



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

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**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL  
OF COLIBRI ASSEMBLY THAILAND CO., LTD**

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The board of directors ("**Board**" or "**Directors**") of Artivision Technologies Ltd ("**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement ("**Term Sheet Announcement**") made by the Company on 29 July 2013 in relation to the entry into a term sheet with Lee See Jui, Lee Chew Liang and Loy Boon Suang in connection with the proposed acquisition of 100% of the issued share capital in Colibri Assembly Thailand Co., Ltd ("**CAT**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Term Sheet Announcement.

**1. INTRODUCTION**

Further to the Term Sheet Announcement, the Board wishes to announce that CAT had undergone a capital reorganisation and change in its capital structure after the signing of Term Sheet wherein (i) Lee See Jui transferred 10,000 shares to Lee Kuan Kheng Candy and 5,000 shares to Lee Lin, Elijah; and (ii) Lee Chew Liang and Loy Boon Suang transferred 1,250 shares and 1,250 shares respectively to Lee Lin, Elijah ("**Capital Reorganisation**").

Following the completion of the Capital Reorganisation, the Company had on 23 September 2013 entered into a conditional sale and purchase agreement ("**SPA**") with Lee See Jui, Lee Kuan Kheng Candy and Lee Lin, Elijah (collectively, the "**Vendors**") (together with the Company, the "**Parties**") for the proposed acquisition of the 25,000 existing ordinary shares in the share capital of CAT held by the Vendors ("**Sale Shares**"), representing the entire issued and paid-up share capital of CAT ("**Proposed Acquisition**"). The consideration for the Proposed Acquisition shall be S\$1,900,000 ("**Purchase Consideration**"), to be satisfied by the issuance of 14,615,385 new ordinary shares in the Company ("**Consideration Shares**") at the issue price of S\$0.13 per Consideration Share.

As the relative figure under Rule 1006(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") exceeds 5%, the Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Catalist Rules.

Separately, having considered the extent to which the Proposed Acquisition will result in an expansion of the Group's business to a new geographical market and business sector and change the risk profile of the Group, the Board, with the recommendation of the Audit Committee, will be seeking the approval of shareholders of the Company ("**Shareholders**") at an extraordinary general meeting to be held in due course ("**EGM**") for the Proposed Acquisition.



## 2. THE PROPOSED ACQUISITION

### 2.1 Information on CAT

CAT is a contract manufacturer of disk drive technology products for the US-based multinational corporation, W.L Gore & Associates Inc ("**Gore**"). Gore is a manufacturer of a wide range of innovative high performance products in the fabrics, electrical, industrial and medical fields with sales of over US\$3 billion.

As at the date hereof, CAT has an issued and paid-up share capital of THB25,000,000 divided into 25,000 ordinary shares of THB 1,000 each.<sup>1</sup>

The Vendors' respective shareholding interests in CAT are as follows:

Name of Vendor	No. of Sale Shares
Lee Kuan Kheng Candy	10,000
Lee See Jui	7,500
Lee Lin, Elijah	7,500

Based on the audited financial statements of CAT as at 31 March 2013, CAT had net liabilities of approximately THB7.7 million (equivalent to approximately S\$0.3 million, based on an exchange rate of S\$1 : THB24.96 as at 25 September 2013).

### 2.2 Purchase Consideration

The Purchase Consideration shall be the sum of S\$1,900,000, to be satisfied by the issue of 14,615,385 Consideration Shares at the issue price of S\$0.13 per Consideration Share.

The Purchase Consideration was arrived at on a willing-seller-willing-buyer basis at arms' length negotiation between the parties taking into consideration, *inter alia* the paid-up capital of CAT of THB25.0 million (equivalent to S\$1.0 million, based on an exchange rate of S\$1 : THB24.96 as at 25 September 2013) and the business prospects of CAT.

### 2.3 Salient Terms of the SPA

The Completion (as defined herein) of the Proposed Acquisition is conditional upon the fulfillment (or waiver) of *inter alia*, the following conditions ("**Conditions**"):

- (a) The results of the financial, operational and legal due diligence on CAT being satisfactory to the absolute discretion of the Company.

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<sup>1</sup> As at 25 September 2013, 1,000 THB = S\$40.0601. (Source: Bloomberg)

- (b) CAT entering into a settlement agreement with O.N.O. Flow Co., Ltd and Q.T.T. Co., Ltd for the settlement of all unpaid construction cost for the construction of CAT's existing factory situated at 150/20 Moo 9, Pinthong Industrial Estate 2, Nongkham Sriracha Chonburi 20110, Thailand for an aggregate amount of not more than S\$3,500,000 and upon such terms and conditions satisfactory in the sole and absolute discretion of the Company.
- (c) The execution of a deed ("**Deed of Novation and Waiver**") between the Company, CAT and Gore pursuant to which (i) CAT shall be released and discharged from its rights and obligations contained in the contract for the provision of disk drive filtration technology products between CAT and Gore dated 15 March 2013 (the "**Gore Agreement**") and the Company shall assume the rights and obligations of CAT contained in the Gore Agreement; and (ii) Gore shall waive all its right to terminate the Gore Agreement under clause 7.5 of the Gore Agreement with regard to the transactions contemplated in this SPA, such Deed of Novation and Waiver to be on terms and conditions acceptable to the Company, CAT and Gore.
- (d) The Gore Agreement not having been:
  - (1) terminated by (i) Gore as a result of any breach or default by CAT of any term or condition thereunder; or (ii) CAT for any reason whatsoever;
  - (2) rendered void or unenforceable under any laws applicable to the Gore Agreement; or
  - (3) revised, amended or supplemented or any rights or obligations of any party thereunder waived or discharged, save with the express written approval of the Company or otherwise contemplated under paragraph 2.4(c) above.
- (e) The execution of a deed by CAT and the Vendors pursuant to which the Vendors shall irrevocably and unconditionally discharge CAT from the repayment of outstanding directors' loan amounting to THB16,423,187.03 due and owing by CAT to the directors of CAT, such deed to be on terms and conditions acceptable to the Company and the Vendors.
- (f) The execution of a service agreement between Lee See Jui and the Company pursuant to which Lee See Jui shall be appointed as consultant to the Company and CAT for a minimum period of one (1) year from the Completion Date (as defined herein), such service agreement to be on terms and conditions to be acceptable to the Company and Lee See Jui ("**Service Contract**").
- (g) The Vendors having performed or complied with all their obligations and undertakings in the SPA except for such non-performance or non-compliance that would not result in a material adverse change.
- (h) The Company obtaining financing for the purchase of the Sale Shares on terms satisfactory to the Company at its sole and absolute discretion.



- (i) The approval for the listing and quotation of the Consideration Shares being obtained from the SGX-ST ("**SGX Approval**") on conditions acceptable to the Company, and any conditions attached to the SGX Approval which is required to be fulfilled on or before the Completion Date having been fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST.
- (j) Notification by CAT of the proposed sale of Shares from the Vendors to the Company (and/or its nominees, if any) to the Office of the Board of Investment of Thailand.
- (k) The absence of any material breach of the representations or warranties by either party contained in the SPA.
- (l) The approval of the SGX-ST and the shareholders of the Company for the Proposed Acquisition.

The completion of the Proposed Acquisition ("**Completion**") shall take place 3 Business Days after the satisfaction or waiver of the Conditions or such other date as may be mutually agreed to by the Parties ("**Completion Date**").

#### 2.4 Rationale for the Proposed Acquisition

The Proposed Acquisition will allow the Company to diversify its portfolio of technology businesses from security surveillance and online media to contract manufacturing of disk drive technology products. This is in line with the Company's strategic plans and on-going efforts to pursue suitable new investments to enhance Shareholders value.

The Directors believe that the Proposed Acquisition will allow the Group to explore viable business opportunities and this could enhance Shareholders' value over the long term. The Board considers the Proposed Acquisition to be in the interest of and beneficial to the Group.

### 3. **THE PROPOSED ACQUISITION AS A DISCLOSABLE TRANSACTION**

Based on the latest unaudited consolidated financial statements of the Group and CAT (after making certain adjustments in line with the Group's accounting policies) for the 3-month financial period ended 30 June 2013, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst of the SGX-ST ("**Catalist Rules**") are set out below:

		<b>Relative figure computed in accordance with the bases set out in Rule 1006</b>
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable to an acquisition of assets

		Relative figure computed in accordance with the bases set out in Rule 1006
Rule 1006(b)	Net loss <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net loss.	48.06%
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation <sup>(2)</sup> based on the total number of issued shares excluding treasury shares.	2.34%
Rule 1006(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	2.65%
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

**Notes:**

- (1) Net loss means the loss before income tax, minority interests and extraordinary items. The net loss of CAT has been adjusted to be in line with the Group's accounting policies. The net loss attributable to the Sale Shares is approximately S\$648,000, compared with the Group's net losses of approximately S\$1,348,000 for the three (3) month period ended 30 June 2013.
- (2) Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by the multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA. As at 20 September 2013, the market capitalisation of the Company is S\$81.15million.

**4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The pro forma financial effects of the Proposed Acquisition, based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2013 and the audited accounts of CAT from 26 April 2012 (date of incorporation) to 31 March 2013 (having considered the adjustments made in line with the Group's accounting policies) are set out below. Such financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the earnings per share (“**EPS**”) are computed assuming that the Proposed Acquisition was completed at the beginning of the financial period. The financial effects on the net tangible asset (“**NTA**”) are computed assuming that the Proposed Acquisition was completed at the end of the financial period;
- (b) the carrying value of the assets and liabilities of CAT approximates their fair value. The fair value adjustments on the net assets of CAT and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered and will be determined on the completion of the Proposed Acquisition when the Company has effectively gained control of CAT;
- (c) the Consideration Shares were issued at an issue price of S\$0.13 per Consideration Share
- (d) the Gore Agreement will be automatically renewed for another 1 year. This customer relationship is assumed to be an intangible asset which will be amortised over a period of 5 years on a straight-line basis. As the value of the intangible asset can only be determined upon completion of the Proposed Acquisition, the actual value of the intangible asset could be materially different from the assumption used above. Any intangible asset arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Group; and
- (e) the Vendors having discharged CAT from the repayment of outstanding directors’ loan amounting to THB23,891,241.05 as at 31 March 2013. The difference between this amount and the amount outstanding of THB16,423,187.03 as at the date of SPA (as referenced in paragraph 2.3(e) above) is due to further loans extended by the Vendors and the capitalisation of directors’ loans amounting to THB18,750,000 after 31 March 2013.

The pro forma financial effects presented below are for illustrative purposes only and are not intended to reflect the actual future financial situation of the Group upon Completion.

#### 4.1 NTA

Assuming that the Proposed Acquisition had been completed on 31 March 2013, the NTA of the Group for the financial year ended 31 March 2013 would be as follows:

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA (S\$’000)	2,967	4,867
Number of shares (excluding treasury shares)	551,603,256	566,218,641
NTA per share (S\$ cents)	0.54	0.86

#### 4.2 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(Loss) <sup>(1)</sup> attributable to shareholders (S\$'000)	(4,846)	(4,445)
Weighted average number of ordinary shares	537,005,722	551,621,106
Basic EPS (S\$ cents)	(0.90)	(0.81)

**Note:**

(1) Profit/(Loss) mean the profit/(loss) after income tax, minority interests and extraordinary items.

#### 5. **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

None of the Directors or controlling shareholders of the Company has any direct or indirect interests in the Proposed Acquisition (other than through their shareholdings in the Company).

#### 6. **DETAILS OF ANY SERVICE CONTRACTS**

As a condition to completion of the Proposed Acquisition, the Company will enter into a service contract with Lee See Jui pursuant to which Lee See Jui shall be appointed as a consultant to the Company and CAT for a minimum period of one (1) year from the Completion Date.

#### 7. **CIRCULAR**

A circular to the Shareholders ("**Circular**") setting out the information in respect of the Proposed Acquisition, together with a notice of the EGM, will be despatched to Shareholders in due course.

#### 8. **INDEPENDENT VALUATION**

The Company has appointed Tay Swee Sze & Associates ("**Valuer**"), a public accounting firm, to conduct an independent valuation of CAT in respect of the Proposed Acquisition. The report of the independent valuation will be set out in the Circular to be despatched to Shareholders in due course.



## 9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, 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.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 67 Ubi Avenue 1 #06-02/03 Starhub Green, Singapore 408942 for three (3) months from the date of this announcement.

## 11. ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

**Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfillment of, *inter alia*, 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.**

By Order of the Board

**PHILIP SOH**

Non-Executive Chairman

26 September 2013

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The 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 Mr Chia Beng Kwan, Deputy Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.