MFS TECHNOLOGY LTD
(Company Registration Number: 200009562R)
(Incorporated in Singapore)
(the "**Company**")

SUIT AGAINST A DIRECTOR OF THE COMPANY

The Board of Directors of the Company has been informed that MFS Technology (S) Pte Ltd (the "**Plaintiff**") (which was a wholly-owned subsidiary of the Company until its disposal by the Company to Integrated Circuits Pte. Ltd. (the "**Purchaser**") on 18 November 2014) has commenced proceedings (the "**Proceedings**") against one of the directors of the Company, Mr Chan Hong Wai (the "**Defendant**"). The Defendant was also a director of the Plaintiff until the Plaintiff was sold and transferred to the Purchaser.

The Company understands that the Proceedings involve the transfer of certain email accounts of the Defendant and Ms Hee Siew Fong (the Chief Financial Officer and Company Secretary of the Company) (the "**Email Accounts**") prior to completion of the disposal of the Plaintiff to the Purchaser. The Plaintiff claims that the Defendant had breached his fiduciary duties owed to the Plaintiff, his obligation of confidence to the Plaintiff and conversion of the Email Accounts.

The Company understands further that (i) the Plaintiff had sought and obtained an interim injunction against the Defendant inter alia preventing the Defendant from deleting, transferring, destroying, disposing of, dealing with or using the Plaintiff's confidential information and (ii) the Plaintiff had made a police report against the Defendant sometime in February 2015 but no action has been taken thus far. The Defendant has informed the Company that he has engaged legal counsel to advise and defend him in the Proceedings.

The Board of Directors of the Company has reviewed the allegations made by the Plaintiff and is of the view that they do not affect or restrict the Defendant in the performance of his responsibilities as the Company's Chief Executive Officer and Executive Director at this point in time.

The Company will continue to monitor the progress of the Proceedings to the extent necessary and will make further announcements if and when there is any material development which may impact the Company.

By Order of the Board

Submitted by Hee Siew Fong, Company Secretary on 7 April 2015 to SGX-ST