MFS TECHNOLOGY LTD
(Company Registration No. 200009562R)
(Incorporated in the Republic of Singapore)
(the "**Company**")

UPDATE ON PROPOSED CAPITAL REDUCTION

The Board of Directors (the "**Board**") of the Company refers to:

(a) its announcements on 5 August 2014, 10 September 2014, 11 November 2014 and 18 November 2014 in relation to the sale of MFS Technology (S) Pte Ltd and its subsidiaries to Integrated Circuits Pte. Ltd. (the "**Disposal**"); and

(b) its announcement on 5 August 2015 ("**5th August Announcement**") in relation to the proposed capital reduction exercise to be carried out by the Company pursuant to Section 78G of the Companies Act (Chapter 50 of Singapore) (the "**Proposed Capital Reduction**").

Capitalised terms not defined herein shall have the same meanings as in the 5th August Announcement.

Under the terms of the Disposal, the Company is entitled to receive a deferred consideration (the "**Deferred Consideration**") of S$6,207,600 less certain deductions, if any, on 23 November 2015. Depending on the amount of the Deferred Consideration received, the Board may, if in the interests of the Company and Shareholders, revise the amount of cash to be distributed to Shareholders pursuant to the Proposed Capital Reduction. Accordingly, the Board has decided to postpone the Proposed Capital Reduction until after 23 November 2015.

The Board will update Shareholders on the final amount of cash to be distributed to Shareholders pursuant to the Proposed Capital Reduction in due course.

BY ORDER OF THE BOARD

Hee Siew Fong
Company Secretary

19 October 2015