



MANUFACTURING INTEGRATION TECHNOLOGY LTD

(Company Registration Number 199200075N)
(Incorporated in the Republic of Singapore)

TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CERTAIN SUBSIDIARIES OF MANUFACTURING INTEGRATION TECHNOLOGY LTD

1. Introduction

The board of directors (the “**Board**” or “**Directors**”) of Manufacturing Integration Technology Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 8 January 2018, entered into a non-binding term sheet and a supplemental term sheet (collectively the “**Term Sheet**”) with China Fortune-Tech Capital Co., Ltd (“**CFTC**”) in relation to the proposed disposal by the Company of the entire issued and paid-up share capital of certain subsidiaries of the Company (the “**Target Companies**”) (the “**Proposed Disposal**”).

The Term Sheet is intended to set out the preliminary framework for further discussions between the Company and CFTC (collectively, the “**Parties**”) in respect of the Proposed Disposal and is not intended to be legally binding, except for certain legally binding provisions relating to, amongst others, exclusivity and confidentiality. The Term Sheet is subject to the Company and CFTC or its nominee (the “**CFTC Designated Nominee**”) entering into definitive agreements in relation to the Proposed Disposal (the “**Definitive Agreements**”) on terms to be agreed between the Parties, and further details will be announced in the event the Definitive Agreements are entered.

2. Information on the Target Companies

The Target Companies are, or will be, wholly owned subsidiaries of the Company undertaking the Group’s semiconductor equipment business of designing and manufacturing of automated equipment for the semiconductor industry (the “**Target Business**”).

The Target Business is currently undertaken by the Company together with two of its wholly owned subsidiaries, namely, i.PAC Manufacturing Pte Ltd (“**i.PAC Manufacturing**”) and Generic Power Pte Ltd (“**Generic Power**”).

As contemplated under the Proposed Disposal, the Company will undertake a restructuring exercise such that its assets relating to, and the activities currently undertaken by it in connection with, the Target Business will be transferred or assigned to a special purpose vehicle (the “**SPV**”) to be incorporated by the Company (the “**Proposed Restructuring Exercise**”).

Consequently, the Target Companies will comprise of i.PAC Manufacturing, Generic Power and the SPV. Should the Proposed Disposal be completed, the Group will cease to undertake the Target Business and will focus on its other business of contract equipment manufacturing and customised automation (the “**CEM Business**”).

3. Information on CFTC

CFTC was founded in February 2014 in Shanghai, the People's Republic of China (“**PRC**”). CFTC was incorporated by Semiconductor Manufacturing International Corporation (“**SMIC**”), the most advanced pure play semiconductor foundry in the PRC, and a senior investment team along with other shareholders.

CFTC's investments focus on the integrated circuit (“**IC**”) industry including semiconductor materials and electronic materials, IC design, equipment, intellectual properties, services and tools.

Its core team consist IC and Telecommunication industry entrepreneurs with more than 20-year experiences in enterprise management and investment. In the past years, CFTC has formed 7 funds and invested in more than 30 projects. In July 2016, CFTC formed a RMB2.2 billion fund with investments from the China National IC Fund, SMIC and a financial institution. Currently, CFTC has RMB3 billion of funds under management.

4. Salient terms of the Term Sheet

4.1 Consideration

As an indication, the consideration for the Proposed Disposal, payable in cash, is to be based on a price of not more than 13 times of the net profit of the Target Companies, on a consolidated basis, for the financial year ended 31 December 2017 and on a cash free and debt free basis. It will exclude the cash balances at closing and its investment properties.

4.2 Conditions Precedent

The Proposed Disposal will be subject to certain conditions precedent, including but not limited to, the completion of satisfactory due diligence by CFTC, the completion of the Proposed Restructuring Exercise and approval by the shareholders of the Company being granted for the Proposed Disposal.

4.3 Participation in CFTC Designated Nominee

To ensure continuity, Mr Kwong Kim Mone, the current Chairman and Managing Director of the Company, and his management team may, subject to negotiations with CFTC, acquire or subscribe up to 20% of the equity interest in CFTC Designated Nominee following completion of the Proposed Disposal. Such terms, when determined, will be contained in the Definitive Agreements and details of which will be contained in the announcement to be released by the Company in connection therewith.

4.4 Exclusivity

For the period of three (3) months commencing from the date of the Term Sheet, the Company agreed that it shall not enter into, initiate or engage in discussions or negotiations with third parties relating to the sale of equity interests of, or assets of, the Target Companies.

4.5 Definitive Agreements

The Parties shall in good faith negotiate, finalise and enter into the Definitive Agreements within three (3) months from the date of the Term Sheet or such other later date(s) as mutually agreed in writing by the Parties as reasonably required to finalise the Definitive Agreements. The Term Sheet shall be superseded by the Definitive Agreements and in the event of any inconsistency or conflict between the terms and conditions of the Term Sheet and the Definitive Agreements, the Definitive Agreements shall prevail. If the Definitive Agreements are not entered for any reason whatsoever within three (3) months from the date of the Term Sheet (or such other later date mutually agreed in writing by the Parties), the Term Sheet shall immediately cease and determine and no Party shall have any claim against the other Party for costs, damages, compensation or anything whatsoever.

5. **Rationale for the Proposed Disposal**

The Proposed Disposal will enable the Company to unlock value that had been accumulated for the benefit of the shareholders of the Company. In addition, it offers an important avenue for the semicon business to develop the emerging PRC market to complement the Group's existing strengths amongst the non-PRC semicon companies.

Following completion of the Proposed Disposal, the Company will focus and grow its CEM Business which will be the new core business of the Group.

6. **Shareholders' approval for the Proposed Disposal**

The Proposed Disposal, if undertaken, will constitute a "major transaction" as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and will be subject to, amongst others, the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

7. **Further Announcements**

The Company will make further announcements, in compliance with the requirements of the Listing Manual of the SGX-ST, upon the execution of the Definitive Agreements (if any) and/or when there are material developments in respect of the Proposed Disposal.

8. **Interests of Directors and Controlling Shareholders**

As at the date of this announcement, save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. **Caution in Trading**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be entered into, the terms and conditions of the Proposed Disposal will not differ from that set out in the Term Sheet, or the Proposed Disposal will be undertaken or completed at all. The Company will make the necessary announcements as and when there are further developments on the Proposed Disposal.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board
Manufacturing Integration Technology Ltd

Kwong Kim Mone
Chairman and Managing Director
8 January 2018