



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

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**CONVERTIBLE LOAN AND GRANT OF OPTIONS  
TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

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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 17 April 2015, entered into an agreement (the “**Convertible Loan Agreement**”) with NCL Housing Pte. Ltd. (the “**Lender**”), pursuant to which the Lender has agreed to grant to the Company a loan of up to US\$4,000,000 in principal amount (the “**Loan**”), convertible into such number of new ordinary shares in the capital of the Company (the “**Conversion Shares**”) on the terms and subject to the conditions of the Convertible Loan Agreement.

In connection with the Loan, the Company has granted the Lender a right for the Lender to subscribe for up to 21,231,422 new ordinary shares (“**Option Shares**”) at the exercise price of US\$0.0942 per Option Share (“**Exercise Price**”), on the terms and subject to the conditions of the Convertible Loan Agreement (“**Option**”). In the event the Option is fully exercised, the proceeds thereof would amount to approximately US\$2,000,000.

The Lender was introduced to the Company by Mr Philip Soh (Non-Executive Chairman of the Company). The Lender is a private limited company incorporated in Singapore and is principally engaged in the business of designing, building and operating foreign workers dormitories in Singapore. The Lender is also an investment holding company.

The Lender and its shareholders are not related to any of the Directors, substantial shareholders of the Company or their respective associates. The Lender is not 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 Catalyst (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

**2. Application for Listing and Quotation**

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

### 3. Principal Terms of the Convertible Loan Agreement

The principal terms of the Convertible Loan Agreement are summarized as follows:

<b>Principal Amount</b>	:	US\$4,000,000 in the following two (2) tranches:  (i) US\$2,700,000 (" <b>First Tranche Loan</b> "); and  (ii) US\$1,300,000 (" <b>Second Tranche Loan</b> ").
<b>Drawdown</b>	:	Pursuant to the terms of the Loan Agreement, the First Tranche Loan has been disbursed to the Company as at 17 April 2015 (" <b>1<sup>st</sup> Drawdown Date</b> ").  The Second Tranche Loan shall be released and disbursed to the Company at any date on or before 30 April 2015 (" <b>2<sup>nd</sup> Drawdown Date</b> ").
<b>Maturity Date</b>	:	The Loan shall be due and payable on the date falling 24 months from the 1 <sup>st</sup> Drawdown Date (the " <b>Maturity Date</b> ").
<b>Interest Rate</b>	:	The Loan shall bear interest at a rate of 15% per annum (" <b>Interest</b> ") calculated on the basis of actual days elapsed on a 365-days year and shall be payable by the Company six-monthly in arrears on the last business day of each calendar month, and on such date(s) on which the Loan (or any part thereof) has been converted, as well as on the Maturity Date.  Parties to the Convertible Loan Agreement have agreed that provided the Second Tranche Loan has been disbursed in accordance with the Convertible Loan Agreement, the Interest shall be computed on the entire amount on the Loan from the agreed drawdown date of the First Tranche Loan.
<b>Repayment</b>	:	The Company shall repay the outstanding principal sum of the Loan together with all accrued and unpaid interest thereon, on or before the Maturity Date.
<b>Conversion Right</b>	:	Subject to the Listing and Quotation Notice being obtained by the Company, the Loan (or any part there) may be converted by the Lender from time to time into Conversion Shares at a conversion price of US\$0.0942 per Conversion Share (" <b>Conversion Price</b> ").
<b>Grant of Option</b>	:	Subject to the Loan being disbursed to the Company in its entirety and the Listing and Quotation Notice being obtained by the Company, the Lender shall have a right to subscribe for (in one or more tranches) 21,231,422 Option Shares at the Exercise Price of US\$0.0942 per Option Share. The right to subscribe is exercisable

		any time from the 2nd Drawdown Date to a date falling 24 months from the 1 <sup>st</sup> Drawdown Date.
<b>Status of the Conversion Shares and the Option Shares</b>	:	The Conversion Shares and the Option Shares, when issued, shall be free from all encumbrances, and shall rank <i>pari passu</i> in all respects with existing Shares save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Conversion Shares or Option Shares (as the case may be) and will be admitted for listing on the SGX-ST.

The Conversion Price and Exercise Price of US\$0.0942 (or approximately S\$0.128, based on an exchange rate of S\$1.36 to US\$1) represents a premium of approximately 34.7% to the volume weighted average price of S\$0.095 of Shares for trades done on the SGX-ST on 17 April 2015, being the full market day on which the Shares were traded on the date of the Convertible Loan Agreement.

#### 4. Conditions Precedent

The obligations of the Lender to make available the Loan to the Company are subject to the fulfilment of conditions precedent including, but not limited to, the following:

- (a) the extension of the Loan by the Lender to the Company, as well as the issue and allotment by the Company of, and subscription by the Lender for, the Conversion Shares and the Option Shares, in accordance with the provisions of the Convertible Loan Agreement not being prohibited by any statute, order, rule, regulations, 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);
- (b) all representations, undertakings and warranties of the Company under the Convertible Loan Agreement being complied with, and remaining true, accurate and correct as at the date of the Convertible Loan Agreement and each day up to and including the 1<sup>st</sup> Drawdown Date;
- (c) 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 2014 (save and except as announced by the Company on SGXNET); and
- (d) the Lender being satisfied (acting reasonably), on or before the 1<sup>st</sup> 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.

## 5. Mandate for the Issue of the Conversion Shares and the Option Shares

The Conversion Shares and 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 30 July 2014.

Assuming that the entire amount of the Loan of US\$4,000,000 is converted into Conversion Shares and the Option is exercised in full, 42,462,845 Conversion Shares and 21,231,422 Option Shares will be issued by the Company, amounting to an aggregate of 63,694,267 Shares (“**Conversion and Option Shares**”). The Conversion and Option Shares represent (i) approximately 7.17% 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 6.69% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion and Option Shares.

## 6. Use of Proceeds

Under the terms of the Convertible Loan Agreement, the Company shall apply the Loan proceeds (which amount to a maximum of US\$4.0 million (or approximately S\$5.4 million, based on an exchange rate of US\$1.36 to S\$1)) towards general working capital purposes.

The Directors are of the view that the Loan would augment the working capital position of the Group. In addition, the Loan, when converted, would also strengthen the Group’s financial position by enlarging its capital base which would enhance its financial flexibility to capitalize on potential growth opportunities.

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration the existing bank balance and the Loan proceeds, the working capital available to the Group is sufficient to meet its present requirements.

As and when the Option is exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards repayment of the Group’s borrowings, investment purposes, working capital and/or such other purposes as the Directors may deem fit.

The Company will make periodic announcements on the utilization of the Loan proceeds and the proceeds from the exercise of the Option by the Lender, as and when they are materially disbursed and provide a status report on the use of proceeds in the Company’s annual report. Where there is any material deviation from the stated use of proceeds from the Loan and the exercise of the Option, the Company will announce the reasons for such deviation.

## 7. Financial Effects of the Loan and the Option

It is not possible to determine precisely the financial effects the Loan and the Option would have on the Company or the Group until the Loan has been fully converted or repaid or the Option fully exercised. However, **solely for the purposes of illustration only**, the Company has set out the financial effects of the Loan, the Conversion Shares and the Option Shares on the Company’s share capital, earnings per Share, net tangible assets per Share and gearing, based on the

unaudited consolidated financial statements of the Group for the nine-month period ended 31 December 2014 (“9M2015”). The financial effects set out below are on the following bases and assumptions:

- (i) the full conversion of the Loan into 42,462,845 Conversion Shares at the Conversion Price;
- (ii) the full exercise of the Option into 21,231,422 Option Shares;
- (iii) the financial impact on the earnings per Share is computed based on the assumption that the Loan was fully disbursed, and the Loan and Option was fully converted and exercised, respectively, at the beginning of the nine-month period, being 1 April 2014;
- (iv) the financial impact on the net tangible assets per Share is computed based on the assumption that the Loan was fully disbursed, and the Loan and Option was fully converted and exercised, respectively, at the end of the nine-month period, being 31 December 2014; and
- (v) an exchange rate of S\$1.36 : US\$1.

#### Share Capital

	<b>As at 31 December 2014</b>	<b>After conversion of Loan and issue of the Conversion Shares</b>	<b>After (i) conversion of Loan and issue of the Conversion Shares; and (ii) exercise of Option and issue of Option Shares</b>
Issued and paid-up share capital (S\$'000)	50,731	56,171	58,891
Total Number of Issued Shares	888,427,918	930,890,763	952,122,185

#### Earnings per Share

	<b>9M2015</b>	<b>After conversion of Loan and issue of the Conversion Shares</b>	<b>After (i) conversion of Loan and issue of the Conversion Shares; and (ii) exercise of Option and issue of Option Shares</b>
Loss for the period	2,240	2,240	2,240

(S\$'000)			
Weighted average number of issued share	869,016,993	911,479,838	932,711,260
Loss per Share (S\$ cents)	0.26	0.25	0.24
Fully Diluted Loss per Share (S\$ cents)	0.26	0.25	0.24

Net Tangible Assets ("NTA") per Share

	<b>As at 31 December 2014</b>	<b>After conversion of Loan and issue of the Conversion Shares</b>	<b>After (i) conversion of Loan and issue of the Conversion Shares; and (ii) exercise of Option and issue of Option Shares</b>
NTA (S\$'000)	7,932	13,372	16,092
NTA per Share (S\$ cents)	0.89	1.44	1.69

Gearing

	<b>As at 31 December 2014</b>	<b>After conversion of Loan and issue of the Conversion Shares</b>	<b>After (i) conversion of Loan and issue of the Conversion Shares; and (ii) exercise of Option and issue of Option Shares</b>
Total Borrowings (S\$'000)	2,750	2,750	2,750
Shareholders' Funds (S\$'000)	8,893	14,333	17,053
Gearing Ratio	0.31	0.19	0.16

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. Interests Of Directors And Substantial Shareholders**

None of the Directors and substantial shareholders of the Company, or any other persons listed in Rule 812(1) of the Catalist Rules of the SGX-ST, has any interest, direct or indirect, in the Convertible Loan Agreement, save for their interests arising by way of their shareholdings in the Company.

#### **9. Documents Available For Inspection**

A copy of the Convertible Loan Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 67 Ubi Avenue 1 #06-02/03 Starhub Green, Singapore 408942 for three months from the date of this announcement.

#### **10. 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 Loan, the Option, 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 this announcement in its proper form and context.

#### **BY ORDER OF THE BOARD**

PHILIP SOH  
Non-Executive Chairman  
18 April 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**"), 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.*

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