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

SALE AND PURCHASE AGREEMENT IN RELATION TO THE DISPOSAL OF THE ASSETS AND LIABILITIES OF THE COMPANY – NOTICE OF CLAIMS

The Board of Directors (the "**Board**") of the Company refers to its announcements on 5 August 2014 (the "**5th August 2014 Announcement**"), 10 September 2014, 11 November 2014, 18 November 2014 and 17 November 2015 in relation to the sale of MFSS and its subsidiaries to the Buyer. Capitalised terms not otherwise defined herein shall have the same meanings ascribed to them in the 5th August 2014 Announcement.

As mentioned in the Company's earlier announcements, under the SPA, the Company is entitled to a Deferred Consideration of S$6,207,600 to be paid on 23 November 2015, less any deductions in respect of the following (the "**Deduction Amounts**"):

(a) any Cash Leakage;

(b) certain other deductions agreed between the Company and the Buyer as set out in the SPA; and

(c) stipulated insurance deductibles under the W&I Insurance and the tax liabilities and costs and expenses not covered by the W&I Insurance, subject to a maximum of S$1,250,000.

The Company wishes to inform Shareholders that it has on 18 November 2015 received a notice (the "**Claim Notice**") of claims from the Buyer in respect of the Deduction Amounts totaling in aggregate approximately S$1,816,000.

The Company, in consultation with its advisers, is assessing the merits of the claims set out in the Claim Notice and will take all appropriate steps to respond to the Claim Notice. The Board will make further announcements on any material developments in connection with this matter as and when appropriate.

BY ORDER OF THE BOARD

Hee Siew Fong
Company Secretary

19 November 2015