



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

**Proposed Issue of S\$5,000,000 in Aggregate Principal Amount of Convertible
Loan Due 2013**

1. Introduction

The Board of Directors of Artivision Technologies Ltd (the “**Company**” or the “**Borrower**”, and together with its subsidiaries, the “**Group**”), wishes to announce that it has on 4 January 2012 entered into a convertible loan agreement (the “**Loan Agreement**”) with Ching Chiat Kwong (the “**Lender**”), pursuant to which the Lender has agreed to grant to the Company loans of up to S\$5,000,000 in principal amount (the “**Loans**”), convertible into such number of new ordinary shares in the share capital of the Company (the “**Conversion Shares**”) at an issue price of S\$0.20 for each Conversion Share on the terms and subject to the conditions therein.

Pursuant to the Loan Agreement, the Company has granted the Lender and Christine Poh Chew Hua (the “**Nominee**”) the right to subscribe for such number of shares in the share capital of the Company (the “**Option Shares**”) at an issue price of S\$0.18 for each Option Share, subject to a maximum subscription amount of S\$1.25 million for each of the Lender and Nominee (the “**Call Option**”).

The Lender and Nominee were introduced to the Company by the Company’s Chairman, Mr Philip Soh. They are not related to any of the Directors of the Company.

None of the Lender or the Nominee is a substantial shareholder of the Company, or any other entity/person in the categories set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2. Application to the Singapore Exchange Securities Trading Limited (“SGX-ST”)

An application will be made to the SGX-ST in due course for the Conversion Shares and the Option Shares to be admitted to the SGX-Catalist and be listed for quotation on the SGX-ST. The SGX-ST’s in-principle approval, if given, shall not be construed as an indication of the merits of the Company’s shares (the “**Shares**”), the Loans, the Conversion Shares, the Option Shares or the Group.

3. Principal Terms of the Loan Agreement

The principal terms of the Loans are summarised as follows:

Principal Amount	:	Up to S\$5.0 million.
Drawdown	:	The Loans may be drawn down in one lump sum or in tranches (each a Loan), in which event all the terms and conditions of the Loan Agreement shall (where applicable) <i>mutatis mutandis</i> apply to each Loan.
Interest Rate	:	The Loans shall bear interest at the rate of 8% per annum compounded daily, from the date of the draw down (the “ Drawdown Date ”) to the date of the repayment or conversion (both dates inclusive).
Maturity Date	:	The Loans shall be due and repaid on the date falling 12 months after the first Drawdown Date, or such later date as may be determined by the Lender at its sole discretion (the “ Maturity Date ”).
Conversion Right		<p>All (and not some only) of the Loans shall be converted into Conversion Shares after the Lender has delivered a conversion notice at any time after the Disbursement Date (the “Conversion Notice”). The Conversion Shares will, when issued be freely transferable, free and clear of all liens, encumbrances, security interests or rights of third parties and will not be subject to calls for further funds.</p> <p>The Company shall, as soon as practicable after the delivery of the Conversion Notice and within three (3) business days after the delivery of the Conversion Notice to the Company, allot and issue to the Lender the Conversion Shares and such issue and allotment shall be in satisfaction of the Loans up to and including the date of conversion.</p>
Issue Price of the Conversion Shares	:	<p>The issue price of the Conversion Shares shall be S\$0.20 for each Conversion Share (the “Conversion Price”).</p> <p>The Conversion Price represents a premium of approximately 18.3% to the closing price of the Shares of S\$0.169 on 3 January 2012, being the last market day immediately preceding the date of the Loan Agreement on which Shares were traded on the SGX-ST.</p>
Call Option	:	<p>The issue Price of the Option Shares shall be S\$0.18 for each Option Share (the “Option Price”).</p> <p>The Conversion Price represents a premium of</p>

		<p>approximately 6.5% to the closing price of the Shares of S\$0.169 on 3 January 2012, being the last market day immediately preceding the date of the Loan Agreement on which Shares were traded on the SGX-ST.</p> <p>The Call Option may be exercised by the Lender and the Nominee in various tranches, during the period of 12 months from the first Drawdown Date, subject to a minimum subscription amount of S\$250,000 for each tranche and the minimum amount to be subscribed for by the Lender and the Nominee shall be S\$125,000 for each tranche.</p>
<p>Status of the Conversion Shares and the Option Shares</p>	<p>:</p>	<p>The Conversion Shares and the Option Shares, when issued, shall be freely transferable, free and clear of all liens, encumbrances, security interests or rights of third parties and shall rank <i>pari passu</i> with the then existing Shares, and will be admitted for listing on the SGX-ST.</p>

4. Undertaking by Controlling Shareholder

Algotech Holdings Limited (“**Algotech**”), the Company’s controlling shareholder, holding 175,866,000 shares representing approximately 35.3% of the total number of issued Shares of the Company, shall not without the prior written consent of the Lender dispose of any of its Shares on or before the Maturity Date. In addition, Algotech shall not dispose of any of its Shares for a period of two months after the later of (i) the conversion of the Loan into Conversion Shares, (ii) the exercise of the Call Option and (iii) the Maturity Date.

Algotech will vote in favour of any resolution tabled at a general meeting of the Company to provide the general or specific mandate to authorize the Directors to allot and issue the Conversion Shares and the Option Shares.

5. Conditions Precedent

The obligations of the Lender to make available the Loans to the Borrower are subject to the fulfillment of conditions precedent including, but not limited to, the following:-

- (a) approval in-principle for the listing and quotation of the Conversion Shares and the Option Shares on the SGX-ST (on conditions, if any, reasonably acceptable to the Company and the Lender) having been obtained and such approval being in full force and effect;
- (b) the extension of the Loans by the Lender to the Company, and the issue and allotment by the Company and subscription by the Lender, of the Conversion Shares and the Option Shares in accordance with the provisions of the Loan Agreement not being prohibited by any statute, order, rule, regulation, ruling, direction or request promulgated or made hereafter, whether or not having the force of law, by any legislative,

executive or regulatory body or authority of Singapore (including the SGX-ST and the Securities Industry Council);

- (c) all representations, undertakings and warranties of the Company under the Loan Agreement being complied with, and remaining true, accurate and correct as at the date of the Loan Agreement and each day up to and including the Drawdown Date;
- (d) there not having been at any time hereafter any material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of the Group from that set forth in the audited accounts of the Group for the financial year ended 31 March 2011; and
- (e) the Lender being satisfied, on or before the Drawdown Date, that the business of the Group has been carried on in the ordinary and usual course, consistent with past practices, and that the Company has not disposed of any material assets or assumed or incurred any material liabilities (including contingent liabilities) other than those in connection with its ordinary course of business.

6. Mandate for the Issue of the Conversion Shares and the Option Shares

The Conversion Shares and the Option Shares will be allotted and issued pursuant to the general share issue mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 27 July 2011.

Assuming that the aggregate amount of the Loans of S\$5.0 million were converted into Conversion Shares and the Lender and Nominee subscribed for, in aggregate, S\$2.5 million of Option Shares, a total of 25,000,000 Conversion Shares and 13,888,888 Option Shares will be issued by the Company. The Conversion Shares and Option Shares represent (i) approximately 7.8% of the existing issued and paid-up share capital of the Company (excluding treasury shares) as at the date of this announcement and (ii) approximately 7.2% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion Shares and Option Shares.

7. Use of Proceeds

The proceeds from the Loans are intended to be used as general working capital of the Group.

For the six-month period ended 30 September 2011 the Group incurred losses of S\$2.5 million and had net liabilities of S\$8,000. The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration Algotech's letter of financial support to the Group for a period of 15 months from 31 March 2011, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the view that the Loans would augment the working capital position of the Group. In addition, the Loans, when converted, would also

strengthen the Group's financial position by enlarging its capital base which would enhance its financial flexibility to capitalise on potential growth opportunities.

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration Algotech's letter of financial support to the Group for a period of 15 months from 31 March 2011 and the proceeds from the Loans, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcements on the utilisation of the proceeds from the Loans as and when they are materially disbursed, and provide a status report on the use of the proceeds in the Company's annual report.

8. Financial Effects of the Loans

Solely for the purposes of illustration only and assuming the full conversion of the Loans into Conversion Shares at the Conversion Price during the financial year ending 31 March 2012, the financial effects of the Loans and the Conversion Shares on the Company's share capital, earnings per Share, net asset value per Share and gearing are as follows:-

Share Capital

	As at 30 September 2011	After issuance of the Loan	After conversion into Conversion Shares
Issued share capital (S\$'000)	27,910	27,910	32,910
Total number of issued shares	498,067,756	498,067,756	523,067,756

Earnings⁽¹⁾

	As at 30 September 2011	After issuance of the Loan	After conversion into Conversion Shares
Loss for the period (S\$'000)	2,445	2,645	2,645
Weighted average number of issued shares	498,067,756	498,067,756	498,136,249
Loss per share (S\$ cents)	0.49	0.53	0.53
Fully Diluted Loss per share (S\$ cents)	0.49	0.53	0.53

Note:

- (1) Assuming that the Loans were disbursed at the beginning of the financial year, being 1 April 2011.

Net Asset Value ("NAV") ⁽¹⁾

	As at 30 September 2011	After issuance of the Loan	After conversion into Conversion Shares
NAV (S\$'000)	(8)	(8)	4,992
NAV per share (S\$ cents)	(0.002)	(0.002)	0.95

Note:

(1) Assuming that the Loans were disbursed at the end of the six-month period ended 30 September 2011.

Gearing

	As at 30 September 2011	After issuance of the Loan	After conversion into Conversion Shares
Total Borrowings (S\$'000)	2,750	7,750	2,750
Shareholders' Funds (S\$'000)	(8)	(8)	4,992
Gearing ratio	Not applicable	Not applicable	0.55

For the purpose of the above gearing calculation, "gearing" means the ratio for "Total Borrowings" to "Shareholders' Funds", and "Total Borrowings" means the aggregate borrowings from banks and financial institutions and other loans.

8. Interest of Directors or Controlling Shareholders

None of the Directors or controlling shareholders of the Company has direct or indirect interest in the above contract. The Directors are also not aware of any substantial shareholders that have any direct or indirect interest in the above contract.

BY ORDER OF THE BOARD

PHILIP SOH
CHAIRMAN
6 January 2012

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

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