



Securities Investors Association (Singapore)

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Issuer: Artivision Technologies Ltd.

Security: Artivision Technologies Ltd.

Meeting details:

Date: 31 July 2018

Time: 10.00 a.m.

Venue: 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961

Company Description

Artivision Technologies Ltd., an investment holding company, provides contract manufacturing of disk drive technology products for public and private sector customers worldwide. It is also involved in developing and licensing computer vision technologies; and inventing, manufacturing, producing, and/or marketing of various machine vision based on applications and solutions for media publishers and media content providers. The company was founded in 2004 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5NK)

1. As noted in the Message to shareholders, the group's contract manufacturing business ceased operations and is undertaking a members' voluntary winding up. With effect from 27 February 2018, under Rule 1017 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the company was considered a cash company.

On 27 April 2018, the company announced that it had entered into a conditional sale and purchase agreement to acquire all the ordinary shares and convertible bonds issued by Mobile Credit Payment Pte. Ltd. ("MC Payment", and together with its subsidiaries, the "MCP Group"), which if successfully completed, will result in a reverse takeover of the company.

- (i) Can the board help shareholders understand who is leading the group's negotiation in the proposed acquisition?**
- (ii) What is the collective experience of the board and management in evaluating, structuring and valuing high-tech early-stage companies?**
- (iii) What guidance has the board given to management on how to structure the proposed acquisition so that it is prudent and adequately recognise the downside risks?**
- (iv) What is the level of due diligence that will be carried out with regard to this proposed acquisition?**
- (v) With the execution of the Sale and Purchase Agreement on 27 April 2018, what are the outstanding milestones before the completion of the proposed acquisition?**
- (vi) When is the acquisition expected to be completed?**

2. On 2 July 2018, the company announced that the company's independent auditor, had, without qualifying its audit opinion, included in the Independent Auditor's Report, a material uncertainty related to going concern in the audited financial statements of the group for the financial year ended 31 March 2018.

The material uncertainty related to going concern stated that the group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by S\$5.0 million and S\$5.0 million respectively.

As at 31 March 2018, the group had \$2.3 million in cash and cash equivalents.

- (i) Can the board confirm that, with the cessation of operations in Thailand, the group no longer has any key management personnel other than the Executive director and CEO?**
- (ii) What is the current staff strength? What is the current burn-rate?**

The company reported on 6 July 2018 that cash and bank balances and other receivables amount to \$1.8 million while its liabilities exceeded \$8.0 million.

(iii) What are the cost-cutting efforts by management to reduce its cash burn rate during this period?

3. As noted in the Director's profile (page 7), Mr Kesavan Nair was appointed as an independent director on 5 May 2017 and he sits on the boards of several companies listed on SGX-ST, namely Kitchen Culture Holdings Ltd, Arion Entertainment Singapore Limited, HG Metal Manufacturing Ltd and IEV Holdings Limited.

The company's annual general meeting is scheduled on Tuesday, 31 July 2018 at 10.00 a.m. at Lion Building at 16 Arumugam Road.

Mr Kesavan Nair is the chairman of the nominating committee, and a member of the audit committee and the remuneration committee (RC) with effect from 5 May 2017. He was subsequently appointed as chairman of the RC with effect from 28 May 2018.

As one of two independent directors on the board (whose board size is just three), Mr Nair's attendance at the AGM will greatly enhance the effectiveness of the meeting.

(i) Can the company/Mr Nair confirm that Mr Nair will be present at the company's annual general meeting?

It is observed that Mr Nair is seeking his re-election at the AGM of another listed company, which is holding their AGM on Tuesday, 31 July 2018 at 10.00 a.m. at the Suntec City Guild House, Suntec Tower 5.

(ii) Would Mr Nair be reviewing his other commitments so that shareholders are certain that he is able to devote sufficient time, energy and attention to the company's affairs, especially as the company is in a net deficit position and is preparing for a reverse takeover?

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Artivision%20Technologies%20Ltd>

The company's response could be found here: -----