artivision technologies

# 2019 ANNUAL REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS
Ng Weng Sui Harry
*Non-Executive Chairman and Independent Director*

Goh Tzu Seoh Kenneth
*Executive Director and Chief Executive Officer*

Kesavan Nair
*Independent Director*

## COMPANY SECRETARIES
Tan Swee Gek

Ong Beng Hong

## AUDIT COMMITTEE
Ng Weng Sui Harry
*Chairman*

Goh Tzu Seoh Kenneth

Kesavan Nair

## REMUNERATION COMMITTEE
Kesavan Nair
*Chairman*

Ng Weng Sui Harry

## NOMINATING COMMITTEE
Kesavan Nair
*Chairman*

Ng Weng Sui Harry

## COMPANY REGISTRATION NO.
200407031R

## REGISTERED OFFICE
10 Ubi Crescent
#05-05 Ubi Techpark
Singapore 408564
Telephone: (65) 6749 7290
Facsimile: (65) 6749 8523
Email: info@arti-vision.com
Website: www.arti-vision.com

## SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

## SPONSOR
ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

## EXTERNAL AUDITOR
PricewaterhouseCoopers LLP
*Public Accountants and Certified Public Accountants*
7 Straits View
Marina One, East Tower
Singapore 018936
Partner-in-Charge:
Lee Chian Yorn
*(Appointed since financial year ended 31 March 2017)*

## PRINCIPAL BANKERS
Standard Chartered Bank
United Overseas Bank Limited

# MESSAGE TO SHAREHOLDERS




## DEAR SHAREHOLDERS,

On behalf of the board of directors (the "**Board**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**"), we are pleased to present the Company's annual report for the financial year ended 31 March 2019 ("**FY2019**").

In FY2019, the Company focused on the proposed acquisition of Mobile Credit Payment Pte. Ltd. ("**MC Payment**") ("Proposed Acquisition") and the members' voluntary winding up of its Thailand subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("**CAT**").

The Group incurred a net loss of S$2.6 million for FY2019.

## PROPOSED ACQUISITION

MC Payment is an established provider for electronic payment solutions in Asia Pacific. The Proposed Acquisition is taking longer than anticipated, largely attributable to MC Payment's devotion of resources to its purchase of I-Fashion Pte. Ltd. which did not come to fruition. The Proposed Acquisition, if successfully completed, will result in a reverse takeover ("**RTO**") of the Company. This corporate move is firmly supported by the Company's controlling shareholder, Mr. Ching Chiat Kwong.

Due diligence for the RTO is in progress and the Company will make the necessary announcement(s) when there are any material developments.




On 15 April 2019, the Company announced that the Singapore Exchange Securities Trading Limited had advised that it has no objections to a 6-month extension of time from 1 March 2019 to 31 August 2019 for the Company to complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules, subject to certain conditions as set out in the said announcement.

## MEMBERS' VOLUNTARY WINDING UP OF CAT

The members' voluntary winding up of CAT is in the final stage of completion.

In FY2019, the Group sustained a loss of S$0.7 million for its discontinued operations mainly due to the loss on disposal of subsidiary (CAT) which was recorded in the profit or loss as a result of derecognition of the assets and liabilities of CAT as at 31 December 2018 from the Group.

## APPRECIATION

The Board would like to take this opportunity to thank all shareholders, investors, employees and all other stakeholders of the Group for their support and understanding for all these years.

Together, we shall work towards a brighter future and a better tomorrow.

**Ng Weng Sui Harry**
Non-Executive Chairman and Independent Director

**Goh Tzu Seoh Kenneth**
Executive Director and Chief Executive Officer



# REVIEW OF OPERATIONS

## STATEMENT OF COMPREHENSIVE INCOME

At present, the Company is a cash company as defined under Rule 1017 of the Catalist Rules and does not have any active business and operations. The Company is also in the final stage of completion of the members' voluntary winding up of its Thailand subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("**CAT**"). As such, (i) all discontinued operations have been separately disclosed in the Group's income statement; and (ii) there was no revenue and gross profit reported by the Group for its continuing operations for the financial years ("**FY**") ended 31 March 2019 and 2018.

**(a) Continuing Operations**

The Group's continuing operations incurred a net loss of S$1.9 million for FY2019, as compared to a net loss of S$3.4 million for FY2018. This was mainly attributable to the reduction of administrative expenses and finance expenses which arose mainly from interest incurred on the bonds payable.

**(b) Discontinued Operations**

The Group's discontinued operations incurred a net loss of S$0.7 million for FY2019, as compared to a net loss of S$4.7 million for FY2018. The net loss of S$0.7 million for FY2019 was mainly attributable to the loss on disposal of subsidiary (CAT), as a result of derecognition of the assets and liabilities of CAT as at 31 December 2018 from the Group. The net loss of S$4.7 million for FY2018 was mainly attributable to the disposal of Artimedia Group (approved by shareholders of the Company at an extraordinary general meeting held in July 2017) and the cessation of the business and operations of CAT.



## STATEMENT OF FINANCIAL POSITION

**Net Current Liabilities**

As at 31 March 2019, the Group's net current liabilities were S$7.8 million, as compared to S$5.0 million as at 31 March 2018. This was mainly due to the loss of S$2.6 million incurred by the Group in FY2019.

**Bonds Payable**

As at 31 March 2019, the bonds payable remained at S$6.9 million, no change from the position as at 31 March 2018. On 13 May 2019, the three bond holders extended the repayment of the bonds to 31 March 2020, on the same terms and conditions.

**Equity**

The Group's negative equity increased by S$2.8 million, from S$5.0 million as at 31 March 2018 to S$7.8 million as at 31 March 2019, mainly attributable to the total comprehensive losses of S$2.8 million incurred during FY2019.

Mr Ching Chiat Kwong (the controlling shareholder of the Company) has given a letter of financial support undertaking to provide adequate funds to the Group to enable the Group to pay its liabilities as and when they fall due and to continue to operate as a going concern, up to and including the completion date of the acquisition by the Company of a business which is able to satisfy the Singapore Exchange's requirements for a new listing.

## STATEMENT OF CASH FLOWS

Net cash used in operating activities for FY2019 was S$1.7 million, mainly due to the loss incurred by the Group in FY2019. Net cash generated from investing activities for FY2019 was S$0.5 million, mainly due to the receipt of the last tranche of payment from the disposal of Artimedia Group. There were no financing activities for FY2019.

As a result of the above, the cash and cash equivalents of the Group as at 31 March 2019 was S$1.0 million, as compared to S$2.3 million as at 31 March 2018.



# PROFILE OF DIRECTORS



## MR NG WENG SUI HARRY

Mr Ng Weng Sui Harry was appointed as our Independent Director on 25 June 2008 and as the Non-Executive Chairman on 5 May 2017. He is currently the executive director of HLM (International) Corporate Service Pte. Ltd., a company that provides business consultancy and corporate services.

Mr Ng has more than 30 years of experience in accountancy, finance and audit. He is also an independent director and chairman of the audit committee of a number of companies listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Ng is a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.



## MR GOH TZU SEOH KENNETH

Mr Goh Tzu Seoh Kenneth joined the Group as Chief Operating Officer on 9 July 2010 and was appointed as an Executive Director on 23 June 2011 and Chief Executive Officer on 18 November 2014.

Mr Goh has over 20 years of experience in the financial industry, specifically in wealth management and private equity investments, as well as in the consumer services sectors. He was the founder of LifeBrandz Ltd, a company he successfully guided to a listing on the Mainboard of the SGX-ST in 2004 and was the company's chief operating officer from 2001 to 2009.

Mr Goh graduated with a Bachelor of Business in Banking and Finance (Honours) from Nanyang Technology University in 1993.

## MR KESAVAN NAIR

Mr Kesavan Nair was appointed as our Independent Director on 5 May 2017. He is currently a practicing Advocate and Solicitor with Bayfront Law LLC.

Mr Nair is also an independent director of several companies listed on the SGX-ST, namely Kitchen Culture Holdings Ltd, Arion Entertainment Singapore Limited, HG Metal Manufacturing Limited and IEV Holdings Limited.

Mr Nair is a member of the Law Society of Singapore, the Singapore Academy of Law, the Honourable Society of The Middle Temple, the Singapore Institute of Arbitration, the Criminal Legal Aid Scheme and the Association of Criminal Lawyers in Singapore. He was admitted as a Barrister-at-Law, Middle Temple in 1990, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory in 1991 and an Advocate and Solicitor of the Supreme Court of Singapore in 1992. Mr Nair graduated from the University College Wales with a Bachelor of Laws (Honours) degree in 1998. He is also a Notary Public and a Commissioner for Oaths.

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# CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or "**Directors**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to setting in place corporate governance practices to provide necessary structure through which protection of shareholders' interests and enhancement of shareholders' value and corporate transparency are met.

This report outlines the corporate governance framework and practices adopted by the Company during the financial year ended 31 March 2019 ("**FY2019**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012.

The new Code of Corporate Governance 2018 (the "**2018 Code**"), which was issued on 6 August 2018, will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the 2018 Code will not affect the Group for FY2019.

The Board confirms that, for FY2019, the Company has complied with the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

Since 27 February 2018, the Company ceased to have any operating subsidiaries or businesses and became a cash company ("**Cash Company**") as defined under Rule 1017 of the Catalist Rules. The Company has announced the proposed acquisition of Mobile Credit Payment Pte. Ltd. (the "**Proposed Acquisition**"), which upon completion, will result in a reverse takeover of the Company. Please refer to the Company's announcements dated 31 October 2017, 31 January 2018, 2 May 2018, 2 January 2019, 11 January 2019 and 28 June 2019 for details on the Proposed Acquisition. The Company remained as a Cash Company during FY2019, and as at the date of this Annual Report.

## BOARD MATTERS

### The Board's Conduct of Affairs

*Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The key functions of the Board, apart from its statutory responsibilities, include:–

- reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- overseeing the process of risk management, financial reporting and compliance, as well as evaluating the adequacy and the effectiveness of internal controls of the Group;
- approving the Group's strategic plans, key business initiatives, acquisitions and disposals of assets, significant investments and funding decisions and major corporate policies;
- reviewing and approving, *inter alia*, the release of the Group's quarterly and full year financial results announcements, approval of the annual report and financial statements, material acquisitions and disposals of assets, interested person transactions, corporate strategies, annual budgets and investment proposals of the Group;

# CORPORATE GOVERNANCE REPORT

- appointing Directors and key management personnel of the Group ("**Management**"), including the review of their performance and remuneration packages;
- overseeing succession planning for the Management;
- ensuring accurate and timely reporting in communicating with shareholders of the Company ("**Shareholders**");
- providing entrepreneurial leadership and setting out the overall strategy and direction of the Group; and
- assuming responsibility of the corporate governance framework of the Group.

All Directors objectively discharge their duties and responsibilities at all times and take decisions in the interests of the Group.

**Board Committees**

To ensure efficient discharge of the Board's responsibilities, certain functions of the Board have been delegated to various board committees namely, the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**") (collectively, the "**Board Committees**").

Membership in each of the Board Committees is carefully managed to ensure that there is equitable distribution of responsibilities amongst Board members to maximise the effectiveness of the Board and foster active participation and contribution. Each member of the Board Committees is picked based on his work experience and professional expertise. The Board Committees, which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group.

**Board Meetings**

The Board meets on a regular basis, with at least four scheduled meetings on a quarterly basis for the purposes of, *inter alia*, approving the release of the Group's quarterly and full year financial results. Ad-hoc meetings are convened as and when necessary to address any specific matter. The Company's Constitution provides for meetings of the Directors to be held by means of telephone or similar communication equipment as the Board may determine.

The number of Board and Board Committees meetings held and attended by each Board member during FY2019 is set out below:–

| | Audit Committee | Nominating Committee | Remuneration Committee | Board |
|---|---|---|---|---|
| **Number of meetings held** | 4 | 1 | 1 | 6 |
| | **Attendance** | | | |
| Goh Tzu Seoh Kenneth | 4 | 1* | 1* | 6 |
| Ng Weng Sui Harry | 4 | 1 | 1 | 6 |
| Kesavan Nair(1) | 4 | 1 | 1 | 6 |

* By invitation

**Note:–**

(1) Kesavan Nair was appointed as Chairman of the RC with effect from 28 May 2018.

# CORPORATE GOVERNANCE REPORT

The Board may also have informal discussions requiring urgent attention which would then be formally approved by circular resolutions in writing.

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion used to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group.

The Group has adopted internal guidelines setting forth matters that require the Board's approval. Matters specifically reserved for the Board's approval are those relating to the strategy, business plan and budget of the Group, material acquisitions and disposals of assets, capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits, share issuances, interim dividends, other returns to Shareholders and interested person transactions.

The Management is responsible for day-to-day operations and administration of the Group and it is accountable to the Board. Clear directions have been given to the Management that reserved matters as mentioned above must be approved by the Board.

**Orientation and Training Programs**

The Company conducts comprehensive orientation programs for new Directors. Appropriate training on Continuing Directors Responsibilities and Continuing Listing Requirements are also conducted as and when required to ensure that new Directors are familiar with the Company's businesses and corporate governance practices.

The aim of the orientation programs is to give new Directors a better understanding of the Group's structure and organisation, its businesses and corporate governance policies and to allow them to assimilate into their new roles. New Directors are encouraged to attend seminars which are aimed at providing them with the latest updates about changes in the relevant regulations, accounting standards, and corporate governance practices. Such seminars will be funded by the Company.

A formal letter of appointment will also be sent to the newly appointed Directors explaining their duties and obligations upon their appointment.

The Board as a whole is updated regularly on risk management issues, corporate governance, insider trading and key changes in the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board members or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board by the Company Secretary. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles and duties as Directors, which will be funded by the Company.

During FY2019, all Directors are provided with updates on (i) changes to the Catalist Rules; and (ii) on the developments in financial reporting and governance standards, so as to enable them to make well-informed decisions and to properly discharge their duties as Directors. Further, Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, the SGX-ST as well as other business and financial institutions.

# CORPORATE GOVERNANCE REPORT

**Board Composition and Guidance**

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

As at the date of this Annual Report, the composition of the Board and the Board Committees are as follows:–

| | | Board Committee Membership | | |
|---|---|---|---|---|
| **Name** | **Designation of Board Members** | **Audit Committee** | **Nominating Committee** | **Remuneration Committee** |
| Ng Weng Sui Harry | Non-Executive Chairman and Independent Director | Chairman | Member | Member |
| Goh Tzu Seoh Kenneth | Executive Director and Chief Executive Officer | Member | – | – |
| Kesavan Nair[1] | Independent Director | Member | Chairman | Chairman |

**Note:–**
(1) Kesavan Nair was appointed as Chairman of the RC with effect from 28 May 2018.

The Board comprises three (3) Directors, two (2) of whom are considered independent by the Board. The Board is satisfied that there is a strong and independent element on the Board, with Non-Executive Independent Directors constituting at least half of the Board. The roles of the Chairman and the Chief Executive Officer ("**CEO**") are assumed by different persons.

The Non-Executive Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group and have the necessary experience to assist the Board in decision-making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The Board has adopted the criteria of independence based on the definition given by the Code, that is, an independent Director is one who has no relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. Each Director is required to declare his independence by duly completing and submitting a 'Confirmation of Independence' form. The said form, which is drawn up based on the definitions and guidelines set forth in Principle 2 of the Code and the Guidebook for Audit Committees in Singapore (Second Edition) issued by the Monetary Authority of Singapore, ACRA and the SGX-ST in August 2014 ("**Guidebook**"), requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code, and taking into consideration whether he falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

# CORPORATE GOVERNANCE REPORT

The interests in shares and share options held by each Director in the Company are set out in the "Directors' Statement" section of this Annual Report. Save for their interests (direct and deemed) in the shares and share options of the Company, none of the Directors or any of their immediate family members is related to the other Directors, the Company or its 10% Shareholders.

The Board takes into account the scope and nature of the Group's operations and is of the opinion that the size of the current Board is ideal to facilitate effective deliberations and decision-making of the Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are made based on collective decision without any individual influencing or dominating the decision-making process.

The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the Directors provide core competencies in business, investment, industry knowledge, legal, regulatory matters, audit, accounting and tax matters. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board noted that gender diversity on the board of directors is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

The Non-Executive Directors are particularly important in ensuring that the strategies proposed by the Management are constructively challenged and active participation by the Non-Executive Directors has helped to develop proposals on strategies. They also review the performance of the Management and ensure that agreed goals are met and also monitor the reporting of performance. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management and feedback will be provided to the Chairman after such meetings, if necessary.

**Chairman and Chief Executive Officer**

*Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Chairman of the Board is Ng Weng Sui Harry, who is a Non-Executive and Independent Director. As Chairman of the Board, he is responsible for, amongst other things, the proper functioning of the Board. He ensures that the Board receives accurate, timely and clear information, making sure that Board meetings are held as and when necessary and sets the Board's meeting agendas. He ensures that effective communication is maintained with the Shareholders. The Chairman also encourages constructive relations between the Board and the Management, facilitating the effective contribution of Independent Directors, as well as encouraging constructive relations amongst the Directors and hence, promoting high standards of corporate governance.

The Group's CEO is Goh Tzu Seoh Kenneth. In accordance with the Group's internal policy, the CEO, being the highest ranking executive officer of the Group, is responsible for the effective management and supervision of daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board.

The separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the CEO. The Board believes that currently there is a strong and independent element on the Board and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

# CORPORATE GOVERNANCE REPORT

In situations where Shareholders may have concerns or issues and such communication with the Non-Executive Chairman or CEO has failed to resolve or where such communication is inappropriate, Shareholders should feel free to directly contact any other Director of the Company to raise their concerns or issues. As and when necessary, the Independent Directors meet without the presence of the other Directors and provide feedback to the Chairman and CEO after such meetings, if necessary.

**Board Membership**

*Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The members of the NC are as follows:–

Kesavan Nair (Chairman)

Ng Weng Sui Harry (Member)

Notwithstanding that the Code provides for the NC to comprise at least three (3) directors, the NC currently comprises the aforementioned two (2) members, all of whom, including the Chairman of the NC, are Independent Directors. As the Company is currently a Cash Company, the Board is of the view the current composition of the NC is an interim measure pending completion of the Proposed Acquisition. The Board has determined that the NC will be reconstituted only upon completion of the Proposed Acquisition or as and when the Board deems appropriate.

The NC is governed by its written terms of reference. The principal duties of the NC include:–

- reviewing the Board structure, size and composition having regard to the scope and nature of the operations of the Group and the core competencies of the Directors;
- reviewing and assessing candidates for appointment and re-appointment to the Board and making plans for succession, in particular for the Chairman and the CEO;
- reviewing and assessing the effectiveness of the Board and each of the Board Committees as a whole;
- reviewing the independence of the Directors on an annual basis;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and
- reviewing the adequacy of the Board's training and professional development programs.

The NC makes recommendations to the Board on all nominations for appointment and re-appointment of Directors to the Board. It ascertains the independence of Directors and evaluates the Board's performance as a whole on an annual basis. The NC assesses the independence of Directors based on the guidelines set out in the Code, the Guidebook and any other salient factors, and taking into consideration whether the Director falls under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST.

In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group. The Board ensures that the selected candidate is aware of the expectations and the level of commitment required.

# CORPORATE GOVERNANCE REPORT

All the Directors have declared their board representations. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC does not currently set a cap on the maximum number of listed company board representations that any Director may hold, given that the Board has experienced minimal competing time commitments among its Board members and Board and Board Committee meetings are planned and scheduled in advance. The NC believes that putting a maximum limit on the number of listed company board representations that any Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive. The Board will consider setting the maximum number of listed company board representations that any Director may hold when the need arises.

The NC also reviews the independence of the Directors annually as mentioned under Guideline 2.3 of the Code. The NC has affirmed that Ng Weng Sui Harry and Kesavan Nair are independent and free from any relationship outlined in the Code, and they do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST. Each of the Independent Directors has also confirmed his independence to the Company. Other than Ng Weng Sui Harry, none of the Independent Directors has served on the Board beyond nine years from their respective dates of appointment.

Rigorous review is conducted by the NC and the Board to assess the continuing independence of the Independent Director having served the Board for more than nine (9) years. The NC and the Board will consider that the Independent Director is not involved in the day-to-day business and operations of the Company and the Group, he remains independent in character, diligently discharging his duties and exercising sound independent business judgement and objectivity in an exemplary manner, in the interests of the Company, and has exhibited a strong spirit of professionalism which did not diminish with time.

The NC and the Board are of the view that Ng Weng Sui Harry (who has served on the Board beyond nine (9) years from his date of appointment as a Director) has a crucial role in the Company's affairs and regardless of his period of service, he has continued to demonstrate strong independency in character, judgement and express his viewpoints, debated issues and objectively scrutinised and challenged the Management, sought clarification and amplification as he considered necessary in the manner in which he has discharged his duties and responsibilities as an Independent Director. Taking into account the above factors and after taking into consideration his experience and involvement he has had in the Company, the NC has affirmed that Ng Weng Sui Harry is independent, free from any relationship outlined in the Code and he does not fall under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

Pursuant to the Company's Constitution, at least one-third of the Directors for the time being shall retire from office by rotation and a Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next Annual General Meeting ("**AGM**") of the Company following his appointment. Directors who retire are eligible to offer themselves for re-election. Rule 720(4) of the Catalist Rules of the SGX-ST also provides for all Directors to submit themselves for re-nomination and re-appointment at least once every three years. Each member of the NC shall abstain from voting on any resolution in respect of his re-nomination as a Director.

The NC has reviewed and recommended the re-election of Kesavan Nair, who is retiring pursuant to Article 91 of the Company's Constitution, at the forthcoming AGM of the Company to be held on 31 July 2019.

Kesavan Nair will, upon re-election as a Director, remain as the Independent Director, Chairman of the NC and RC and a member of the AC. The Board considers Kesavan Nair to be independent for the purpose of Rule 704(7) of the Catalist Rules.

# CORPORATE GOVERNANCE REPORT

The Board has accordingly accepted the recommendation of the NC and put forward the nomination of the retiring Director, namely Kesavan Nair, for re-election at the forthcoming AGM of the Company to be held on 31 July 2019.

The information of the retiring Director, namely Kesavan Nair, required under Guideline 4.7 of the Code is set out in the section entitled "**Profile of Directors**" and the Notice of AGM on pages 99 to 102 of this Annual Report. Please also refer to the section entitled "**Additional Information on Director Seeking Re-election**" on pages 29 to 32 of this Annual Report for more information on Kesavan Nair pursuant to Rule 720(5) of the Catalist Rules.

There are no alternate Directors on the Board.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interest in shares, options and other convertible securities are set out in the "**Directors' Statement**" section of this Annual Report and information in relation to background and principal commitments of the Directors are set out under the "**Profile of Directors**" section of this Annual Report.

| Name of Director | Board appointment | Date of first appointment | Date of last re-election | Directorships and Chairmanships both present and held over the preceding 3 years in other listed companies |
|---|---|---|---|---|
| Ng Weng Sui Harry | Non-Executive and Independent | 25 June 2008 | 27 July 2017 | Present Directorships<br>1. Q&M Dental Group (Singapore) Limited<br>2. Oxley Holdings Limited<br>3. IEV Holdings Limited<br>4. HG Metal Manufacturing Limited<br>Past Directorships<br>None |
| Goh Tzu Seoh Kenneth | Executive | 23 June 2011 | 31 July 2018 | Present Directorships<br>None<br>Past Directorships<br>None |
| Kesavan Nair | Non-Executive and Independent | 5 May 2017 | 27 July 2017<br>(to be re-elected at the forthcoming AGM of the Company) | Present Directorships<br>1. Kitchen Culture Holdings Ltd.<br>2. IEV Holdings Limited<br>3. Arion Entertainment Singapore Limited<br>4. HG Metal Manufacturing Limited<br>Past Directorships<br>None |

# CORPORATE GOVERNANCE REPORT

**Board Performance**

*Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The NC had established various performance criteria and evaluation procedures for the assessment of the effectiveness and performance of the Board as a whole. The performance criteria include financial targets, contributions by the Board members as well as expertise, sense of independence and industry knowledge. This encourages feedback from the Board members and leads to an enhancement of the Board's performance over time. These performance criteria in the forms do not change from year to year, and where circumstances deem it necessary for any criteria to be changed, the onus will be on the Board to justify the change.

The NC had implemented and continued with a formal evaluation process to assess the effectiveness and the performance of the Board as a whole. The results of the evaluation are used constructively by the NC to identify areas for improvements and recommend the necessary action to be taken by the Board. The NC has decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different areas to the success of the Company, and therefore, it would be more appropriate to assess the Board as a whole. Although the Directors are not evaluated individually, the NC, in considering the re-nomination and re-appointment of the Directors, had considered amongst others, the attendance record at meetings of the Board and Board Committees, the intensity of participation in the proceedings at meetings and quality of contributions made as well as the qualification and experience of such Directors.

The evaluation of effectiveness and performance of each Board Committee as a whole is carried out annually on a self-evaluation basis by the respective members of each Board Committee. The results of the evaluation are reviewed and discussed by each respective Board Committee, and each Board Committee reports the evaluation results to the Board thereafter. The assessment criteria include but are not limited to the composition of the Board Committees and the procedures and accountability of each Board Committee.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committees during FY2019.

**Access to information**

*Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. For issues that require the Board's decision, relevant management staff are invited to attend at a specific allocated time during the meetings of the Board and the Board Committees (the "**Meetings**") when necessary. Periodic financial reports, budgets, forecasts, material variance reports and disclosure documents are provided to the Board, where appropriate, prior to the Meetings.

The calendar of the Meetings is planned a year in advance. Draft agendas for the Meetings are also circulated in advance to the respective Chairmen for review, and if necessary, to provide additional agenda items for the respective Board Committees meetings.

# CORPORATE GOVERNANCE REPORT

**Access to Management and Company Secretary**

The Board has separate and independent access to the Management and the Company Secretary. The Company Secretary provides the Board with regular updates on the requirements of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the Code and changes on the Catalist Rules. The Company Secretary will attend the Meetings and assist the respective Chairmen of the Board and Board Committees in ensuring that relevant rules and procedures are followed and reviewed such that the Board and the Board Committees can function effectively. The appointment and removal of the Company Secretary is subject to approval of the Board.

The Directors have the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in furtherance of their duties and responsibilities.

**REMUNERATION MATTERS**

**Procedures For Developing Remuneration Policies**

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The members of the RC are as follows:–

Kesavan Nair (Chairman)

Ng Weng Sui Harry (Member)

Notwithstanding that the Code provides for the RC to comprise at least three (3) directors, the RC currently comprises the aforementioned two (2) members, all of whom, including the Chairman of the RC, are Independent Directors. As the Company is currently a Cash Company, the Board is of the view the current composition of the RC is an interim measure pending completion of the Proposed Acquisition. The Board has determined that the RC will be reconstituted only upon completion of the Proposed Acquisition or as and when the Board deems appropriate.

The aim of the RC is to provide compensation packages to attract, motivate and retain Directors and key management personnel.

The RC is governed by its written terms of reference. The principal duties of the RC include:–

- reviewing and recommending to the Board the framework of remuneration and specific remuneration packages for all Directors and key management personnel;
- reviewing the service contract(s) of the Executive Director(s), to consider what compensation commitments the Executive Director(s) would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- reviewing and approving the performance targets for assessing the performance of each of the key management personnel and recommending such targets for the determination of specific remuneration packages for each such key management personnel.

# CORPORATE GOVERNANCE REPORT

The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind are covered by the RC. In structuring and reviewing the Directors' remuneration packages, the RC seeks to align interests of the Directors with those of the Shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each Director. As and when the need arises, the RC will also review the Company's obligations arising in the event of termination of the Executive Director(s)' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC will abstain from voting on and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The Company did not engage any remuneration consultant in respect of the remuneration matters of the Group during FY2019.

**Level and Mix of Remuneration**

*Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

In setting remuneration packages of the Directors, the Company takes into consideration the remuneration packages and employment conditions within the industry as well as the Group's relative performance and the performance of individual Directors.

The RC also reviews the remuneration of the key management personnel (including but not limited to the CEO) on an annual basis. The standard remuneration package for key management personnel comprises a fixed component (monthly basic salary), variable component (discretionary performance bonus), benefits-in-kind (parking charges, mobile charges etc), share options and share awards.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The Independent Directors are paid with Directors' fees as well as share options and/or share awards in accordance with their contributions, while the Non-Executive Non-Independent Directors are paid with share options and/or share awards taking into account factors such as the contribution, effort, time spent and the scope of responsibilities of such Directors. For the avoidance of doubt, there are currently no Non-Executive Non-Independent Directors in FY2019 and as at the date of this Annual Report. Directors' fees for the Independent Directors are proposed by the Executive Director and CEO and reviewed and recommended by the RC, based on the effort and time spent and the responsibilities of the Independent Directors. No Director is involved in deciding his own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Independent Directors is recommended for Shareholders' approval at each AGM of the Company. Directors' fees of S$35,918 for the financial year ended 31 March 2018 ("**FY2018**") had been approved by Shareholders at the last AGM of the Company held on 31 July 2018. Directors' fees of S$50,000 for FY2019 are recommended by the Board and subject to the approval of Shareholders at the forthcoming AGM of the Company.

# CORPORATE GOVERNANCE REPORT

The Company has put in place the Artivision Technologies Employee Share Award Scheme (the "**Scheme**") approved by Shareholders on 29 July 2015. Directors and employees of the Group are eligible to participate in the Scheme. Pursuant to the Scheme, the number of shares in respect of which options and awards may be granted shall be determined at the discretion of the RC who shall take into account, *inter alia*, the performance of the Group, prevailing economic conditions, level of responsibility, the length of service, performance evaluation and potential development of the Directors and employees of the Group. Following industry practice, the Company has chosen the aforementioned factors to tie in with the overall performance of the Group, and to reward individuals who have made contributions towards the growth of the Group. The vesting of performance related share awards granted by the Company pursuant to the Scheme is subject to the satisfaction of the prescribed performance targets set over the performance period and in accordance with the terms of the Scheme. Further information on the Scheme is set out in the "Directors' Statement" section of this Annual Report.

The Company currently does not use contractual provisions to allow it to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

**Disclosure on Remuneration**

*Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

A breakdown, showing the level and mix of each Director's remuneration for FY2019 is as listed below:–

| Name | Directors' Fee[1] (S$'000) | Salary[2] (S$'000) | Variable (S$'000) | Benefits-in-kind (S$'000) | Fair value of share options and share awards granted[3] (S$'000) | Total (S$'000) |
|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | |
| Goh Tzu Seoh Kenneth | – | 103 | – | 1 | –* | 104 |
| **Independent Directors** | | | | | | |
| Ng Weng Sui Harry | 25 | – | – | – | –* | 25 |
| Kesavan Nair | 25 | – | – | – | – | 25 |

* less than S$1,000.

**Notes:–**

(1) Directors' fees of S$50,000 for FY2019 are subject to the approval of Shareholders at the forthcoming AGM of the Company.

(2) Includes allowances, social contributions and contributions to Central Provident Fund (where applicable).

(3) Refers to the expense on share options and share awards granted to the Directors recognised in the financial statements. Negative amount represents a write back of the expense due to vesting condition not met.

# CORPORATE GOVERNANCE REPORT

As the Company is currently a Cash Company, it did not have any key management personnel (who are not Directors or CEO) during FY2019 and accordingly, no remuneration was paid to any key management personnel (who are not Directors or CEO) for FY2019.

There is no employee of the Company or its subsidiaries who is an immediate family member of any Director, CEO or substantial Shareholder of the Company and whose remuneration exceeded S$50,000 during FY2019.

The RC has reviewed and approved the remuneration package of the Executive Director, having regard to his contribution as well as the performance of the Group and has ensured that the Executive Director is adequately but not excessively remunerated.

There are no termination, retirement and post-employment benefits that are granted to the Directors.

The Board has not included a separate annual remuneration report on the remuneration of the Directors to Shareholders in this Annual Report as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Annual Report and in the financial statements of the Company.

## ACCOUNTABILITY AND AUDIT

### Accountability

*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board understands its accountability to Shareholders on the Group's performance, position and prospects. The objectives of the presentation of the annual audited financial statements, quarterly and full year unaudited financial results to Shareholders are to provide them with the timely release of a balanced and understandable analysis of the Group's financial performance, position and prospects.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. For example, for the interim unaudited financial statements, the Board provides a negative assurance confirmation to Shareholders, in line with Rule 705(5) of the Catalist Rules. The Board also provides Shareholders with periodic updates and reports through announcements where necessary with regard to the Group's business developments.

The Management will provide the Board with periodic updates covering operational performance, financial results, marketing and business development efforts, as well as other important and relevant information as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

### Risk Management and Internal Controls

*Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board acknowledges that it is responsible for the Group's overall system of internal controls, but also recognises that no internal control system will preclude all material errors and irregularities. The Group's system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable assurance against material misstatement or loss. The Board believes in the importance of maintaining a sound system of risk management and internal controls. The internal controls in place will address the financial, operational, compliance and information technology risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material losses and assets are safeguarded.

# CORPORATE GOVERNANCE REPORT

The AC has carried out assessments on the adequacy and effectiveness of key internal controls of the Group during FY2019, based on the reports from the Management, and external auditors, as well as the representation letters from the Management. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditors to further improve the internal controls are reported to the AC. The AC will follow up on the actions taken by the Management on the recommendations made by the external auditors.

The Board has received the Management representation letter from the CEO of the Company in relation to the financial information for FY2019 ("**Management Representation Letter**").

The Management Representation Letter has provided assurance that, *inter alia*, the financial records have been properly maintained in accordance with the Companies Act, the financial statements are properly drawn up to give a true and fair view of the Company's operations and finances; and he is not aware of any significant deficiencies, including material weakness, in the design or operation of robust and effective internal controls in addressing financial, operational, compliance and information technology risks that could adversely affect the Group's ability to record, process, summarise and report financial data.

The Group regularly reviews and improves its business and activities to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

The Board also notes that all risk management systems and internal control systems contain inherent limitations and a cost effective system of risk management or internal controls can only provide reasonable and not absolute assurance against the occurrence of material errors, financial misstatement, poor judgment in decision-making, human error, losses and/or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the external auditors, the Management Representation Letter and the periodic reviews undertaken by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

In view of the Proposed Acquisition, the Board will review and take appropriate steps in relation to the Group's overall system of risk management and internal controls.

**Audit Committee**

*Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The members of the AC are as follows:–

Ng Weng Sui Harry (Chairman)

Kesavan Nair (Member)

Goh Tzu Seoh Kenneth (Member)

# CORPORATE GOVERNANCE REPORT

The AC comprises three (3) members, of which two (2) members, including the Chairman of the AC, are Independent Directors and one (1) member is an Executive Director. The Board notes that the Company does not comply with Guideline 12.1 of the Code with regard to the composition of the AC whereby all members of the AC should be Non-Executive Directors. As the Company is currently a Cash Company, the Board is of the view the current composition of the AC is an interim measure pending completion of the Proposed Acquisition. The Board has determined that the AC will be reconstituted only upon completion of the Proposed Acquisition or as and when the Board deems appropriate.

Neither the members nor the Chairman of the AC is a partner or director of the Group's auditing firms or former partner or former director of the Group's auditing firms. None of them has any financial interest in the Group's auditing firms.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

The Board is of the view that the members of the AC are appropriately qualified, and that they have sufficient accounting or related financial management expertise and experience to discharge the AC's function. The AC comprises members who are experienced in the fields of finance, legal and business.

The AC is governed by its terms of reference, which was reviewed and amended, where appropriate, to adopt relevant best practices set out in the Guidebook and the Code, and used as a reference to assist the AC in the discharge of its responsibilities and duties.

The principal duties of the AC include:–

- to review with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, results of the audit, their reports, their Management letter and the Management's response;
- to oversee the financial reporting process, review the quarterly and full year financial statements to ensure integrity of the said financial statements before submission to the Board for approval;
- to meet with the external auditors and internal auditors without the presence of the Management on an annual basis, to discuss any problems and concerns they may have in the co-ordination between the external auditors/internal auditors and the Management; in ensuring monitoring of timely and proper implementation of required corrective, preventive or improvement measures;
- to review annually the independence and objectivity of the external auditors;
- where the external auditors also provide non-audit services to the Group, to review the nature and extent of such services in order to balance the maintenance of objectivity, and to ensure that the independence of the external auditors would not be compromised;
- to review the adequacy and effectiveness of the Group's internal controls;
- to select and appoint internal auditors, fix their remuneration, to review the scope and assess their performance, results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group and to review and ensure annually the adequacy of the internal audit function;
- to recommend the appointment, re-appointment and removal of external auditors, to fix their remuneration, to review the scope of external audit and to assess the external auditors' performance;

# CORPORATE GOVERNANCE REPORT

- to review the Group's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on a quarterly basis whenever there is a whistle-blowing issue; and
- to review Interested Person Transactions ("**IPT**") falling within the scope of the Catalist Rules.

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to and co-operation from the Management and full discretion to invite any Director and/or key management personnel to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

The AC keeps abreast of new accounting standards and related issues which have a direct impact on the Group's financial statements through regular updates from the Company's relevant advisors.

The Company has in place a whistle-blowing framework where staff of the Group can raise concerns about improprieties in matters of financial reporting or other matters to the officers of the Group or to the AC via email or letter. There were no reports received through the whistle-blowing mechanism during FY2019.

The Company has paid the following aggregate amount of fees to the external auditors of the Group, for FY2019:–

| Services | Amount (S$'000) |
|---|---|
| Audit service | |
| – PricewaterhouseCoopers LLP, the external auditors of the Company | 57 |
| – Other auditors | 0 |
| Non-audit service | |
| – PricewaterhouseCoopers LLP, the external auditors of the Company | 6 |
| Total | **63** |

The AC has undertaken a review of all the non-audit services provided by the external auditors of the Company and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors of the Company.

In FY2019, the AC has met with the external auditors of the Company once without the presence of Management.

The AC is satisfied that the external auditors of the Company, PricewaterhouseCoopers LLP, an auditing firm registered with the ACRA, are independent and they had also provided a confirmation of their independence to the AC. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 and Rule 715 of the Catalist Rules have been complied with in relation to the appointment of audit firms for the Group for FY2019.

In view of the conditional sale and purchase agreement dated 27 April 2018 in relation to the Proposed Acquisition which will result in a reverse takeover of the Company, the retiring external auditors of the Company, PricewaterhouseCoopers LLP, will not be seeking re-appointment at the forthcoming AGM of the Company.

# CORPORATE GOVERNANCE REPORT

The AC has recommended to the Board, and the Board has accepted, the appointment of KPMG LLP as the external auditors of the Company in place of PricewaterhouseCoopers LLP for the current financial year ending 31 March 2020. There are no unresolved differences in opinion on material matters between PricewaterhouseCoopers LLP and the Company or the Group, including matters which would have a material impact on the Group or its financial reporting for FY2019. The proposed change in auditors from PricewaterhouseCoopers LLP to KPMG LLP will be tabled for Shareholders' approval at the forthcoming AGM of the Company, and further information thereto is set out in the Appendix enclosed together with this Annual Report.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matter impacting the financial statements was discussed with the Management and the external auditors, and were reviewed by the AC:

| Key Audit Matter Considered | How the AC reviewed the Key Audit Matter and what decisions were made |
|---|---|
| Accounting for loss of S$0.7 million on disposal of Thailand subsidiary, Colibri Assembly (Thailand) Co. Ltd. | The AC considered the judgement of the Management, which is based on the advice of the appointed liquidator, to be appropriate. This has been audited by the external auditors of the Company. Please refer to page 42 of this Annual Report for more information. |

**Internal Audit**

*Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

As the Company is a Cash Company in FY2019, it does not have an in-house internal audit function and has not appointed an internal auditor for FY2019. The Board has determined that this function will be determined only upon completion of the Proposed Acquisition or as and when the Board deems appropriate.

To ensure adequacy of the internal audit function, the AC meets on a regular basis to review this function. During the financial year, the AC had reviewed the audit plans and the findings of the external auditors which include reviews on the accounting and internal control system of the operating subsidiary corporations. The AC will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process. The AC is generally satisfied with the adequacy of the current arrangement and will continue to assess the independence, adequacy and effectiveness of the internal audit function regularly, at least on an annual basis.

**SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

**Shareholder Rights**

*Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Company is committed to providing Shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value. The Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNet, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

# CORPORATE GOVERNANCE REPORT

The Group strongly encourages Shareholders' participation during the general meetings which are held in Singapore. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. Resolutions are passed through a process of voting in accordance with established voting rules and procedures, which Shareholders are informed of. The results for each resolution put forth are presented during the general meetings.

The Company's Constitution allows registered Shareholders (other than a relevant intermediary as defined in Section 181 of the Companies Act) who are unable to attend the general meetings to appoint up to two (2) proxies to attend, speak and vote on his behalf at general meetings of the Company. The Companies Act allows relevant intermediaries which include banking corporations, corporations which provide custodial services and the Central Provident Fund Board to appoint multiple proxies to attend, speak and vote at general meetings of the Company.

**Communication with Shareholders**

*Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

The Group is committed to regular and proactive communications with Shareholders and the continuous disclosure obligations under the Catalist Rules. The Group ensures that Shareholders are informed of all major developments that may have an impact on the Group. Information is communicated to Shareholders on a timely basis and is made through:–

(a) annual reports that are prepared and issued to all Shareholders;

(b) quarterly and full year unaudited financial results announcements;

(c) circulars and notices issued to all Shareholders;

(d) disclosures to the SGX-ST via SGXNet; and

(e) the Company's website, www.arti-vision.com, which provides corporate information, the Company's announcements, press releases and other information pertaining to the Group.

The Company does not practice selective disclosure as all material and price-sensitive information are released through SGXNet in a timely manner.

The Board welcomes the views of Shareholders on matters affecting the Group, whether at the general meetings of the Company or on an ad hoc basis. At the general meetings, Shareholders will be given the opportunity to express their views and ask the Directors or the Management questions regarding the Group.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:–

(a) the level of the earnings of the Group;

(b) the financial condition of the Group;

(c) the projected levels of the Group's capital expenditure and other investment plans;

(d) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

(e) other factors as the Directors may consider appropriate.

# CORPORATE GOVERNANCE REPORT

As the Group recorded net losses in FY2019 and is in an accumulated losses position, the Board did not recommend any dividend for FY2019.

**Conduct of Shareholder Meetings**

*Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Shareholders are encouraged to attend the Company's general meetings, including AGMs and Extraordinary General Meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans.

The respective Chairmen of the Board, the AC, the RC and the NC as well as the external auditors of the Company are also available at the general meetings to address any Shareholders' queries on the conduct of the external audit and the preparation and content of the auditors' report, and the audited financial statements of the Group. The proceedings of all general meetings including questions and answers exchanged between the Company and Shareholders are recorded in the minute's books of the Company, and are available to Shareholders upon request.

If any Shareholder is unable to attend, he/she is allowed to appoint proxies to vote on his/her behalf at the general meetings through proxy forms sent to the Company within the prescribed period. The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

The Company has introduced the system of voting, pursuant to which each resolution put forth at the general meetings is voted by poll. The percentages of votes voted in favour and against each resolution will be announced via SGXNet after the general meetings.

Notice of the general meetings will be advertised in newspapers and announced on SGXNet. Each item of special business included in the notice of the general meetings will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at the general meetings.

**DEALING IN SECURITIES**

In line with Rule 1204(19) of the Catalist Rules, the Company has in place a policy whereby the Directors and officers of the Group should not deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Group and the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Group and the Company's full year financial statements.

In addition, the Company and its officers are expected to be mindful of insider trading laws at all times including when they are in possession of any unpublished price-sensitive information during the permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

**MATERIAL CONTRACTS**

In March 2019, the Company entered into an unsecured loan agreement with Mr Ching Chiat Kwong, a controlling Shareholder, pursuant to which he granted a loan to the Company of a principal amount of S$300,000 to be disbursed in monthly instalments of S$50,000 per month beginning from the month of March 2019, at an interest rate of 10% per annum (the "**Loan**").

# CORPORATE GOVERNANCE REPORT

In June 2019, the Company entered into an agreement with HLM (International) Corporate Services Pte. Ltd., which is wholly-owned by Ng Weng Sui Harry, the Non-Executive Chairman and Independent Director, for the provision of corporate services to the Company in relation to the preparation of this Annual Report for a fixed fee of S$9,500 (the "**Agreement**").

Save for the above, there was no material contract entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholders, either still subsisting at the end of FY2019, or if not then subsisting, entered into since the end of FY2018.

**INTERESTED PERSON TRANSACTIONS ("IPT")**

The Company does not have a general mandate from Shareholders for IPT. However, the Company has an IPT policy which sets out procedures for review and approval of Company's IPT. To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules, the Board and the AC regularly consider and discuss if the Company will be entering into any IPT and if it does, to ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules in that, all the IPT are conducted at arm's length and on normal commercial terms and that it will not be prejudicial to the interests of the Company and its minority Shareholders.

There was no IPT (excluding transactions less than S$100,000) entered into between the Company or its subsidiaries and any of its interested persons during FY2019.

**USE OF PROCEEDS FROM THE DISPOSAL**

On 11 August 2017, the Company completed the disposal of the entire issued and paid-up share capital of Artimedia Pte. Ltd. for a total cash consideration of S$5 million (the "**Disposal**") and received the first tranche payment of the cash consideration of S$3 million ("**First Tranche Consideration**"). On 9 February 2018, the Company received the second tranche payment of the cash consideration of S$1 million ("**Second Tranche Consideration**"); and on 6 July 2018, it received the final tranche payment of the cash consideration of S$1 million ("**Final Tranche Consideration**").

As announced by the Company on 5 April 2018, pursuant to the "**no objections**" letter issued by the SGX-ST on the same day in relation to, *inter alia*, the Company's application for waiver from compliance with Rule 1017(1)(a) of the Catalist Rules, the Final Tranche Consideration will have to be placed in an escrow account to be opened by the Company with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore.

As announced by the Company on 12 November 2018, the First Tranche Consideration and Second Tranche Consideration had been fully utilised, and the Final Tranche Consideration stood at S$1 million as at 30 September 2018. As at 31 March 2019, the Final Tranche Consideration remained at S$1 million, which had been placed in an escrow account opened by the Company in December 2018.

**CATALIST SPONSOR**

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable or paid to the Company's sponsor, ZICO Capital Pte. Ltd., for FY2019.

# ADDITIONAL INFORMATION ON **DIRECTOR SEEKING RE-ELECTION**

Kesavan Nair is the Director retiring and seeking re-election at the forthcoming AGM of the Company (the "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules is set out below:

| **Name of Director** | **KESAVAN NAIR** |
|---|---|
| Date of first appointment | 5 May 2017 |
| Date of last re-appointment | 27 July 2017 |
| Age | 55 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Kesavan Nair for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Kesavan Nair possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Director, Chairman of the NC and RC, and a member of the AC |
| Professional qualifications | Bachelor of Laws (Honours)<br>Barrister-at-Law, Middle Temple<br>Barrister and Solicitor of the Supreme Court of the Australian Capital Territory<br>Advocate and Solicitor of the Supreme Court of Singapore |
| Working experience and occupation(s) during the past 10 years | 2004 – 2008<br>Partner of David Lim & Partners LLP<br>2008 – 2017<br>Director at Genesis Law Corporation<br>2017 – Present<br>Director at Bayfront Law LLC |
| Shareholding interest in the listed issuer and its subsidiaries | Nil |
| Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No |

# ADDITIONAL INFORMATION ON
# DIRECTOR SEEKING RE-ELECTION

| Name of Director | KESAVAN NAIR |
|---|---|
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |
| Other Principal Commitments*<br>Including Directorships#<br>* "Principal Commitments" has the same meaning as defined in the Code.<br># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) | Past (for the last 5 years):<br>Directorships:<br>Genesis Law Corporation<br>Other Principal Commitments:<br>Nil<br>Present:<br>Directorships:<br>Kitchen Culture Holdings Ltd.<br>IEV Holdings Limited<br>Arion Entertainment Singapore Limited<br>HG Metal Manufacturing Limited<br>Bayfront Law LLC<br>Genvest Pte Ltd<br>Other Principal Commitments:<br>Nil |
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |

# ADDITIONAL INFORMATION ON **DIRECTOR SEEKING RE-ELECTION**

| Name of Director | KESAVAN NAIR |
|---|---|
| (c) Whether there is any unsatisfied judgment against him? | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |

# ADDITIONAL INFORMATION ON
# DIRECTOR SEEKING RE-ELECTION

| Name of Director | KESAVAN NAIR |
|---|---|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:<br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or<br>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or<br>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,<br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| **Disclosure applicable to the appointment of Director only** | |
| Any prior experience as a director of a listed company?<br>If yes, please provide details of prior experience.<br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Yes<br>Kesavan Nair is currently a director of the following companies listed on the SGX-ST:<br>– Kitchen Culture Holdings Ltd.<br>– IEV Holdings Limited<br>– Arion Entertainment Singapore Limited<br>– HG Metal Manufacturing Limited |

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 46 to 96 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due having considered the factors presented in Note 2.1 of these consolidated financial statements.

**DIRECTORS**

The directors of the Company in office at the date of this statement are as follows:

Ng Weng Sui Harry
Goh Tzu Seoh Kenneth
Kesavan Nair

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share plans" of this statement.

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director | | Holdings in which director is deemed to have an interest | |
|---|---|---|---|---|
| | At 31.03.2019 | At 01.04.2018 or date of appointment, if later | At 31.03.2019 | At 01.04.2018 or date of appointment, if later |
| **Company** | | | | |
| (No. of ordinary shares) | | | | |
| Ng Weng Sui Harry | **5,490,000** | 5,490,000 | – | – |
| Goh Tzu Seoh Kenneth | – | – | – | – |
| Kesavan Nair | – | – | – | – |

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Employee Share Option Plan (the "Plan") and/or the Employee Share Award Scheme (the "Scheme") as set out below and under "Share plans" of this statement.

| | No. of unissued ordinary shares under option | |
|---|---|---|
| | At 31.03.2019 | At 01.04.2018 |
| Ng Weng Sui Harry | | |
| – options to subscribe for ordinary shares exercisable at: | | |
| – $0.048 between 22.04.2015 to 22.04.2019 | **200,000** | 200,000 |
| Goh Tzu Seoh Kenneth | | |
| – options to subscribe for ordinary shares exercisable at: | | |
| – $0.048 between 22.04.2015 to 22.04.2019 | **4,000,000** | 4,000,000 |

On 22 April 2019, none of the abovementioned options has been exercised and accordingly, the options have lapsed on the same day.

(c) The directors' interests in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**SHARE PLANS**

The Company offers the following share plans to its employees:

(a) Employee Share Option Plan (the "Plan")

(b) Employee Share Award Scheme (the "Scheme")

All share plans are administered by the Remuneration Committee.

**(a) Employee Share Option Plan**

The Plan was approved and adopted by its members at an Extraordinary General Meeting on 21 October 2007. The Plan is administered by the Company's remuneration committee comprising, Ng Weng Sui Harry and Kesavan Nair.

Under the Plan, all options to be issued will have a term no longer than 10 years from the date of grant. Subject to compliance with any applicable laws and regulations in Singapore, the Plan may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five market days immediately preceding the date of grant.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Plan, shall not exceed 10% of the issued share capital of the Company on the day proceeding that date.

The total number of shares available to controlling shareholders and their associates shall not exceed 25% of the number of shares in respect of which the Company may grant options under the Plan and the total number of shares available to each controlling shareholder or his associate shall not exceed 10% of the number of shares in respect of which the Company may grant options under the Plan.

The Plan has expired on 21 October 2017. However, a grant of 4,200,000 options given on 22 April 2014 with an expiry date on 22 April 2019, shall remain valid. On 22 April 2019, none of the options has been exercised and accordingly, the options have lapsed on the same day.

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**SHARE PLANS** (continued)

**(a) Employee Share Option Plan** (continued)

Under the Plan, options will vest as follows:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;

(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(d) four years after the date of grant for an additional 25% of the ordinary shares subject to the options.

All options are settled by physical delivery of shares.

Under the terms of the respective grants, all share options, if not exercised, will expire five (5) years from the date of grant.

For share options granted on 20 July 2010 onwards to employees/directors who have since ceased to be employees/directors of the Group, vested options must be exercised prior to the last date of service and non-vested options shall lapse on the last day of service.

At the end of the financial year, details of options granted under the Plan on the unissued ordinary shares of the Company, are as follows:

| | | No. of ordinary shares under option | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group and Company | Exercise price $ | Beginning of financial year | Granted During the Year | Forfeited/ expired during financial year | Exercised during financial year | End of financial year | Number of option holders at 31.03.2019 | Exercise period |
| **2018** | | | | | | | | |
| Date of grant 22.04.2014 | 0.048 | 4,700,000 | – | (500,000) | – | 4,200,000 | 2 | 22.04.2015 to 22.04.2019 |
| | | 4,700,000 | – | (500,000) | – | 4,200,000 | | |

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**SHARE PLANS** (continued)

**(a) Employee Share Option Plan** (continued)

Details of options granted to the directors and controlling shareholders of the Company under the Plan are as follows:

| | No. of unissued ordinary shares of the Company under option | | | | |
|---|---|---|---|---|---|
| Name of director | Granted in financial year ended 31.03.2019 | Aggregate granted since commencement of the Plan to 31.03.2019 | Aggregate exercised since commencement of the Plan to 31.03.2019 | Aggregate expired since commencement of the Plan to 31.03.2019 | Aggregate outstanding as at 31.03.2019 |
| Ng Weng Sui Harry | – | 2,110,000 | (250,000) | (1,660,000) | 200,000 |
| Goh Tzu Seoh Kenneth | – | 17,200,000 | (2,350,000) | (10,850,000) | 4,000,000 |
| Total | – | 19,310,000 | (2,600,000) | (12,510,000) | 4,200,000 |

No controlling shareholder or his associate has received more than 10% of the total number of options available under the Plan. The total number of shares granted to the controlling shareholders and their associates has also not exceeded 25% of the total number of options available under the Plan.

Since the commencement of the Plan, except for the directors disclosed above, no individuals had been granted 5% or more of the total number of options available under the Plan.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other related corporations.

Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Plan outstanding at the end of the financial year was as follows:

| Date of grant | No. of unissued ordinary shares under option at 31.03.2019 | Exercise price | Exercise period |
|---|---|---|---|
| 22.04.2014 | 4,200,000 | $0.048 | 22.04.2015 – 22.04.2019 |

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**SHARE PLANS** (continued)

**(b) Employee Share Award Scheme**

The Scheme was approved and adopted by its members at an Extraordinary General Meeting on 29 July 2015. The Scheme is administered by the Company's remuneration committee comprising, Ng Weng Sui Harry and Kesavan Nair.

Under the Scheme, all share awards to be issued will have a term no longer than 10 years commencing 29 July 2015. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The aggregate number of new shares to be issued pursuant to the share awards granted under the Scheme on any date, when added to the number of shares issued and issuable under any other share incentive schemes or share plans adopted by the Company from the time being in force, including but not limited to the share option plan, shall be limited to 15% of the total number of issued share capital of the Company (excluding treasury shares, if any) on the day preceding that date.

The total number of shares available to controlling shareholders and their associates shall not exceed 25% of the number of shares in respect of which the Company may grant share awards under the Scheme and the total number of shares available to each controlling shareholder or his associate shall not exceed 10% of the number of shares in respect of which the Company may grant share awards under the Scheme.

The participants of the Scheme will receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, and in relation to a performance-related share award, upon the participant achieving prescribed performance targets are met within a prescribed performance period. Performance targets set under the Scheme are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

Details of share awards granted to the directors and controlling shareholders of the Company under the Scheme are as follows:

| | No. of unissued ordinary shares of the Company under share awards | | | | |
|---|---|---|---|---|---|
| Name of director | Granted in financial year ended 31.03.2019 | Aggregate granted since commencement of the Scheme to 31.03.2019 | Aggregate allotted and issued since commencement of the Scheme to 31.03.2019 | Aggregate forfeited/ expired since commencement of the Scheme to 31.03.2019 | Aggregate outstanding as at 31.03.2019 |
| Ng Weng Sui Harry | – | 3,000,000 | (3,000,000) | – | – |
| Goh Tzu Seoh Kenneth | – | 6,000,000 | – | (6,000,000) | – |
| Total | – | 9,000,000 | (3,000,000) | (6,000,000) | – |

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**SHARE PLANS** (continued)

**(b)** **Employee Share Award Scheme** (continued)

No controlling shareholder or his associate has received more than 10% of the total number of share awards available under the Scheme. The total number of shares granted to the controlling shareholders and their associates has also not exceeded 25% of the total number of share awards available under the Scheme.

Since the commencement of the Scheme, except for the directors disclosed above, no individual had been granted 5% or more of the total number of share awards available under the Scheme.

The share awards granted by the Company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other related corporations.

Share awards outstanding

There are no unissued ordinary shares of the Company under share awards in relation to the Scheme outstanding at the end of the financial year.

**AUDIT COMMITTEE**

The members of the Audit Committee at the end of the financial year were as follows:

| | |
|---|---|
| Ng Weng Sui Harry | (Non-Executive Chairman and Independent Director) |
| Goh Tzu Seoh Kenneth | (Executive Director) |
| Kesavan Nair | (Independent Director) |

The Audit Committee carried out its functions in accordance with Section 201B of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing those functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work and the results of their examination.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- the scope and the results of internal audit procedures with the internal auditor;

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

**AUDIT COMMITTEE** (continued)

- the audit plan of the Company's external auditor and any recommendations on internal accounting controls arising from statutory audit; and

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2019 before their submission to the Board of Directors, as well as the Independent Auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the internal and external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has reviewed the independence of the external auditors as required under Section 206(1A) of the Act and determined that the external auditors were independent in carrying out their audit of the financial statements of the Group and the Company.

**INDEPENDENT AUDITOR**

In view of the conditional sale and purchase agreement dated 27 April 2018 to acquire all the ordinary shares and convertible bonds issued by Mobile Credit Payment Pte. Ltd. which will result in a reverse takeover of the Company, the retiring independent auditor, PricewaterhouseCoopers LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting of the Company.

The Audit Committee has recommended to the Board the nomination of KPMG LLP as the independent auditor in place of the retiring independent auditor, PricewaterhouseCoopers LLP, at the forthcoming Annual General Meeting of the Company.

KPMG LLP has expressed its willingness to accept appointment as the independent auditor.

On behalf of the board of directors

Ng Weng Sui Harry
Director

Goh Tzu Seoh Kenneth
Director

6 July 2019

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARTIVISION TECHNOLOGIES LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Artivision Technologies Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

*What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 March 2019;
- the statements of financial position of the Group and of the Company as at 31 March 2019;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended, and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of S$2.6 million for the financial year ended 31 March 2019 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by S$7.8 million and S$7.8 million respectively. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARTIVISION TECHNOLOGIES LTD.

**Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matter to be communicated in our report.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Accounting for loss on disposal of subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("CAT")** | |
| On 1 January 2019, the Company has de-consolidated CAT from the Group as the appointed liquidator of CAT has taken over all relevant activities of CAT from 31 December 2018.<br><br>Management applied judgement and determined that the fair value of consideration received on the date when the Company lost control of CAT to be nil. Correspondingly, a loss of $0.7 million was recognised in the profit or loss being the difference between the fair value of consideration received and the net assets of CAT at the date when control was lost.<br><br>Due to the judgement applied in estimating the fair value of consideration received from the event that resulted in the loss of control, this matter is considered a key audit matter. | With respect to the disposal of subsidiary, CAT, upon the liquidator taking control of CAT, we have considered management's assessment in determining the fair value of the consideration received upon the disposal.<br><br>Based on the audit procedures performed, we found management's assessment to be consistent with the results of our procedures. |

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARTIVISION TECHNOLOGIES LTD.

**Other Information**

Management is responsible for the other information. The other information refers to the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARTIVISION TECHNOLOGIES LTD.

**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARTIVISION TECHNOLOGIES LTD.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Lee Chian Yorn.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 6 July 2019

# CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 March 2019

| Group | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| Revenue | 4 | – | – |
| Cost of sales | | – | – |
| **Gross profit** | | – | – |
| Other gains – net | 6 | **7** | 5 |
| Expenses | | | |
| – Distribution | | **(10)** | (72) |
| – Administrative | | **(1,094)** | (2,301) |
| – Finance | 7 | **(788)** | (1,013) |
| Loss before income tax | | **(1,885)** | (3,381) |
| Income tax expense | 8(a) | – | – |
| **Loss from continuing operations** | | **(1,885)** | (3,381) |
| **Discontinued Operations** (see page 47) | | | |
| Loss from discontinued operations | | **(717)** | (4,738) |
| Net loss for the year | | **(2,602)** | (8,119) |
| **Other comprehensive loss:** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences arising from consolidation | | | |
| – Gains/(losses) | | **5** | (121) |
| – Reclassification | | **(163)** | 1,175 |
| **Total comprehensive loss** | | **(2,760)** | (7,065) |
| **Loss per share** (expressed in cents per share) | | | |
| – Basic | 9(a) | **0.14** | 0.45 |
| – Diluted | 9(b) | **0.14** | 0.45 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

**Results from discontinued operations** (Note 10)

| | | 2019 | 2018 |
|---|---|---|---|
| | | $'000 | $'000 |
| Revenue | | – | 13,071 |
| Cost of sales | | – | (9,779) |
| **Gross profit** | | – | 3,292 |
| Other losses – net | 6 | **(600)** | (117) |
| Expenses | | | |
| – Distribution | | **(3)** | (865) |
| – Administrative | | **(114)** | (7,013) |
| – Finance | | – | (15) |
| Share of loss of a joint venture | | – | (20) |
| Loss before income tax | | **(717)** | (4,738) |
| Income tax expense | | – | – |
| **Loss after income tax** | | **(717)** | (4,738) |
| The loss from discontinued operations is analysed as follows: | | | |
| Loss from Artimedia Pte. Ltd. (Note 10(a)) | | – | (810) |
| Loss from Colibri Assembly (Thailand) Co., Ltd. (Note 10(b)) | | **(717)** | (3,928) |
| **Total loss from discontinued operations** | | **(717)** | (4,738) |

*The accompanying notes form an integral part of these financial statements.*

# STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

For the financial year ended 31 March 2019

| | Note | Group 31 March 2019 $'000 | 31 March 2018 $'000 | 1 April 2017 $'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 11 | **1,003** | 2,276 | 4,038 |
| Available-for-sale financial asset | 14 | **–** | – | – |
| Investment at fair value through profit or loss | 15 | **–** | – | – |
| Trade and other receivables | 12 | **–** | 1,299 | 471 |
| Other current assets | 13 | **52** | 123 | 211 |
| Inventories | | **–** | – | 252 |
| Assets of disposal group classified as held-for- sale | | **–** | – | 9,078 |
| | | **1,055** | 3,698 | 14,050 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 17 | **–** | 5 | 2,657 |
| Intangible assets | 18 | **–** | – | 429 |
| | | **–** | 5 | 3,086 |
| **Total assets** | | **1,055** | 3,703 | 17,136 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables and other liabilities | 19 | **1,955** | 1,843 | 1,264 |
| Derivative financial instruments | | **–** | – | 13 |
| Convertible loan | | **–** | – | 5,523 |
| Bonds payable | 20 | **6,875** | 6,875 | 7,175 |
| Liabilities directly associated with disposal group classified as held-for-sale | | **–** | – | 4,078 |
| | | **8,830** | 8,718 | 18,053 |
| **Total liabilities** | | **8,830** | 8,718 | 18,053 |
| **NET LIABILITIES** | | **(7,775)** | (5,015) | (917) |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 21 | **71,777** | 71,777 | 68,787 |
| Other reserves | 22 | **2,515** | 2,673 | 1,642 |
| Accumulated losses | | **(82,067)** | (79,465) | (71,346) |
| **Total equity** | | **(7,775)** | (5,015) | (917) |

*The accompanying notes form an integral part of these financial statements.*

# STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

For the financial year ended 31 March 2019

| | Note | Company | | |
|---|---|---|---|---|
| | | 31 March 2019 | 31 March 2018 | 1 April 2017 |
| | | $'000 | $'000 | $'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 11 | **1,003** | 935 | 2,845 |
| Available-for-sale financial asset | 14 | **–** | – | – |
| Investment at fair value through profit or loss | 15 | **–** | – | – |
| Trade and other receivables | 12 | **–** | 1,237 | 179 |
| Other current assets | 13 | **52** | 66 | 106 |
| Assets of disposal group classified as held-for- sale | | **–** | – | 1 |
| | | **1,055** | 2,238 | 3,131 |
| **Non-current assets** | | | | |
| Other receivables | | **–** | – | 5,000 |
| Investments in subsidiaries | 16 | **–** | – | 1,315 |
| Property, plant and equipment | 17 | **–** | – | 6 |
| Intangible assets | 18 | **–** | – | – |
| | | **–** | – | 6,321 |
| **Total assets** | | **1,055** | 2,238 | 9,452 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables and other liabilities | 19 | **1,955** | 1,053 | 899 |
| Derivative financial instruments | | **–** | – | 13 |
| Convertible loan | | **–** | – | 5,523 |
| Bonds payable | 20 | **6,875** | 6,875 | 7,175 |
| | | **8,830** | 7,928 | 13,610 |
| **Total liabilities** | | **8,830** | 7,928 | 13,610 |
| **NET LIABILITIES** | | **(7,775)** | (5,690) | (4,158) |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 21 | **71,777** | 71,777 | 68,787 |
| Other reserves | 22 | **2,515** | 2,515 | 2,538 |
| Accumulated losses | | **(82,067)** | (79,982) | (75,483) |
| **Total equity** | | **(7,775)** | (5,690) | (4,158) |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2019

| | Share capital $'000 | Currency translation reserve $'000 | Share-based compensation reserve $'000 | Capital reserve $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2019** | | | | | | |
| **Beginning of financial year** | 71,777 | 158 | 2,515 | – | (79,465) | (5,015) |
| Gain/(Loss) for the year | – | 5 | – | – | (2,602) | (2,597) |
| Reclassification to income during the year | – | (163) | – | – | – | (163) |
| **Total comprehensive loss for the year** | **–** | **(158)** | **–** | **–** | **(2,602)** | **(2,760)** |
| **End of financial year** | **71,777** | **–** | **2,515** | **–** | **(82,067)** | **(7,775)** |
| **2018** | | | | | | |
| **Beginning of financial year** | 68,787 | (896) | 2,538 | – | (71,346) | (917) |
| Loss for the year | – | – | – | – | (8,119) | (8,119) |
| Other comprehensive gain for the year | – | 1,054 | – | – | – | 1,054 |
| **Total comprehensive gain/(loss) for the year** | – | 1,054 | – | – | (8,119) | (7,065) |
| Share issue expenses (Note 21) | (10) | – | – | – | – | (10) |
| Share issuance (Note 21) | 3,000 | – | – | – | – | 3,000 |
| Net write-back of employee services received for issue of share options and share awards | – | – | (23) | – | – | (23) |
| End of financial year | 71,777 | 158 | 2,515 | – | (79,465) | (5,015) |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2019

| | Note | 2019 $'000 | 2018 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net loss | | **(2,602)** | (8,119) |
| Adjustments for | | | |
| – Amortisation of intangible assets | | **–** | 412 |
| – Impairment of intangible assets | | **–** | 18 |
| – Depreciation of property, plant and equipment | | **3** | 501 |
| – Impairment of property, plant and equipment | | **–** | 2,215 |
| – Unrealised currency translation gains | | **–** | (50) |
| - Realised currency exchange gains | | **(4)** | (244) |
| – Interest income | | **(2)** | (4) |
| – Interest expense on convertible loan | | **–** | 102 |
| – Interest expense on bonds | | **788** | 911 |
| – Fair value changes on derivative financial instruments | | **–** | (13) |
| – Gain on disposal of property, plant and equipment | | **(67)** | – |
| – Share of loss of a joint venture | | **–** | 20 |
| – Loss on disposal of subsidiary | | **709** | 187 |
| – Inventory written off | | **–** | 72 |
| – Write-back of share-based compensation expenses | | **–** | (23) |
| | | **(1,175)** | (4,015) |
| Change in working capital: | | | |
| – Inventories | | **–** | 181 |
| – Trade and other receivables | | **(21)** | 67 |
| – Other current assets | | **70** | 101 |
| – Trade payables and other liabilities | | **(610)** | 3,614 |
| Cash used in operations | | **(1,736)** | (52) |
| Interest received | | **2** | 1 |
| **Net cash used in operating activities** | | **(1,734)** | (51) |
| **Cash flows from investing activities** | | | |
| Disposal of subsidiary, net of cash disposed of | 11 | **385** | 1,710 |
| Sales proceeds on disposal of property, plant and equipment | | **67** | – |
| **Net cash provided by investing activities** | | **452** | 1,710 |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of bonds | | **–** | 2,000 |
| Proceeds from exercise of share options | | **–** | 3,000 |
| Repayment of convertible loan | | **–** | (5,520) |
| Interest paid on convertible bond | | **–** | (414) |
| Interest paid on bonds | | **–** | (214) |
| Share issue expense | | **–** | (10) |
| Redemption of bond payable | | **–** | (2,300) |
| **Net cash provided by financing activities** | | **–** | (3,458) |
| **Net increase in cash and cash equivalents** | | **(1,282)** | (1,799) |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | | **2,276** | 4,038 |
| Effects of currency translation on cash and cash equivalents | | **9** | 37 |
| **End of financial year** | 11 | **1,003** | 2,276 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2019

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | 2019 $'000 | Net cash flows $'000 | Conversion of interest payable to bonds principal $'000 | Amortisation of interest expense $'000 | Foreign exchange movement $'000 | 2019 $'000 |
| Bonds payable | **6,875** | – | – | – | – | **6,875** |

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | 2018 $'000 | Net cash flows $'000 | Conversion of interest payable to bonds principal* $'000 | Amortisation of interest expense $'000 | Foreign exchange movement $'000 | 2018 $'000 |
| Convertible loan | 5,523 | (5,520) | – | 66 | (69) | – |
| Bonds payable | 7,175 | (514) | 214 | – | – | **6,875** |

* On 18 June 2017, the Company had obtained the agreement from Ms Poh Chew Hua Christine to extend the repayment period from 31 July 2017 to a date on or before 8 September 2017 for the initial principal amount of S$2,000,000 and interest due, on the same terms (including interest rate of 15% per annum) as the subscription agreement dated 31 December 2015. The bonds including interest portion was fully repaid on 11 August 2017.

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

Artivision Technologies Ltd. (the "Company") is listed on the Singapore Exchange-Catalist and incorporated and domiciled in Singapore. The address of its registered office is 10 Ubi Crescent #05-05 Ubi Techpark Singapore 408564.

The principal activities of the Company are the development and licensing of computer vision technologies; inventing, manufacturing, producing and/or marketing of various machine vision based on applications and solutions for media publishers and media content providers and investment holding.

Since the Company's wholly-owned subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("CAT") ceased its operations on 27 February 2018, the Company ceased to own and operate any business. The Company became a Cash Company under Rule 1017 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("Catalist Rules"). Under Rule 1017(2) of the Catalist Rules, SGX-ST will remove the Company from listing if the Company does not meet the requirements for a new listing within 12 months from the time it became a Cash Company. On 12 April 2019, SGX-ST advised that it has no objections to a 6-month extension of time from 1 March 2019 to 31 August 2019 for the Company to complete a proposed acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Adoption of SFRS(I)**

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018 and the first set of financial information prepared under SFRS(I) is for the year ended 31 March 2019.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 1 April 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.1 Basis of preparation** (continued)

**Exemptions applied on adoption of SFRS(I)**

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Company has applied the following exemption:

(a) Exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 March 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments*: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

**Adoption of SFRS(I) 9**

*Reclassification of financial assets from available-for-sale to Investments at fair value through profit or loss ("FVTPL")*

Investments in available-for-sale were reclassified from the "available-for-sale" category to "Investments at FVTPL" category. They are instruments that do not meet the criteria to be classified as amortised cost in accordance to SFRS(I) 9 because their cash flows do not represent solely payments of principal and interest.

In 2018, the "available-for-sale" instruments amounting to S$0.6 million was fully impaired and the fair value is deem to be nil. The adoption of SFRS(I) 9 did not have any impact on the Company's opening equity at 1 April 2018.

Going concern

The Group reported a net loss of $2.6 million for the financial year ended 31 March 2019 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by $7.8 million and $7.8 million respectively. As mentioned in Note 1, the Company has become a cash company under SGX-ST listing rules during the financial year and as at 31 March 2019. These conditions indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.1 Basis of preparation (**continued**)**

**Adoption of SFRS(I) 9** (continued)

Going concern (continued)

Notwithstanding the above, these financial statements have been prepared on a going concern basis as the Directors are of the view that it is appropriate to do so having considered the following:

The controlling shareholder, Mr Ching Chiat Kwong had undertaken to provide adequate funds to the Group to enable it to continue its operations on a going concern basis and also to enable the Group to pay its liabilities as and when they fall due, up to 31 August 2020. Accordingly, Mr Ching Chiat Kwong has entered into an unsecured loan agreement with the Company in March 2019, pursuant to which Mr Ching Chiat Kwong grants a loan to the Company of a principal amount of S$300,000 to be disbursed in monthly instalments of S$50,000 per month beginning from the month of March 2019, at an interest rate of 10% per annum.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities or realise its assets in the normal course of business. Assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position and additional liabilities may arise. No such adjustments have been made in these financial statements.

**2.2 Revenue recognition**

**Policy applicable before 1 April 2018**

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

*(a) Sale of goods – Contract manufacturing disk drive technology products*

Revenue from these sales is recognised when the Group entity has delivered the contract manufacturing disk drive technology products specified by its customers and the customers have accepted the products in accordance with the sales contract.

Contract manufacturing disk drive technology products are sold to certain customers with volume discount and these customers also have the right to return faulty products. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Revenue recognition** (continued)

**Policy applicable before 1 April 2018** (continued)

*(b) Rendering of services – Media solutions*

Revenue from services rendered, which includes the rendering of monetisation services for the delivery of advertisements in and around the video content, is recognised upon realisation of video viewing.

**2.3 Group accounting**

*(a) Subsidiaries*

*(i) Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.3 Group accounting** (continued)

*(a) Subsidiaries* (continued)

*(ii) Acquisitions* (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

*(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and a joint venture" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

**2.4 Property, plant and equipment**

*(a) Measurement*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.4 Property, plant and equipment** (continued)

*(b) Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Building | 5 years – 10 years |
| Furniture and fittings | 3 years – 5 years |
| Office equipment | 3 years – 5 years |
| Plant and equipment | 3 years |
| Motor vehicles | 5 years |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

*(c) Construction-in-progress*

Construction-in-progress represents building under construction or pending installation and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct attributable cost. No provision for depreciation is made on construction-in-progress until such a time as the relevant assets are completed and ready for intended use. When the asset concerned is brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy stated above.

*(d) Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

*(e) Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains – net".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.5 Intangible assets**

(a) Measurement

*(i) Acquired computer software licenses*

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of one to ten years.

*(ii) Acquired customer relationship*

Customer relationship acquired is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

*(b) Review of amortisation period and method*

The amortisation period and amortisation method of intangible assets are reviewed at least at each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

**2.6 Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method.

**2.7 Investments in subsidiaries and a joint venture**

Investments in subsidiaries and a joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.8 Impairment of non-financial assets**

*Intangible assets*
*Property, plant and equipment*
*Investments in subsidiaries and a joint venture*

Intangible assets, property, plant and equipment and investments in subsidiaries and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.9 Financial assets**

The accounting for financial assets from 1 April 2018 are as follows:

*(a) Classification*

The Group classifies its financial assets in the following categories: amortised cost and fair value through profit or loss. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

*(b) Initial measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

*(c) Subsequent measurement*

*(i) Debt Instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, and other current assets.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

*(ii) Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.9 Financial assets** (continued)

*(d) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost.

*(e) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The accounting for financial assets before 1 April 2018 are as follows:

*(a) Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables”, “cash and cash equivalents”, and deposits within “other current assets” on the statements of financial position.

*(ii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.9 Financial assets** (continued)

*(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

*(c) Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

*(d) Subsequent measurement*

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

*(e) Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

*(i) Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.9 Financial assets** (continued)

*(e) Impairment* (continued)

*(i) Loans and receivables* (continued)

The impairment allowance account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

*(ii) Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

**2.10 Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

*(a) Borrowings*

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

*(b) Foreign currency convertible loan*

On issuance of foreign currency convertible loan, the proceeds are allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.10 Borrowings** (continued)

*(b) Foreign currency convertible loan* (continued)

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The foreign currency-denominated liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

**2.11 Trade payables and other liabilities**

Trade payables and other liabilities represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade payables and other liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

**2.12 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.13 Leases**

The Group leases land, factory, office premise, equipment and motor vehicle under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.

**2.14 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using either the specific identification method or weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

**2.15 Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.15 Income taxes** (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**2.16 Provisions**

*(a) Provision for warranty*

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability for repair or repair products still under warranty at the reporting date. This provision is calculated based on historical experience of the level of repairs and replacements.

*(b) Provision for employee benefits*

Provision for employee benefits are recognised when the Group has an obligation under labour law in benefit payable under the plan for employees until retirement date. The maximum amount of obligation shall not exceed the amount of final salary payable for 10 months. The employees will receive the payment amount at retirement date. The Group estimated a provision at the end of reporting period, which calculation is based on current salary of specific group of employees, who are entitled, reflected by the proportion of working period of employees and working period until retirement.

**2.17 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.17 Employee compensation** (continued)

*(b) Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options and awards are recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and awards granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options and awards that are expected to become exercisable or allotable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued. When the awards are allotted, the related balance previously recognised in the share-based compensation reserve are credited to the share capital account when new ordinary shares are issued.

**2.18 Currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("SGD"), which is the functional currency of the Company.

*(b) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.18 Currency translation** (continued)

*(b) Transactions and balances* (continued)

Foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

*(c) Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

**2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors. The results of the operating segments are regularly reviewed by the Executive Directors to make decisions about resources to be allocated to the segment and assess its performance.

During the financial year, the Company fully disposed and discontinued the businesses of both its operating subsidiaries and became a cash company as defined by Rule 1017 of the Singapore Exchange Securities Trading Listing Manual. Hence, there is no segment reporting for this current financial year.

**2.20 Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.21 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account.

**2.22 Non-current assets (or proposed disposal groups) held-for-sale**

Non-current assets (or proposed disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Loss on disposal of subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("CAT")**

On 27 February 2018, the Group ceased its business and operations of its wholly-owned subsidiary, Colibri Assembly (Thailand) Co. Ltd. ("CAT"). On 1 January 2019, the Company had de-consolidated CAT from the Group as the appointed liquidator of CAT has taken over all relevant activities of CAT on 31 December 2018. Judgement is required by management in determining the amount of loss on disposal of CAT.

In determining the loss on disposal of CAT, the Company has assessed that no residual cash will be realised upon completion of the voluntary winding up of CAT. Correspondingly, a loss on disposal amounting to $0.7 million was recorded upon the derecognition of the assets and liabilities of CAT at the date of disposal.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 4. REVENUE – CONTINUING OPERATIONS

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Revenue | – | – |

Following the disposal of Artimedia Pte. Ltd. on 11 August 2017 and cessation of Colibri Assembly (Thailand) Co., Ltd. in February 2018, the Group does not have any active business at the balance sheet date. All discontinued businesses are separately disclosed in the statement of comprehensive income of discontinued operations. Hence, there was no revenue for the current year. The corresponding comparative figures were also reclassified to "Discontinued operations" accordingly.

## 5. EXPENSES BY NATURE

### (a) Continuing operations

| | 2019 | 2018 |
|---|---|---|
| | $'000 | $'000 |
| Operating lease expenses | **110** | 123 |
| Write-back of share-based compensation expenses (Note 22) | **–** | (23) |
| Wages and salaries | **211** | 1,018 |
| Employer's contribution to defined contribution plans including Central Provident Fund | **17** | 69 |
| Directors' fees (Note 25) | **50** | 36 |
| Professional and consultancy expenses | **451** | 785 |

### (b) Discontinued operations

| | 2019 | 2018 |
|---|---|---|
| | $'000 | $'000 |
| Amortisation of intangible assets (Note 18) | **–** | 412 |
| Impairment of intangible assets (Note 18) | **–** | 18 |
| Depreciation of property, plant and equipment (Note 17) | **3** | 495 |
| Impairment of property, plant and equipment | **–** | 2,215 |
| Impairment loss on assets held-for-sale | **–** | – |
| Write-back of provision for warranties (Note 19) | **–** | (3) |
| Wages and salaries | **2** | 4,431 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 6. OTHER GAINS/(LOSSES) – NET

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Currency translation gains/(losses) | 41 | (212) |
| Fair value changes on derivative financial instruments | – | 13 |
| Interest income from bank deposits | 2 | 4 |
| Gain on disposal of property, plant and equipment | 67 | – |
| Loss on disposal of subsidiary | (709) | |
| Others | 6 | 83 |
| | (593) | (112) |

## 7. FINANCE EXPENSES

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Interest expenses on convertible loan | – | 102 |
| Interest expenses on bonds | 788 | 911 |
| | 788 | 1,013 |

## 8. INCOME TAXES

### (a) Income tax expense

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Tax expense attributable to loss is made up of: | | |
| – Loss for the financial year: | | |
| Current income tax | | |
| – Foreign | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 8. INCOME TAXES (continued)

### (b) Deferred income taxes

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has significant carried forward unutilised tax losses from prior years and the current financial year. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits. The unrecognised deferred tax assets from a reconciling item from the Group's net loss before tax to income tax expense for current and prior financial year. The amount of unutilised tax losses available for carried forward is not disclosed as the amount may be subjected to change upon the acquisition of Mobile Credit Payment Pte. Ltd as described in the Directors' Statement.

## 9. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | Continuing operations | | Discontinued operations | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Net loss attributable to equity holders of the Company ($'000) | **1,885** | 3,381 | **717** | 4,738 |
| Weighted average number of ordinary shares outstanding for basic loss per share | **1,797,792,986** | 1,794,241,489 | **1,797,792,986** | 1,794,241,489 |
| Basic loss per share (cents) | **0.10** | 0.19 | **0.04** | 0.26 |

### (b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary shares issues.

The Company has three categories of potentially dilutive ordinary shares, namely, share options, share awards, and call options as at 31 March 2019 and 31 March 2018.

For share options and share awards, the weighted average number of shares in issue have been adjusted as if all dilutive share options were exercised and when the condition for issuance of share awards is met at the end of reporting date, which was also the end of the vesting period. The number of shares that could have been issued upon the exercise of all dilutive share options, which condition is fulfilled less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 9. LOSS PER SHARE (continued)

### (b) Diluted loss per share (continued)

Diluted loss per share attributable to equity holders of the Company is calculated as follows:

| | 2019 | 2018 |
|---|---|---|
| Net loss used to determine diluted loss per share ($'000) | **2,602** | 8,119 |
| Weighted average number of ordinary shares outstanding for basic loss per share | **1,797,792,986** | 1,794,241,489 |
| Adjustments for – Share options | **–** | – |
| | **1,797,792,986** | 1,794,241,489 |

The following outstanding share options were excluded from the diluted weighted average number of ordinary share calculation as their effect would have been anti-dilutive due to the fact that the exercise price has been higher than the market price:

| | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Date of grant of options | | |
| 22 April 2014 | **4,200,000** | 4,700,000 |
| 29 December 2016 | **555,555,555** | 555,555,555 |
| 27 April 2016 | **200,000,000** | 200,000,000 |

| | 2019 | 2018 |
|---|---|---|
| Diluted loss per share (cents) | **0.14** | 0.45 |

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on average of daily last done price for the year during which the options were outstanding.

## 10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

### (a) Sale of Artimedia Group

On 9 June 2017, the Company entered into a sale and purchase agreement ("Agreement") with Dr Ofer Miller. Under the Agreement, the Company would transfer all assets and liabilities related to the Artimedia Group to Dr Ofer Miller for a cash consideration of $5.0 million. The transaction was completed on 11 August 2017.

Out of the $5.0 million cash consideration, $4.0 million was received during the financial year 2018 and S$1.0 million was received in financial year 2019.

**10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE** (continued)

**(a) Sale of Artimedia Group** (continued)

The impact of the discontinued operations on the cash flows of the Group is as follows:

| | 2019<br>$'000 | 2018<br>$'000 |
|---|---|---|
| Operating cash flows | – | (3,328) |
| Investing cash flows | – | (89) |
| Financing cash flows | – | 2,000 |
| Net cash (outflows)/inflows | – | (1,417) |

**(b) Cessation of CAT business and operations and de-consolidation of CAT**

Following the commencement of the members' voluntary winding up of CAT on 27 February 2018, the Company has de-consolidated CAT from the Group from 1 January 2019 as the appointed liquidator of CAT has taken over all relevant activities of CAT on 31 December 2018. Loss on disposal of subsidiary of S$0.7 million was recorded in the profit or loss as a result of derecognition of the assets and liabilities of CAT as at 31 December 2018 from the Group. This loss on disposal of subsidiary has been recorded as part of the Group's results from Discontinued Operations.

The impact of the discontinued operations on the cash flows of the Group is as follows:

| | 2019<br>$'000 | 2018<br>$'000 |
|---|---|---|
| Operating cash flows | **(793)** | 310 |
| Investing cash flows | **67** | (3) |
| Financing cash flows | – | (181) |
| Net Cash inflows | **(726)** | 126 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 11. CASH AND CASH EQUIVALENTS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cash at bank | 1,003 | 2,276 | 4,038 | 1,003 | 935 | 2,845 |

**Disposal of subsidiaries**

(a) Artimedia Group

On 11 August 2017, the Company completed the transfer of all assets and liabilities related to the Artimedia Group to Dr Ofer Miller for a cash consideration of $5.0 million. Please refer to Note 10(a) for details of the disposal. The effects of the disposal on the cash flows of the Group were:

| | Group 2018 $'000 |
|---|---|
| **Details of the assets of disposal group that were disposed are as follows:** | |
| Property, plant and equipment | 158 |
| Intangible assets | 35 |
| Trade and other receivables | 15,693 |
| Other current assets | 153 |
| Cash and cash equivalents | 2,290 |
| Total assets | 18,329 |
| Less: Impairment of assets held-for-sale | (6,887) |
| Total assets net of impairment | 11,442 |

| | Group 2018 $'000 |
|---|---|
| **Details of the liabilities of disposal group that were disposed are as follows:** | |
| Trade payables and other liabilities | 5,416 |
| Loan from third party | 2,014 |
| Total liabilities | 7,430 |
| **Net assets disposed of** | 4,012 |

# NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

**11. CASH AND CASH EQUIVALENTS** (continued)

**Disposal of subsidiaries** (continued)

(a) Artimedia Group (continued)

The aggregate cash inflows arising from the disposal of Artimedia Group were:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$'000** | **$'000** |
| Net assets disposed of (as above) | – | 4,012 |
| – Reclassification of currency translation reserve (Note 22(ii)) | – | 1,175 |
| | – | 5,187 |
| Loss on disposal | – | (187) |
| Cash proceeds from disposal (Note 10) | – | 5,000 |
| Less: Outstanding payments (Note 10) | – | (1,000) |
| Less: Cash and cash equivalents in subsidiary disposed of | – | (2,290) |
| Add: Outstanding payment received during year (Note 10) | **1,000** | – |
| Net cash inflow on disposal | **1,000** | 1,710 |

(b) CAT

The effects of the disposal of CAT on the cash flows of the Group were:

| | Group |
|---|---|
| | **2019** |
| | **$'000** |
| **Details of the assets and liabilities of CAT that were disposed are as follows:** | |
| Property, plant and equipment | **2** |
| Trade and other receivables | **320** |
| Other current assets | **1** |
| Cash and cash equivalents | **615** |
| Trade and other payables | **(66)** |
| Net assets | **872** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**11. CASH AND CASH EQUIVALENTS** (continued)

**Disposal of subsidiaries** (continued)

(b) CAT (continued)

The aggregate cash inflows arising from the disposal of CAT were:

| | Group 2019 $'000 |
|---|---|
| Net assets disposed of (as above) | **872** |
| – Reclassification of currency translation reserve (Note 22(ii)) | **(163)** |
| | **709** |
| Loss on disposal (Note 10) | **(709)** |
| Cash proceeds from disposal | **–** |
| Less: Cash and cash equivalents in subsidiary disposed of | **(615)** |
| Net cash inflow on disposal | **(615)** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 12. TRADE AND OTHER RECEIVABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $,000 | $,000 | $'000 | $'000 | $'000 |
| Current: | | | | | | |
| Trade receivables | | | | | | |
| – Subsidiaries | – | – | – | – | – | 2,839 |
| – Non-related parties | – | 57 | 480 | – | – | 19 |
| | – | 57 | 480 | – | – | 2,858 |
| Less: Allowance for impairment of receivables | | | | | | |
| – Subsidiaries | – | – | – | – | – | (2,839) |
| – Non-related parties | – | – | (19) | – | – | (19) |
| Trade receivables – net | – | 57 | 461 | – | – | – |
| Other receivables | | | | | | |
| – Subsidiaries (non-trade) (Note (a)) | – | – | – | – | 8 | 2,879 |
| – Non-related parties | – | 242 | 10 | – | 237 | – |
| – Receivable for disposal of subsidiary (Note 10(a)) | – | 1,000 | – | – | 1,000 | – |
| – Loans to subsidiaries (Note (a)) | – | – | – | – | – | 179 |
| | – | 1,242 | 10 | – | 1,245 | 3,058 |
| Less: Allowance for impairment of receivables | | | | | | |
| – Subsidiaries (non-trade) | – | – | – | – | (8) | (2,879) |
| Other receivables – net | – | 1,242 | 10 | – | 1,237 | 179 |
| | – | 1,299 | 471 | – | 1,237 | 179 |
| Non-current: | | | | | | |
| Other receivables | | | | | | |
| – Subsidiaries (Note (b)) | – | – | – | – | – | 11,145 |
| – Loan to subsidiaries | – | – | – | – | – | 20,643 |
| | – | – | – | – | – | 31,788 |
| Less: Allowance for impairment of receivables | | | | | | |
| – Subsidiaries | – | – | – | – | – | (11,145) |
| – Loans to subsidiaries | – | – | – | – | – | (15,643) |
| | – | – | – | – | – | (26,788) |
| Other receivables – net | – | – | – | – | – | 5,000 |

(a) The non-trade amounts due from subsidiaries and loans to subsidiaries are unsecured, interest-free and repayable on demand.

(b) Other receivables due from subsidiaries are unsecured and interest-free. The repayment of the amount is neither planned nor likely to occur in the next 12 months from the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 13. OTHER CURRENT ASSETS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Deposits | 28 | 84 | 113 | 28 | 28 | 54 |
| Prepayments | 24 | 39 | 98 | 24 | 38 | 52 |
| | 52 | 123 | 211 | 52 | 66 | 106 |

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group and Company | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | $'000 | $,000 | $,000 |
| Beginning of financial year | – | 613 | 613 |
| Accumulated impairment loss | – | (613) | (613) |
| End of financial year | – | – | – |

## 15. FINANCIAL ASSETS AT FVPL

| | Group and Company | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | $'000 | $,000 | $,000 |
| Beginning and end of financial year | – | – | – |

## 16. INVESTMENTS IN SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 |
| *Equity investment, at cost* | | | |
| Beginning of financial year | – | 1,315 | 1,316 |
| Asset held-for-sale (Note 10)(Note (a)) | – | – | (1) |
| Impairment of subsidiary (Note 10)(Note (b)) | – | (1,315) | – |
| End of financial year | – | – | 1,315 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**16. INVESTMENTS IN SUBSIDIARIES** (continued)

(a) On 11 August 2017, the Company completed a sale of Artimedia Group to Dr Ofer Miller for a cash consideration of $5.0 million.

(b) On 27 February 2018, the Company announced the cessation of CAT's business and operations. Correspondingly, the cost of investment in CAT has been fully written down as at the balance sheet date.

Details of subsidiaries are as follows:

| Name of subsidiaries | Principal activities | Country of incorporation/ business | Effective equity interest held by the Group | |
|---|---|---|---|---|
| | | | 2019 | 2018 |
| | | | % | % |
| Artisecurity Technologies Pte. Ltd.^ | Development and provision of video management solutions | Singapore | – | 100 |
| Colibri Assembly (Thailand) Co., Ltd.@ | Contract manufacturer of disk drive technology products | Thailand | – | 100 |

^ Audited by PricewaterhouseCoopers LLP Singapore.

@ Audited by PricewaterhouseCoopers LLP ABAS Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Building $'000 | Plant and equipment $'000 | Furniture and fittings $'000 | Office equipment $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| **2019** | | | | | | | |
| *Cost* | | | | | | | |
| Beginning of financial year | **3,633** | **702** | **316** | **347** | **63** | **–** | **5,061** |
| Additions | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Transfer | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Disposals | **(3,633)** | **(702)** | **(316)** | **(347)** | **(63)** | **–** | **(5,061)** |
| Currency translation differences | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| End of financial year | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| *Accumulated depreciation* | | | | | | | |
| Beginning of financial year | **3,633** | **702** | **311** | **347** | **63** | **–** | **5,056** |
| Depreciation charge – discontinued operations | **–** | **–** | **3** | **–** | **–** | **–** | **3** |
| Depreciation charge – continuing operations | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Disposals | **(3,633)** | **(702)** | **(314)** | **(347)** | **(63)** | **–** | **(5,059)** |
| Currency translation differences | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| End of financial year | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| ***Net book value*** | | | | | | | |
| **End of financial year** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |

**17. PROPERTY, PLANT AND EQUIPMENT** (continued)

| | Building $'000 | Plant and equipment $'000 | Furniture and fittings $'000 | Office equipment $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| **2018** | | | | | | | |
| *Cost* | | | | | | | |
| Beginning of financial year | 3,557 | 697 | 316 | 343 | 62 | – | 4,975 |
| Additions | – | – | – | – | – | – | – |
| Transfer | | | | | | | |
| Disposals | | | | | | | |
| Currency translation differences | 76 | 5 | – | 4 | 1 | – | 86 |
| End of financial year | 3,633 | 702 | 316 | 347 | 63 | – | 5,061 |
| *Accumulated depreciation* | | | | | | | |
| Beginning of financial year | 1,212 | 532 | 231 | 295 | 48 | – | 2,318 |
| Depreciation charge – discontinued operations | 362 | 79 | 58 | (4) | – | – | 495 |
| Depreciation charge – continuing operations | – | – | – | 6 | – | – | 6 |
| Currency translation differences | 15 | 3 | 3 | – | 1 | – | 22 |
| | 1,589 | 614 | 292 | 297 | 49 | – | 2,841 |
| Impairment | 2,044 | 88 | 19 | 50 | 14 | – | 2,215 |
| End of financial year | 3,633 | 702 | 311 | 347 | 63 | – | 5,056 |
| ***Net book value*** | | | | | | | |
| **End of financial year** | – | – | 5 | – | – | – | 5 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**17. PROPERTY, PLANT AND EQUIPMENT** (continued)

| | Building $'000 | Plant and equipment $'000 | Furniture and fittings $'000 | Office equipment $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| **2017** | | | | | | | |
| *Cost* | | | | | | | |
| Beginning of financial year | 3,356 | 706 | 417 | 567 | 59 | – | 5,105 |
| Additions | – | 16 | 4 | 59 | – | 5 | 84 |
| Transfer | – | 3 | – | 2 | – | (5) | – |
| Reclassified for assets held-for-sale (Note 10(a)) | – | – | (126) | (287) | – | – | (413) |
| Disposals | – | (46) | – | – | – | – | (46) |
| Write-offs | – | (8) | – | (23) | – | – | (31) |
| Currency translation differences | 201 | 26 | 21 | 25 | 3 | – | 276 |
| End of financial year | 3,557 | 697 | 316 | 343 | 62 | – | 4,975 |
| *Accumulated depreciation* | | | | | | | |
| Beginning of financial year | 775 | 457 | 277 | 428 | 31 | – | 1,968 |
| Depreciation charge | 380 | 100 | 55 | 76 | 15 | – | 626 |
| Reclassified for assets held-for-sale (Note 10(a)) | – | – | (115) | (205) | – | – | (320) |
| Disposal | – | (31) | – | – | – | – | (31) |
| Write-off | – | (7) | – | (23) | – | – | (30) |
| Currency translation differences | 57 | 13 | 14 | 19 | 2 | – | 105 |
| | 1,212 | 532 | 231 | 295 | 48 | – | 2,318 |
| ***Net book value*** | | | | | | | |
| **End of financial year** | 2,345 | 165 | 85 | 48 | 14 | – | 2,657 |

# NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

**17. PROPERTY, PLANT AND EQUIPMENT** (continued)

| | Plant and equipment $'000 | Furniture and fittings $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|---|
| Company | | | | |
| **2019** | | | | |
| *Cost* | | | | |
| Beginning of financial year | **267** | **106** | **192** | **565** |
| Written off | **(267)** | **(106)** | **(192)** | **(565)** |
| End of financial year | **–** | **–** | **–** | **–** |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | **267** | **106** | **192** | **565** |
| Written off | **(267)** | **(106)** | **(192)** | **(565)** |
| End of financial year | **–** | **–** | **–** | **–** |
| ***Net book value*** | | | | |
| **End of financial year** | **–** | **–** | **–** | **–** |
| **2018** | | | | |
| *Cost* | | | | |
| **Beginning of financial year** | 267 | 106 | 192 | 565 |
| **Additions** | – | – | – | – |
| **End of financial year** | 267 | 106 | 192 | 565 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 267 | 106 | 186 | 559 |
| Depreciation charge | – | – | 6 | 6 |
| End of financial year | 267 | 106 | 192 | 565 |
| ***Net book value*** | | | | |
| **End of financial year** | – | – | – | – |
| **2017** | | | | |
| *Cost* | | | | |
| **Beginning of financial year** | 274 | 106 | 212 | 592 |
| **Additions** | – | – | 3 | 3 |
| **Write-off** | (7) | – | (23) | (30) |
| **End of financial year** | 267 | 106 | 192 | 565 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 274 | 102 | 207 | 583 |
| Depreciation charge | – | 4 | 2 | 6 |
| Write-off | (7) | – | (23) | (30) |
| End of financial year | 267 | 106 | 186 | 559 |
| ***Net book value*** | | | | |
| **End of financial year** | – | – | 6 | 6 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18. INTANGIBLE ASSETS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Composition: | | | | | | |
| Computer software licences (Note (a)) | – | – | 21 | – | – | – |
| Customer relationship (Note (b)) | – | – | 408 | – | – | – |
| | – | – | 429 | – | – | – |

### (a) Computer software licences

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| *Cost* | | | | | | |
| Beginning of financial year | **1,794** | 1,793 | 1,859 | **1,741** | 1,741 | 1,741 |
| Additions | – | – | 37 | – | – | – |
| Reclassified to assets held-for-sale (Note 10(a)) | – | – | (111) | – | – | – |
| Written off | **(1,794)** | – | – | (1,741) | – | – |
| Currency translation differences | – | 1 | 8 | – | – | – |
| End of financial year | – | 1,794 | 1,793 | – | 1,741 | 1,741 |
| *Accumulated amortisation* | | | | | | |
| Beginning of financial year | **1,794** | 1,772 | 1,807 | **1,741** | 1,741 | 1,741 |
| Amortisation charge | – | 4 | 26 | – | – | – |
| Reclassified to assets held-for-sale (Note 10(a)) | – | – | (67) | – | – | – |
| Impairment | – | 18 | – | – | – | – |
| Written off | **(1,794)** | – | – | (1,741) | – | – |
| Currency translation differences | – | – | 6 | – | – | – |
| End of financial year | – | 1,794 | 1,772 | – | 1,741 | 1,741 |
| Net book value | – | – | 21 | – | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**18. INTANGIBLE ASSETS** (continued)

**(b) Customer relationship**

| | Group | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** |
| *Cost* | | | |
| Beginning of financial year | **1,225** | 1,225 | 1,225 |
| Written off | **(1,225)** | – | – |
| End of financial year | **–** | 1,225 | 1,225 |
| *Accumulated amortisation* | | | |
| Beginning of financial year | **1,225** | 817 | 572 |
| Amortisation charge | **–** | 408 | 245 |
| Written off | **(1,225)** | – | – |
| End of financial year | **–** | 1,225 | 817 |
| Net book value | **–** | – | 408 |

This represents the value of the customer relationship pursuant to the acquisition of a subsidiary during the financial year ended 31 March 2014.

Amortisation expense of intangible assets is included within "Administrative expenses" in the statement of comprehensive income of discontinued operations.

**19. TRADE PAYABLES AND OTHER LIABILITIES**

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2019** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade payables to: | | | | | | |
| – Non-related parties | **–** | 66 | 75 | **–** | – | – |
| Other payables – non-related parties | **137** | 64 | 36 | **137** | 107 | 36 |
| Accrued operating expenses | **1,818** | 1,536 | 1,058 | **1,818** | 945 | 772 |
| Advance payments from customer | **–** | – | 90 | **–** | – | 90 |
| Advance payments from share option holders | **–** | 1 | 1 | **–** | 1 | 1 |
| Provision for employee termination benefits | **–** | 176 | – | **–** | – | – |
| Provision for warranties | **–** | – | 4 | **–** | – | – |
| | **1,955** | 1,843 | 1,264 | **1,955** | 1,053 | 899 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**19. TRADE PAYABLES AND OTHER LIABILITIES** (continued)

Movement in provision for warranties is as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Beginning of financial year | – | 3 | 3 | – | – | – |
| Provision write-back | – | (3) | – | – | – | – |
| End of financial year | – | – | 3 | – | – | – |

The Group and the Company provide up to one-year warranty on certain products and undertake to repair or replace items that fail to perform satisfactorily. Provisions are made for expected warranty claims based on past experience of the level of repairs and returns. No provision is recognised at the reporting date.

**20. BONDS PAYABLE**

**(a) 2016 December Bonds**

On 29 December 2016, the Company announced that it had, on 27 December 2016, entered into two separate subscription agreements (the "**2016 December Subscription Agreements**") with Mr Low and Mr Tee Wee Sien ("**Mr Tee**") (together, the "**2016 December Subscribers**"), pursuant to which the 2016 December Subscribers agreed to subscribe for bonds in aggregate principal amount of S$4,875,000 to be issued by the Company ("**2016 December Bonds**") (of which S$2,875,000 is subscribed for by Mr Low and S$2,000,000 is subscribed for by Mr Tee) at a subscription price of 100% of the principal amount of the Bonds ("**2016 December Issuance of Bonds**"). The 2016 December Issuance of Bonds have an interest rate of 10% per annum, payable when the 2016 December Bonds mature at the end of six months from the date of the 2016 December Bonds are issued or such other date as may be agreed between the Company and the 2016 December Subscribers.

On 5 June 2017, the Company has entered into two (2) separate supplemental agreements with Mr. Low and Mr. Tee to further extend the repayment date of the 2016 December Bonds (together with the corresponding interests) from 30 June 2017 and 19 July 2017 to 31 August 2018.

On 30 August 2018, the Company obtained the written agreement of each of Mr Low and Mr Tee to further extend the repayment date of the 2016 December Bonds (together with the corresponding interests) from 31 August 2018 to 31 March 2019.

On 13 May 2019, the Company obtained the written agreement of each of Mr Low and Mr Tee to further extend the repayment date of the 2016 December Bonds (together with the corresponding interests) from 31 March 2019 to 31 March 2020.

**20. BONDS PAYABLE** (continued)

**(a) 2016 December Bonds** (continued)

In connection with the 2016 December Issuance of Bonds, the Company had, on 27 December 2016, entered into two separate option deeds with the 2016 December Subscribers respectively, pursuant to which the Company granted the 2016 December Subscribers a total of 740,740,740 share options ("**2016 December Options**"), whereby each of the 2016 December Subscribers is granted 370,370,370 2016 December Options, with each 2016 December Option carrying the right to subscribe for one new Share ("**2016 December Option Share**") at the exercise price of S$0.0162 for each 2016 December Option Share.

On 7 April 2017, the Company announced that an exercise notice was received from Mr Tee to exercise 185,185,185 share options at S$3.0 million, in accordance to the option deed. On 11 April 2017, the exercise was completed and the shares were duly allotted and issued to him.

As at 31 March 2019 and 31 March 2018, except for the above mentioned exercise, none of the 2016 December Options was exercised. The 2016 December Options will expire on 29 December 2019 for Mr Low and 18 January 2020 for Mr Tee.

**(b) 2017 April Bonds**

On 6 April 2017, the Company announced that it had on 5 April 2017, entered into a subscription agreement (the "**2017 April Subscription Agreement**") with Mr Tang Boo Teck ("**Mr Tang**") (the "**2017 April Subscriber**"), pursuant to which the 2018 April Subscriber agreed to subscribe for bonds in aggregate principal amount of S$2,000,000 to be issued by the Company ("**2017 April Bonds**") at a subscription price of 100% of the principal amount of the Bonds ("**2017 April Issuance of Bonds**"). The 2017 April Issuance of Bonds have an interest rate of 15% per annum, payable when the 2017 April Bonds mature at the end of six months from the date of the 2017 April Bonds are issued or such other date as may be agreed between the Company and the 2018 April Subscriber. On 5 June 2017, the Company entered into a supplementary agreement with Mr Tee to amend the repayment date to 6 October 2017 to 31 August 2018. All other terms and conditions remained the same.

On 5 June 2017, the Company has entered into a supplemental agreement with Mr. Tang to further extend the repayment date of the 2017 April Bonds (together with the corresponding interests) from 6 October 2017 to 31 August 2018.

On 30 August 2018, the Company obtained the written agreement of Mr Tang to further extend the repayment date of the 2017 April Bonds (together with the corresponding interests) from 31 August 2018 to 31 March 2019.

On 13 May 2019, the Company obtained the written agreement of Mr Tang to further extend the repayment date of the 2017 April Bonds (together with the corresponding interests) from 31 March 2019 to 31 March 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**20. BONDS PAYABLE** (continued)

**(b) 2017 April Bonds** (continued)

In connection with the 2017 April Issuance of Bonds, on 5 April 2017, the Company entered into an option deed with the 2018 April Subscriber, pursuant to which the Company granted 2017 April Subscriber 200,000,000 share options ("**2017 April Options**") with each 2017 April Option carrying the right to subscribe for one new Share ("**2017 April Option Share**") at the exercise price of S$0.0216 for each 2017 April Option Share.

As at 31 March 2019 and 31 March 2018, none of the 2017 April Options have been exercised. The 2017 April Options will expire on 4 April 2020.

**21. SHARE CAPITAL**

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

| | No. of ordinary shares issued share capital | Amount of share capital $'000 |
|---|---|---|
| Group and Company | | |
| **2019** | | |
| Beginning of financial year and end of financial year | **1,797,792,986** | **71,777** |
| **2018** | | |
| Beginning of financial year | 1,612,607,801 | 68,787 |
| Issuance of new shares pursuant to the 2016 December Options (Note (a)) | 185,185,185 | 3,000 |
| Share issue expenses | – | (10) |
| End of financial year | 1,797,792,986 | 71,777 |

(a) On 7 April 2017, the Company announced that an exercise notice was received from Mr Tee to exercise 185,185,185 2016 December options at $3.0 million, in accordance to the option deed. On 11 April 2017, the exercise was completed and the shares were duly allotted and issued to him.

| | No. of ordinary shares issued share capital | Amount of share capital $'000 |
|---|---|---|
| Group and Company | | |
| **2017** | | |
| Beginning of financial year | 899,627,918 | 51,402 |
| Renounceable and non-underwritten Rights issue | 435,202,106 | 13,056 |
| Share placement | 277,777,777 | 4,500 |
| Share issue expenses | – | (171) |
| End of financial year | 1,612,607,801 | 68,787 |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 22. OTHER RESERVES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 $'000 | 2018 $'000 | 2017 $'000 | 2019 $,000 | 2018 $,000 | 2017 $,000 |
| Composition: | | | | | | |
| Share-based compensation reserve | **2,515** | 2,515 | 2,538 | **2,515** | 2,515 | 2,538 |
| Currency translation reserve | **–** | 158 | (896) | **–** | – | – |
| Capital reserve | **–*** | –* | –* | **–*** | –* | –* |
| | **2,515** | 2,673 | 1,642 | **2,515** | 2,515 | 2,538 |

* *Less than $1,000*

### (i) Share-based compensation reserve

The share-based compensation reserve comprises the cumulative value of employee services received for the issue of share options and share awards.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 $'000 | 2018 $'000 | 2017 $'000 | 2019 $'000 | 2018 $'000 | 2017 $'000 |
| Movements: | | | | | | |
| Beginning of financial year | **2,515** | 2,538 | 3,091 | **2,515** | 2,538 | 3,091 |
| – Write-back of the value of employee services (Note 5(a)) | **–*** | (23) | (553) | **–*** | (23) | (553) |
| End of financial year | **2,515** | 2,515 | 2,538 | **2,515** | 2,515 | 2,538 |

* *Less than $1,000*

Share-based compensation reserve is non-distributable.

### (ii) Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the subsidiaries and joint venture whose functional currency are different from that of the Company.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 $'000 | 2018 $'000 | 2017 $'000 | 2019 $'000 | 2018 $'000 | 2017 $'000 |
| Movements: | | | | | | |
| Beginning of financial year | **158** | (896) | (190) | **–** | – | – |
| Net currency translation differences of financial statements of foreign subsidiaries | **5** | (121) | (706) | **–** | – | – |
| Reclassification on disposal | **(163)** | 1,175 | – | **–** | – | – |
| End of financial year | **–** | 158 | (896) | **–** | – | – |

Currency translation reserve is non-distributable.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 22. OTHER RESERVES (continued)

### (iii) Capital reserve

The capital reserve comprises the call option included in the converted loan.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Beginning and end of financial year | –* | –* | –* | –* | –* | –* |

* *Less than $1,000*

Capital reserve is non-distributable.

## 23. COMMITMENTS

**Operating lease commitments – where the Group is a lessee**

As at 31 March 2019, the Group leases office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

| | Group | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | $'000 | $'000 | $'000 |
| Not later than one year | 13 | 118 | 537 |
| Between one and five years | – | 14 | 337 |
| | 13 | 132 | 874 |

## 24. FINANCIAL RISK MANAGEMENT

**Financial risk factors**

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Financial risk management is integral to the business of the Group. The Group has a system of controls and policies such as authority levels and oversight responsibilities to manage risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

**24. FINANCIAL RISK MANAGEMENT** (continued)

**Financial risk factors** (continued)

The Audit Committee and Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

As a result of the disposal of Artimedia Group and the cessation of the business and operations of CAT, the Company ceased to own and operate any business. The Company became a Cash Company under Rule 1017 of the Catalist Rules. Under Rule 1017(2) of the Catalist Rules, SGX-ST will remove the Company from listing if the Company does not meet the requirements for a new listing within 12 months from the time it became a Cash Company.

On 12 April 2019, SGX-ST advised that it has no objections to a 6-month extension of time from 1 March 2019 to 31 August 2019 for the Company to complete a proposed acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules.

(a) Market risk

*(i) Currency risk*

Entities in the Group are exposed to foreign currency risk on transactions and balances that are denominated currencies other than their respective functional currencies. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD") and Thai Baht ("THB"). To manage the currency risk, individual Group entities use natural hedging for cash foreign currency exposure risk in connection with the foreign currency. The Group does not enter into transactions to hedge against its foreign currency risk.

In respect of other monetary assets and liabilities held in currencies other than SGD, the Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates, where necessary, to address short-term imbalances. The exposure to foreign currencies as at reporting date is not significant to the Group.

As at reporting date, the Group has disposed off its subsidiary in Thailand and is not subject any foreign currency translation risk on the net assets in its foreign operations.

*(ii) Interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing asset or interest-paying liabilities that are based on floating rate, the Group's income is substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**24. FINANCIAL RISK MANAGEMENT** (continued)

**Financial risk factors** (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits. Bank deposits are placed with banks with high credit-ratings assigned by international credit-rating agencies.

As at reporting date, the Group's exposure to credit risk arises from the cash deposit of S$1.0 million placed in an escrow account operated by an escrow agent of a financial institution with high credit rating. The Group is not subjected to more than immaterial expected credit loss.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Note 2.1 of these financial statements describes how the Group continues as a going concern as conditions that indicate material uncertainties related to going concern exists as at the reporting date.

At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11. The Group has no overdraft facility as at the reporting date.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | Less than 1 year $'000 | More than 1 year $'000 |
|---|---|---|
| Group | | |
| **At 31 March 2019** | | |
| Trade payables and other liabilities | **274** | **–** |
| Bonds payable | **8,556** | **–** |
| **At 31 March 2018** | | |
| Trade payables and other liabilities | 949 | – |
| Bonds payable | 7,769 | – |
| Company | | |
| **At 31 March 2019** | | |
| Trade payables and other liabilities | **274** | **–** |
| Bonds payable | **8,556** | **–** |
| **At 31 March 2018** | | |
| Trade payables and other liabilities | 159 | – |
| Bonds payable | 7,769 | – |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

**24. FINANCIAL RISK MANAGEMENT** (continued)

**Financial risk factors** (continued)

(d) Capital risk

The Group defines "Capital" to include share capital, other reserves and accumulated losses.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain or achieve an optimal capital structure so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the working capital requirements of the Group periodically to ensure that there are sufficient financial resources available to meet the needs of the business. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or obtain new borrowings.

There were no changes in the Group's approach to capital management during the financial year. Neither the Company nor any of its subsidiaries are subject to any capital requirements for the financial years ended 31 March 2019 and 2018.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 14 to 16 of the financial statements.

**25. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$'000** | **$'000** |
| Directors' fees (Note 5(a)) | **50** | 36 |
| Wages and salaries (including allowances) | **92** | 851 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | **11** | 33 |
| Other benefits | **1** | 16 |
| | **154** | 936 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 26. SEGMENT INFORMATION

The Company has fully disposed and discontinued the businesses of both its operating subsidiaries during the financial year. As at the reporting date, there are no operating segments requiring segment reporting.

## 27. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

- SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 April 2019)

  SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The Company does not expect a material impact on the financial statements of the Company upon adoption of the standard.

## 28. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Artivision Technologies Ltd. on 6 July 2019.

# STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2019

## SHARE CAPITAL

| | | |
|---|---|---|
| Number of issued shares | : | 1,797,792,986 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per ordinary share (excluding treasury shares and subsidiary holdings) |
| Number of treasury shares and percentage | : | Nil |
| Number of subsidiary holdings and percentage | : | Nil |

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 9 | 0.49 | 426 | 0.00 |
| 100 – 1,000 | 79 | 4.30 | 66,403 | 0.00 |
| 1,001 – 10,000 | 133 | 7.25 | 849,533 | 0.05 |
| 10,001 – 1,000,000 | 1,435 | 78.16 | 305,259,138 | 16.98 |
| 1,000,001 AND ABOVE | 180 | 9.80 | 1,491,617,486 | 82.97 |
| **TOTAL** | **1,836** | **100.00** | **1,797,792,986** | **100.00** |

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

| | DIRECT INTEREST | | DEEMED INTEREST | |
|---|---|---|---|---|
| NAME | NO. OF SHARES | % | NO. OF SHARES | % |
| Ching Chiat Kwong | 395,068,911 | 21.98 | – | – |
| Tee Wee Sien | 186,185,185 | 10.36 | – | – |

# STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2019

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME OF SHAREHOLDER | NO. OF SHARES | % |
|---|---|---|---|
| 1 | CHING CHIAT KWONG | 256,080,246 | 14.24 |
| 2 | TEE WEE SIEN (ZHENG WEIXIAN) | 186,185,185 | 10.36 |
| 3 | DB NOMINEES (SINGAPORE) PTE LTD | 107,656,266 | 5.99 |
| 4 | MAYBANK KIM ENG SECURITIES PTE. LTD | 81,317,797 | 4.52 |
| 5 | RAFFLES NOMINEES (PTE) LIMITED | 71,313,531 | 3.97 |
| 6 | DBS NOMINEES PTE LTD | 32,840,094 | 1.83 |
| 7 | PHILLIP SECURITIES PTE LTD | 27,061,332 | 1.51 |
| 8 | OCBC SECURITIES PRIVATE LTD | 25,850,566 | 1.44 |
| 9 | CITIBANK NOMINEES SINGAPORE PTE LTD | 22,262,666 | 1.24 |
| 10 | CHEN WEI LING | 20,150,900 | 1.12 |
| 11 | UOB KAY HIAN PTE LTD | 18,596,999 | 1.03 |
| 12 | TAN LAE KUAN (CHEN LIJUAN) | 18,525,900 | 1.03 |
| 13 | KUANG ENG KONG @ KUAN YONG KUAN | 17,294,033 | 0.96 |
| 14 | OFER MILLER | 15,111,244 | 0.84 |
| 15 | LOW WOON MING | 14,800,000 | 0.82 |
| 16 | LEE LIN, ELIJAH (LI LIN) | 13,895,300 | 0.77 |
| 17 | LEE KUAN KHENG CANDY (LI GUANGQING) | 13,617,947 | 0.76 |
| 18 | THAM WENG FIE | 13,200,000 | 0.73 |
| 19 | SEAH TENG TENG | 13,000,000 | 0.72 |
| 20 | WONG CHEN NI | 12,582,000 | 0.70 |
| | **TOTAL** | **981,342,006** | **54.58** |

## PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 June 2019 and to the best knowledge of the Directors of the Company, approximately 67.36% of the Company's issued ordinary shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public, as defined in the SGX-ST Listing Manual Section B: Rules of the Catalist ("Catalist Rules"). Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held in the hands of the public.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual 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 Wednesday, 31 July 2019 at 10.00 a.m. to transact the following business:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 ("**FY2019**"), together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Kesavan Nair, a director of the Company ("**Director**"), retiring pursuant to Article 91 of the Company's Constitution and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (i)] **(Resolution 2)**

3. To approve the payment of Directors' fees of S$50,000 for FY2019 (FY2018: S$35,918). **(Resolution 3)**

4. To appoint KPMG LLP as the auditors of the Company in place of the retiring auditors of the Company, PricewaterhouseCoopers LLP, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

   [See Explanatory Note (ii)]

5. To transact any other ordinary business as can be transacted at an Annual General Meeting of the Company.

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments) that may be issued under sub-paragraph (1) above, the percentage of the aggregate number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided that such share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "**subsidiary holdings**" has the meaning given to it in the Catalist Rules;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution; and

(4) (unless revoked or varied by the Company in a general meeting), the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments."

[See Explanatory Note (iii)] **(Resolution 5)**

# NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to grant awards and to allot and issue Shares under the Artivision Technologies Employee Share Award Scheme**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to:

(a) offer and grant share awards under the Artivision Technologies Employee Share Award Scheme (the "**Scheme**"); and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of share awards granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Catalist Rules)) from time to time and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)] **(Resolution 6)**

By Order of the Board

Ms Ong Beng Hong and Ms Tan Swee Gek
Company Secretaries

Date: 16 July 2019

**Explanatory Notes:**

(i) Mr Kesavan Nair will, upon re-election as a Director of the Company, remain as Independent Director of the Company, Chairman of the Nominating Committee and the Remuneration Committee, and member of the Audit Committee. Mr Kesavan Nair does not have any interest in shares, options and other convertible securities in the Company, and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders. The Board considers Mr Kesavan Nair to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further detailed information on Mr Kesavan Nair who is proposed to be re-appointed at the Annual General Meeting of the Company can be found under the sections entitled "**Profile of Directors**" and "**Corporate Governance Report**" of the Company's Annual Report 2019.

(ii) Resolution 4 is to approve the appointment of KPMG LLP as auditors of the Company in place of the retiring auditors of the Company, PricewaterHouse Coopers LLP, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration ("**Proposed Change of Auditors**"). Please refer to the Company's Appendix to Shareholders dated 16 July 2019 for more information on the Proposed Change of Auditors ("**Appendix**").

In accordance with the requirements pursuant to Rule 712(3) of the Catalist Rules:

(a) the retiring auditors of the Company, PricewaterhouseCoopers LLP, have confirmed in writing to KPMG LLP that they are not aware of any professional reasons why the new auditors of the Company, KPMG LLP, should not accept appointment as the new auditors of the Company;

(b) the Company confirms that there were no disagreements with the retiring auditors of the Company, PricewaterhouseCoopers LLP, on accounting treatments within the last 12 months;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that ought to be brought to the attention of shareholders of the Company which has not been disclosed in the Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of the Appendix; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of KPMG LLP as the new auditors of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

(iii) Resolution 5, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to allot and issue Shares, and to make or grant Instruments (such as warrants and debentures) convertible into Shares, and to issue Shares pursuant to such Instruments, up to an aggregate number not exceeding one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

For determining the aggregate number of Shares and Instruments that may be issued, the percentage of the aggregate number of Shares and Instruments will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or sub-division of Shares.

(iv) Resolution 6, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to issue Shares pursuant to the vesting of share awards granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

**Notes:**

1. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the Annual 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 office of the Company's Company Secretary, c/o Wong Tan & Molly Lim LLC, at 80 Robinson Road, #17-02, Singapore 068898 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 Annual 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 Annual General Meeting of the Company (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, proxy lists, minutes and other documents relating to the Annual 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**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*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.*

# APPENDIX

**APPENDIX DATED 16 JULY 2019**

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

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

*Unless otherwise stated, capitalised terms on this cover are defined in this Appendix under the section entitled "DEFINITIONS".*

This Appendix is circulated to Shareholders together with the Annual Report 2019. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for the Proposed Change of Auditors, at the AGM to be held on Wednesday, 31 July 2019 at 10.00 a.m. at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961.

The ordinary resolution proposed to be passed in relation to the Proposed Change of Auditors is set out as Ordinary Resolution 4 in the Notice of AGM dated 16 July 2019, enclosed in the Annual Report 2019.

If you have sold or transferred all your Shares held through the Depository, you need not forward this Appendix, the Notice of AGM and the accompanying Proxy Form to the purchaser or transferee as arrangements will be made by the Depository for a separate Appendix, the Notice of AGM and the accompanying Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificates, you should immediately forward this Appendix, the Notice of AGM and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom you effected the sale or the transfer for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Catalist Rules.

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

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)

**APPENDIX TO SHAREHOLDERS**

**in relation to**

**THE PROPOSED CHANGE OF AUDITORS FROM PRICEWATERHOUSECOOPERS LLP TO KPMG LLP**

# APPENDIX

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# APPENDIX

**DEFINITIONS**

For the purpose of this Appendix, the following definitions apply throughout, unless the context otherwise stated:

| | |
|---|---|
| "ACRA" | The Accounting and Corporate Regulatory Authority of Singapore |
| "AGM" | The annual general meeting of the Company to be convened and held on Wednesday, 31 July 2019 at 10.00 a.m. at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 |
| "Annual Report 2019" | The Company's annual report for the financial year ended 31 March 2019 |
| "Appendix" | This appendix to Shareholders in relation to the Proposed Change of Auditors |
| "Audit Committee" | The audit committee of the Company as at the date of this Appendix, comprising Mr Ng Weng Sui Harry, Mr Goh Tzu Seoh Kenneth and Mr Kesavan Nair |
| "Auditors" | The auditors of the Company as appointed from time to time |
| "Board" | The board of directors of the Company as at the date of this Appendix |
| "Catalist" | The Catalist board of the SGX-ST |
| "Catalist Rules" | The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time |
| "Company" | Artivision Technologies Ltd. |
| "Companies Act" | The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time |
| "Constitution" | The constitution of the Company, as may be amended, modified or supplemented from time to time |
| "Directors" | The directors of the Company as at the date of this Appendix and "**Director**" shall be construed accordingly |
| "Group" | The Company and its subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("**CAT**"), which is in the process of undertaking a members' voluntary winding up |
| "KPMG" | KPMG LLP |

# APPENDIX

| | |
|---|---|
| "**Notice of AGM**" | The notice of AGM dated 16 July 2019 as set out on pages 99 to 102 of the Annual Report 2019 |
| "**Proposed Change of Auditors**" | The proposed change of auditors of the Company, from PWC to KPMG |
| "**PWC**" | PricewaterhouseCoopers LLP |
| "**SFA**" | The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time |
| "**SGX-ST**" | Singapore Exchange Securities Trading Limited |
| "**Shareholders**" | Registered holders of Shares, except where the registered holder is the Depository, the term "**Shareholders**" shall, in relation to such Shares, mean the persons named as Depositors in respect of the number of Shares standing to the credit of their names in the Depository Register |
| "**Shares**" | Ordinary shares in the capital of the Company |

The terms "**Depositor**", "**Depository**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 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 include corporations.

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a date and/or time of day in this Appendix is a reference to Singapore date and time, respectively, unless otherwise stated.

# APPENDIX

**LETTER TO SHAREHOLDERS**

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

**Directors:**

Ng Weng Sui Harry (Non-Executive Chairman and Independent Director)
Goh Tzu Seoh Kenneth (Executive Director and Chief Executive Officer)
Kesavan Nair (Independent Director)

**Registered Office:**

10 Ubi Crescent,
#05-05 Ubi Techpark
Singapore 408564

16 July 2019

**To: The Shareholders of Artivision Technologies Ltd.**

Dear Sir/Madam

## 1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information (including but not limited to explaining the rationale for the Proposed Change of Auditors) pertaining to, and to seek Shareholders' approval for the Proposed Change of Auditors at the AGM. The Notice of the AGM is set out on pages 99 to 102 of the Annual Report 2019.

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

The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

## 2. THE PROPOSED CHANGE OF AUDITORS

### 2.1 Background and rationale

The Company's current Auditors, PWC, have served as the Auditors since the financial year ended 31 March 2012 and were last re-appointed at the annual general meeting of the Company held on 31 July 2018, to hold office until the conclusion of the AGM.

The Company is currently a cash company as defined under Rule 1017 of the Catalist Rules. In view of the conditional sale and purchase agreement dated 27 April 2018 to acquire all the ordinary shares and convertible bonds issued by Mobile Credit Payment Pte. Ltd. (the "**Proposed Acquisition**") which will result in a reverse takeover of the Company, PWC will not seek re-appointment at the AGM. The Directors are of the view that a change of the Auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm and further enhance the value of the audit.

# APPENDIX

KPMG has been appointed as the auditor and reporting accountant with respect to the Proposed Acquisition, and will be the Auditors subsequent to the completion of the Proposed Acquisition. The Audit Committee, after having reviewed and deliberated on the suitability and independence of KPMG and taking into consideration, amongst others, the fee proposal from KPMG, which remains the same as PWC, has nominated and recommended the appointment of KPMG to replace PWC as the Auditors. The Board, having reviewed and considered the recommendation of the Audit Committee, has considered it to be in the best interests of the Company for KPMG to replace PWC as the Auditors.

In this regard, PWC will retire and not seek re-appointment at the AGM and the Company had informed PWC that KPMG has been invited by the Company to accept a nomination as the new Auditors at the AGM, and requested for PWC to provide their professional clearance with respect to their retirement from office as the Auditors on the expiry of their term of office on 31 July 2019. The Directors wish to express their appreciation for the past services rendered by PWC.

KPMG had, on 6 July 2019, given their written consent to act as the Auditors, subject to the approval of Shareholders at the AGM for the Proposed Change of Auditors.

Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the appointment of KPMG as the Auditors in place of PWC must be specifically approved by Shareholders in a general meeting. Accordingly, the appointment of KPMG as the Auditors will be effective upon the approval by Shareholders at the AGM for the Proposed Change of Auditors and, if appointed, KPMG will hold office until the conclusion of the next annual general meeting of the Company.

**2.2 Information on KPMG and the Audit Engagement Partner**

KPMG, a firm of Chartered Accountants in Singapore registered with ACRA, is one of the Big Four largest accounting and business advisory firm in Singapore. It has over 120 partners and a staff strength of about 2,200. It has significant experience acting as auditors for companies listed on the SGX-ST. KPMG has a global network of 154 countries and territories.

The KPMG team assigned to the audit of the Group will be led by the audit engagement partner, Mr Yap Wee Kee ("**Mr Yap**"). He has more than 14 years of audit experience in a wide range of industries, ranging from technology, real estate, consumer and retail, lifestyle, and in various sizes of companies ranging from foreign multinationals to government-linked companies. His experience includes working on cross-border engagements. He also has extensive experience in local and cross-border initial public offering. Mr Yap is currently the audit engagement partner of a number of companies listed on SGX-ST.

Mr Yap is a practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with ACRA. Mr Yap has been subject to the Practice Monitoring Programme review by ACRA and had passed the review.

**2.3 Requirements pursuant to Rule 712 of the Catalist Rules**

KPMG, an established firm of Chartered Accountants in Singapore, is one of the Big Four audit firms in Singapore and is registered with ACRA. The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and has recommended the same to the Board for approval, after taking into consideration the suitability of the new Auditors, including, *inter alia*, the following:–

(a) the fee structure, the adequacy of the resources and experience of KPMG;

# APPENDIX

(b) the experience of the audit engagement partner assigned to the audit of the Group;

(c) KPMG's other audit engagements;

(d) the size, complexity and the nature of the Group's operations; and

(e) the number and experience of the supervisory and professional staff who will be assigned to the audit of the Company and the Group.

The Board, having taken into account the Audit Committee's recommendation, and various factors, is of the opinion that KPMG will be able to meet the audit requirements of the Company and the Group, without compromising the standard and effectiveness of the quality and scope of audit of the Company and the Group. Accordingly, Rules 712(1) and 712(2) of the Catalist Rules have been complied with.

In accordance with the requirements of Rule 712(3) of the Catalist Rules:–

(a) the retiring Auditors, PWC, have confirmed in writing to KPMG that they are not aware of any professional reasons why the new Auditors, KPMG, should not accept appointment as the new Auditors;

(b) the Company confirms that there were no disagreements with the retiring Auditors, PWC, on accounting treatments within the last twelve (12) months up to the date of their retirement;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that ought to be brought to the attention of the Shareholders which has not been disclosed in this Appendix;

(d) the specific reasons for the Proposed Change of Auditors are as disclosed in Section 2.1 above; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of KPMG as the new Auditors.

**2.4 Requirements pursuant to Rule 715 of the Catalist Rules**

Subject to Shareholders' approval at the AGM for the Proposed Change of Auditors, the Company will appoint KPMG as the Auditors and the Company's only subsidiary, CAT, which is incorporated in Singapore.

As at the date of this Appendix, the Company does not have any associated companies.

Accordingly, the Board confirms that Rule 715 of the Catalist Rules will be complied with.

# APPENDIX

## 3. AUDIT COMMITTEE'S CONFIRMATION

The Audit Committee, after having reviewed and deliberated, and after taking into consideration the suitability and independence of KPMG in meeting the audit requirements of the Group, the various factors as set out in Section 2.3 of this Appendix, and compliance with the requirements of the Catalist Rules, has recommended the Proposed Change of Auditors for approval by the Board.

The Audit Committee has not considered the Audit Quality Indicators Disclosure Framework (the "**AQI Framework**") in its entirety when selecting the new Auditors, as the adoption of the AQI Framework is voluntary. However, the Audit Committee has based its selection of KPMG as the proposed new Auditors based on the Company's internal criteria, which includes costs, quality, adequacy of the resources, experience and reputation of the audit firm. In relation to the scope of audit to be undertaken by KPMG as the new Auditors, the Company confirms that there will be no change in the scope of audit from that of PWC.

## 4. DIRECTORS' RECOMMENDATION

The Directors, having fully considered, *inter alia*, the rationale for and benefits of the Proposed Change of Auditors, the adequacy of the resources, experience and reputation of KPMG, the recommendation of the Audit Committee, and all the other relevant information as set out in this Appendix, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution 4 relating to the Proposed Change of Auditors to be proposed at the AGM.

## 5. ANNUAL GENERAL MEETING

The AGM, the notice of which is set out on pages 99 to 102 to of the Annual Report 2019, will be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Wednesday, 31 July 2019 at 10.00 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the resolutions set out in the Notice of AGM (including ordinary resolution 4 relating to the Proposed Change of Auditors).

## 6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote at the AGM on their behalf, will find attached to the Annual Report 2019, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the office of the Company's Company Secretary, c/o Wong Tan & Molly Lim LLC, at 80 Robinson Road, #17-02, Singapore 068898, not later than 48 hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he wishes to do so in place of the proxy. In such event, the relevant Proxy Forms will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by the Central Depository (Pte) Limited at least 72 hours before the time fixed for the AGM.

# APPENDIX

## 7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interest, whether direct or indirect (other than through their respective shareholding interest in the Company) in the Proposed Change of Auditors.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

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

## 9. CONSENTS

PWC and KPMG have given and have not withdrawn their consent to the issue of this Appendix with the inclusion herein of and references to their names and to act in such capacity in relation to this Appendix.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's Company Secretary, c/o Wong Tan & Molly Lim LLC, at 80 Robinson Road, #17-02, Singapore 068898 during normal business hours from the date of this Appendix up to and including the date of the AGM:–

(a) the Constitution of the Company;

(b) the Annual Report 2019;

(c) the letter of consent to act as Auditors from KPMG LLP dated 6 July 2019; and

(d) the professional clearance letter from PricewaterhouseCoopers LLP dated 6 July 2019, pursuant to Rule 712(3)(a) of the Catalist Rules.

Yours faithfully
for and on behalf of the Board of Directors of
**ARTIVISION TECHNOLOGIES LTD.**

**Harry Ng**
**Non-Executive Chairman and Independent Director**

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# ARTIVISION TECHNOLOGIES LTD.

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

**IMPORTANT:**

1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast his vote(s) at the annual general meeting of the Company (the "**Meeting**") in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.

2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## 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 attend, speak and vote for me/us on my/our behalf at the Meeting to be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Wednesday, 31 July 2019 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be 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.

NOTE: The Chairman of the Meeting will be exercising his right under Article 61 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Meeting and at any adjournment thereof. Accordingly, each resolution at the Meeting will be voted on by way of a poll.

| No. | Resolutions | Number of votes | |
|---|---|---|---|
| | | For** | Against** |
| 1 | Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019, together with the Auditor's Report thereon | | |
| 2 | Re-election of Mr Kesavan Nair as a Director of the Company | | |
| 3 | Approval of the payment of Directors' fees of S$50,000 for the financial year ended 31 March 2019 | | |
| 4 | Appointment of KPMG LLP as the auditors of the Company in place of the retiring auditors of the Company, PricewaterhouseCoopers LLP, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors of the Company to fix their remuneration | | |
| 5 | Authority to allot and issue shares in the capital of the Company | | |
| 6 | Authority to allot and issue shares in the capital of the Company under the Artivision Technologies Employee Share Award Scheme | | |

** Voting will be conducted by poll, If you wish to exercise all your votes "For" or "Against" the relevant resolutions, please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

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

_____

Signature of Shareholder(s)
or 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 office of the Company's Company Secretary, c/o Wong Tan & Molly Lim LLC, at 80 Robinson Road, #17-02, Singapore 068898 not less than forty-eight (48) hours before the time appointed for the holding of 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 Annual General Meeting dated 16 July 2019.

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artivision technologies

**Artivision Technologies Ltd.**
10 Ubi Crescent | #05-05 Ubi Techpark
Singapore 408564
T: (65) 6749 7290 | F: (65) 6749 8523
www.arti-vision.com

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2) (b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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.