ARTIVISION TECHNOLOGIES LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200407031R)

NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ARTIMEDIA PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 14 December 2016, entered into a non-binding term sheet (the "**Term Sheet**") with an independent third party (the "**Purchaser**") for the proposed disposal by the Company of the entire issued and paid-up share capital of its wholly-owned subsidiary, Artimedia Pte. Ltd. ("**Artimedia**"), together with Artimedia's wholly-owned subsidiary, Artimedia Technologies Ltd. ("**Artimedial IL**"), to the Purchaser (the "**Proposed Disposal**").

The Term Sheet is intended to set out the basis for further discussion in respect of the Proposed Disposal and is not intended to be legally binding except for provisions dealing with the Exclusivity Period (as defined below in paragraph 2.5), confidentiality and governing law. The Proposed Disposal will be subject to the Company, Artimedia and the Purchaser ("Parties") entering into definitive transaction agreements ("Definitive Agreements") and further details will be announced in the event the Definitive Agreements are entered into by the Parties. Shareholders should note that the terms of the Term Sheet are subject to further negotiations and changes. There is no certainty or assurance that the Definitive Agreements will be entered into and/or that the Proposed Disposal will materialise.

2. INFORMATION ON THE PROPOSED DISPOSAL

2.1. Information on the Disposal Group

Artimedia was incorporated in Singapore on 13 October 2008 and has an issued and paid-up capital of S$945 comprising 945 ordinary shares of S$1 each. It is principally engaged in the business of sales and marketing by providing added value monetisation services for digital advertisement.

Artimedia IL is wholly-owned by Artimedia and is principally engaged in the business of sales and marketing by providing added value monetisation services for digital advertisement and the research and development of media solutions.

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

2.2. Information on the Purchaser

The Purchaser is a company incorporated in the Cayman Islands and operates as an international media-focused mid-market private equity fund with US$50.0 billion in assets under management across complementary private equity and credit businesses. Since its inception in 1989, the Purchaser had invested in over 150 companies and become the leading equity investment firm focused on the media, communications, education and information industries.

The Purchaser was introduced to the Company by STS Capital Partners International Inc. ("**STS Capital**"), an international, boutique mergers and acquisitions firm specialising in sell-side consulting and advisory services for mid-market entrepreneurial and family businesses. Pursuant to a transaction fee agreement entered into between the Company and STS Capital (the "**Transaction Fee Agreement**"), the Company had appointed STS Capital to assist with, *inter alia*, the proposed sale of the Company's assets and to introduce the Company to third parties in connection with such sale. Further, under the terms of the Transaction Fee Agreement, upon completion of the Proposed Disposal, the Company shall pay to STS Capital a success fee equivalent to:

(i) (if the Proposed Disposal is completed after 31 December 2016) 2.5% of the total consideration payable to the Company upon completion of the Proposed Disposal, including gross sale proceeds, the principal amount of any indebtedness owing to the Company as a result of the Proposed Disposal, and the fair market value of any other consideration payable to the Company in respect of the Proposed Disposal (the "**Transaction Value**"); or

(ii) (if the Proposed Disposal is completed before 31 December 2016) 3.0% of the Transaction Value.

2.3. Consideration

Pursuant to the Term Sheet, the aggregate consideration for the Proposed Disposal is S$50.0 million ("**Consideration**"), payable in cash.

The Consideration was arrived at, after arm's length negotiation between the Company and the Purchaser, on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the following factors:

(a) the Disposal Group shall be disposed of to the Purchaser on a cash free and debt free basis and with normalised levels of working capital;

(b) the business prospects of the Disposal Group;

(c) the unaudited net asset value of the Disposal Group as at 30 September 2016; and

(d) the rationale for, and benefits to the Company in respect of, the Proposed Disposal as set out in section 3 of this announcement.

In view of the above, no independent valuation was conducted on the Disposal Group for the purposes of the Proposed Disposal.

2.4. Conditions Precedent

The conditions precedent for the Proposed Disposal shall include customary conditions precedent for transactions of such nature, including but not limited to, satisfactory completion of due diligence, execution of Definitive Agreements, execution of management service contracts and applicable regulatory approvals.

2.5 Exclusivity Period

Parties shall deal exclusively with each other for a period of three (3) months from the date of the Term Sheet ("**Exclusivity Period**") and shall negotiate in good faith the terms and conditions of the Definitive Agreements with a view to executing the Definitive Agreements within the Exclusivity Period. The Exclusivity Period may be extended for another one (1) month by mutual consent of the Parties.

3. RATIONALE FOR THE PROPOSED DISPOSAL

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

(i) the Disposal Group requires a substantial amount of funding to expand its operations and for its business to reach a critical scale. The Disposal Group had incurred losses since the incorporation of Artimedia. Despite various attempts to raise funds in the past, the Company has not been able to obtain adequate funding for the Disposal Group to grow and continue as a viable business going forward. The Proposed Disposal also presents an opportunity for the Company to realise the investments in the Disposal Group and unlock value for the Company's shareholders ("**Shareholders'**"). Based on the indicative Consideration, the Proposed Disposal is expected to yield a gain of about S$38.0 million;

(ii) the Proposed Disposal will enable the Company to secure cash for the immediate funding requirements of the Group, including but not limited to, (a) the redemption of an aggregate of S$4,500,000 bonds issued by the Company to Mr Low See Ching Eric and Ms Poh Chew Hua Christine due on 30 December 2016[1], and payment of interests payable, pursuant to subscription agreements dated 31 December 2015 (details of which are set out in the Company's announcement dated 31 December 2015); (b) the repayment of US$4,000,000 convertible loan granted by NCL Housing Pte. Ltd. to the Company due on 16 April 2017, and payment of interests payable, pursuant to a convertible loan agreement dated 17 April 2015 (details of which are set

[1] The Company, in its announcement on 11 November 2016 in respect of the Group's unaudited results for the second quarter ended 30 September 2016, had stated that the Company had obtained the agreement of one of the two bond holders for the amount of S$2.0 million (including interest due of S$300,000) (out of the total amount of S$4.5 million) to extend the repayment period from 30 December 2016 to 30 June 2017 on the same terms (including interest rate of 15% per annum) as per the subscription agreement dated 31 December 2015.

out in the Company's announcement dated 18 April 2015); and (c) general working capital for the Group's day-to-day operations; and

(iii) with the Proposed Disposal, the Company will also substantially reduce its liabilities, improve its gearing and have funds to be deployed for expansion into other businesses and undertake new investment opportunities that may arise in the future, which may result in higher value to the Shareholders. The Company is considering its options in relation to other business ventures and more information will be provided to Shareholders at the appropriate juncture.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE PROPOSED DISPOSAL

Save for their shareholding interests in the Company (if any), none of the Directors or the substantial Shareholders, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Disposal.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Disposal is subject to the parties entering into the Definitive Agreements and the fulfilment of the conditions precedent set out above and accordingly, should exercise caution when trading in the Shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual Section B:

Rules of Catalist, upon the execution of the Definitive Agreements and/or when there are material developments in respect of the Proposed Disposal.

BY ORDER OF THE BOARD

PHILIP SOH
Non-Executive Chairman
15 December 2016

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

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

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