

Further Disclosure in Response to Queries Raised by SGX

The board of directors (the "Board") of Memstar Technology Ltd. (the "Company") wishes to announce the information set out below in response to queries raised by the Singapore Exchange ("SGX") on 2 January 2018.

SGX's Query :

- 1) In the Company's first quarter results announced on 14 November 2017 (the "Announcement"), "Administrative expenses" amounted to S\$58K. Please provide a breakdown to this amount.

Company's Response

Breakdown as follows:

	Details	Amount S\$'000
	Accrual of costs :	
	Listing fees – SGX	9
	Retainer fees – CDP	2
	Directors fees	42
	Co Secretarial fees & Share Registrar fees	5
	Total	58

SGX's Query :

- 2) In the statement of financial position, "Other receivables" amounted to S\$32K. Please provide details for the increase in "Other receivables".

Company's Response

Breakdown as follows:

	Details	Amount S\$'000
	Deposit - with lawyer	15
	CDP – for period Oct17-Jun18	8
	SGX – for period Oct17-Dec17	9
	Total	32

SGX's Query :

- 3) In the Announcement, it was announced that "(t)he refundable deposit from Longmen Group Ltd has yet to be recovered. The Company and Longmen Group Ltd are still in negotiation on the resolution of this matter. Announcements on material developments will be made as and when appropriate". Please provide:-
- An update on why Longmen Group Ltd has not repaid the deposit;
 - Details on the steps taken by Longmen Group Ltd to repay the refundable deposit back to the Company;
 - A status update on the legal restitution taken by the Company; and
 - Details on whether the Company set itself a timeline to reclaim the refundable deposit from Longmen Group Ltd amounting to US\$5mil.

Company's Response

- i)&ii) The Company has been engaged in without prejudice negotiations with Longmen Group ("LMG") with a view to achieving a resolution to the dispute. In this connection, the Company is given to understand that LMG is still in the process of an ongoing restructuring/rescue plan. The Company is informed that LMG had encountered numerous difficulties and delays in their restructuring plan and requires more time for the restructuring process. Once the restructuring arrangement is completed, LMG and the relevant parties expect to be in a position to settle the dispute with the Company. As a result of the foregoing, the deposit had not been repaid.
- iii) As stated above, the Company is engaged in ongoing negotiations with LMG. If the negotiations fall through, the Company will consider and/or undertake all such steps as may be necessary to recover the refundable deposit, including but not limited to commence legal proceedings against the relevant parties.
- iv) If the negotiations fall through and the Company commences legal proceedings against the relevant parties, the timeline for recovery will be determined by the progress of the legal proceedings.

Further announcement on any material developments in respect of the above will be made as and when appropriate.

SGX's Query

- 4) In the Company's announcement of 21 December 2017, it was announced that Mr Hong Pian Tee has decided to resign as an independent director of the Company. As the Company is a cash company,
 - i) please elaborate on the reasons for his cessation which is stated "to allow more time for his personal commitments"; and
 - ii) please also elaborate on the reasons why Mr Hong had spent a lot of time on the Company that led to his decision to resign.
- 5) In the Company's announcement of 27 December 2017, it was announced that Mr Lam Peck Heng has decided to resign as a director of the Company to allow more time for his personal commitments. As the Company is a cash company,
 - i) please elaborate on the reasons for his cessation which is stated "to allow more time for his personal commitments"; and
 - ii) please also elaborate on the reasons why Mr Lam had spent a lot of time on the Company that led to his decision to resign.

Company's Response

Both Mr Hong and Mr Lam had resigned due to their own personal reasons.

By Order of The Board

Dr Ge Hailin
Non-Executive Director
4 January 2018