underwrite 165,146,476 Rights Shares (“**Underwritten Rights Shares**”), being the number of Rights Shares under the Minimum Base Scenario after deducting (a) 32,618,000 SSK Algotech Entitled Rights Shares, (b) 15,228,400 CCK Algotech Entitled Rights Shares and 17,389,600 CCK Entitled Rights Shares, (c) 22,500,000 PCH Algotech Entitled Rights Shares, and (d) 940,000 GTS Entitled Rights Shares, to be subscribed for by Soh Sai Kiang Philip, Ching Chiat Kwong, Poh Chew Hua Christine and Goh Tzu Seoh Kenneth respectively pursuant to the Irrevocable Undertakings.

For the avoidance of doubt, there will be no changes to the number of Underwritten Rights Shares should any of the Employee Share Options and/or Placement Options be exercised before the Books Closure Date.

In consideration, the Company agreed to pay the Underwriter an underwriting commission equal to 5.0% of the aggregate Issue Price of the Underwritten Rights Shares.

2.4 Status of the Rights Shares

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

2.5 Issue Price

The Issue Price of S\$0.02 represents a discount of approximately 57.45% and 49.10% respectively, to the closing price of S\$0.047 per Share on 27 February 2014 (being the last trading day preceding the date of this announcement) and the theoretical ex-rights trading price of S\$0.03929 per Share (based on the closing price on 27 February 2014).

2.6 Other terms

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the offer information statement (“**Offer Information Statement**”) to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore.

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

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

Under the Maximum Base Scenario, the estimated net proceeds from the Proposed Rights Issue (“**Net Proceeds**”) after deducting estimated expenses of approximately S\$0.1 million is expected to be approximately S\$5.3 million.

Under the Minimum Base Scenario, the Net Proceeds after deducting estimated expenses of approximately S\$0.1 million is expected to be approximately S\$4.9 million.

The Company intends to use the Net Proceeds towards the Group's general corporate and working capital purposes.

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

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

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

- (a) after taking into consideration the present bank facilities, the working capital available to the Group may not be sufficient to meet its present requirements. As such, the Directors are of the opinion that the Proposed Rights Issue will strengthen the financial position and capital base of the Group. Please refer to the intended use of proceeds above for further information; and
- (b) after taking into consideration the present bank facilities and the Net Proceeds, the working capital available to the Group will be sufficient to meet its present requirements.

4. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

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

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

4.1 Entitled Depositors

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

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

Entitled Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

4.2 Entitled Scripholders

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

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

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

4.3 Foreign Shareholders

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

Foreign Shareholders who wish to be eligible to participate in the Proposed Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (a) CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807 or (b) Artivision Technologies Ltd. c/o the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not later than three (3) market days before the Books Closure Date.

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

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

4.4 Provisional allotments

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

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

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

5. APPROVALS AND OTHER CONDITIONS TO THE PROPOSED RIGHTS ISSUE

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

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

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

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

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

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

7. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. ANNOUNCEMENTS

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

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

BY ORDER OF THE BOARD

PHILIP SOH
Non-Executive Chairman
3 March 2014

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

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

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