ISR CAPITAL LIMITED

(Company Registration No. 200104762G)

(Incorporated in the Republic of Singapore)

(the "**Company**")

ENTRY INTO A MEMORANDUM OF UNDERSTANDING

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1. Introduction

The board of directors ("**Board**") of the Company wishes to announce that it has on 10 July 2017 signed a memorandum of understanding ("**MOU"**) with Straits Hi-Rel Pte. Ltd. ("**SHR**"), a Singapore-incorporated private limited company, with a view to the Company and/or its nominee and SHR entering into formal agreement(s) in connection with its proposed investment into SHR by providing funding of up to US$2 million to SHR ("**Initial Funding**"). In consideration of the Company and/or its nominee providing such Initial Funding, SHR shall allot and issue such number of new ordinary shares in SHR to ISR and/or its nominee representing an equity stake of up to 20% in SHR (on an enlarged basis) ("**Proposed Transaction**").

The Board understands that: (i) SHR was set up to be a unique provider of high reliability ("**Hi-Rel**") engineering services; (ii) SHR will be structured as a Hi-Rel Technology Centre to be based in Singapore, where the focus will be on speciality testing and back-end manufacturing for Hi-Rel integrated chips and electronic modules targeted for end applications in the automotive, energy (oil and gas) and industrial sectors; and (iii) as at the date of this Announcement, SHR has yet to commence any operations with regards to the Hi-Rel Technology Centre.

The Proposed Transaction is subject to, amongst others, the entry and due execution by the Company/and or its nominee and SHR of formal agreement(s).

The MOU is non-binding in nature (save for certain terms including those relating to exclusivity and confidentiality) and shall be valid for the duration of the period commencing two months from the date of the MOU ("**Term**"), unless terminated by either party by providing seven days' written notice. Parties may mutually agree in writing to extend the Term.

2. Directors' and Controlling Shareholders' Interest

Save as disclosed below, none of the Directors or, to the best knowledge of the Company, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction (other than through their respective interests in the shares of the Company).

The Company has received a proposal from Skeel Advisors Pte. Ltd. in respect of the provision of due diligence/consulting advisory work for the Proposed Transaction. Our independent director, Mr Lee Ka Shao is a director and shareholder of Skeel Advisors Pte. Ltd. The Company intends to reach out to other service providers/consultants for quotes and will consider all proposals before deciding which service provider/consultant to engage in respect of the Proposed Transaction.

3. Further Disclosure

The Company will provide further updates (where relevant and required) in compliance with the rules of the Singapore Exchange Securities Trading Limited upon entry by the Company and/or its nominee into formal agreement(s) with SHR.

4. Caution in Trading

Shareholders are reminded that the MOU is non-binding, does not represent a complete agreement or arrangement, and, may or may not result in the entry into any formal agreement(s) in connection with the Proposed Transaction. Shareholders and potential investors should, therefore, exercise caution when trading in the Company's shares. Any such person who is in doubt as to any action they should take is advised to consult his/her legal, financial, tax or other professional advisers.

By order of the Board of Directors
ISR Capital Limited

Chen Tong
Executive Chairman

11 July 2017