

**TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED
AND PAID-UP SHARE CAPITAL OF CERTAIN SUBSIDIARIES OF THE COMPANY**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of the Company wishes to announce that the Company has on 18 December 2017 entered into a term sheet (the “**Term Sheet**”) with Shanghai Pudong Science and Technology Investment Co., Ltd (“**PDSTI**”), in relation to the Company’s proposed disposal of the entire issued and paid-up share capital of its following wholly-owned subsidiaries:

- (a) Semiconductor Technologies & Instruments Pte Ltd (“**STI SG**”);
- (b) Semiconductor Technologies & Instruments Sdn Bhd (“**STI Msia**”);
- (c) Semiconductor Technologies & Instruments Phils., Inc (“**STI Phils**”);
- (d) Semiconductor Technologies & Instruments (Taiwan), Inc. (“**STI TW**”); and
- (e) STI Tech Korea Co., Ltd (“**STI Korea**”),

(collectively known as the “**STI Group**”) (the “**Proposed Disposal**”).

2. INFORMATION ON THE STI GROUP

STI SG was incorporated in the Republic of Singapore on 15 May 1997 and has an issued and paid-up share capital of S\$1,500,000 comprising 1,500,000 issued and paid-up ordinary shares.

STI Msia was incorporated in Malaysia on 4 July 1998 and has an issued and paid-up share capital of RM 500,000 comprising 500,000 issued and paid-up ordinary shares.

STI Phils was incorporated in the Republic of Philippines on 4 February 2000 and has an issued and paid-up share capital of Peso 8,200,000 comprising 82,000 issued and paid-up capital.

STI Taiwan was incorporated in the Republic of China on 6 March 2000 and has an issued and paid-up share capital of NT\$1,000,000 comprising 100,000 issued and paid-up capital.

STI Korea was incorporated in the Republic of Korea on 19 December 2005 and has an issued and paid-up share capital of 50,000,000 comprising 10,000 issued and paid-up capital.

The STI Group is principally engaged in the business of research, design, development, manufacture and marketing of semiconductor equipment.

3. INFORMATION ON PDSTI

PDSTI was established in 1999 in Shanghai, the People's Republic of China. It has a current registered capital of RMB 3 billion. It is an investment company currently focused on domestic and cross-border investments in integrated circuit, health care and other high-tech industries. Its' shareholders include Shanghai HTY Venture Investment Partnership (Limited Partnership), Shanghai Shangshi Asset Management Co., Ltd. and Shanghai Pudong Investment Holding Co, Ltd..

In recent years, PDSTI has been actively involved in cross-border mergers and acquisitions, especially in the semiconductor space.

4. SALIENT TERMS OF THE TERM SHEET

The purpose of the Term Sheet is to set out the indicative terms of the Proposed Disposal and for both parties to further negotiate exclusively with each other with a view to enter into definitive documentation (the "**Definitive Documents**") to effect the Proposed Disposal. Some of the salient terms are set out below:

4.1 Consideration

The indicative purchase consideration is SGD 100 million, subject to net debt and net working capital adjustments.

4.2 Conditions Precedent

The conditions precedent for the Proposed Disposal include customary conditions precedent for transactions of such nature, including but not limited to, completion of due diligence by PDSTI, consent being obtained from lenders in respect of financing facilities or security arrangements entered into by the STI Group, as well as applicable regulatory approvals.

4.3 Exclusivity

The Company grants the Purchaser a 60 day exclusivity period ("**Exclusivity Period**") commencing upon the effective date of the Term Sheet.

During the Exclusivity Period, the Company and its affiliates, agents, representatives, employees, officers or directors shall not, *inter alia*, take any action to solicit any offer or proposal with respect to the sale of the STI Group or participate in any substantive discussions or negotiations with other parties with respect to the sale of the STI Group.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective directorships and shareholdings in the Company, if any.

6. 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 Term Sheet, the Proposed Disposal, 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 the announcement in its proper form and context.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when appropriate, including when Definitive Documents have been entered into in relation to the Proposed Disposal. The Board wishes to emphasise that there is no certainty or assurance that Definitive Documents in respect of the Proposed Disposal will be entered into, or that the Proposed Disposal will materialise. Shareholders and potential investors of the Company should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Dato' Michael Loh Soon Gnee
Executive Chairman & Chief Executive Officer
ASTI Holdings Limited
18 December 2017