

MEMSTAR TECHNOLOGY LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197901641K)

RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED REGARDING THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LONGMEN GROUP LIMITED

The board of directors ("**Board**" or "**Directors**") of Memstar Technology Ltd ("**Company**") wishes to announce the following in response to the query raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 May 2016 in relation to the announcement made by the Company on 7 April 2016 ("**Announcement**") regarding the proposed acquisition of the entire issued share capital of Longmen Group Limited ("**Target**"), by way of a proposed reverse takeover of the Company ("**Proposed Acquisition**").

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Announcement.

Question: It was announced on 7 April 2016 that "On 1 April 2016, the Company, via its solicitors, wrote to the Target and the Vendors to, inter alia, notify them that, unless they were able, within 3 working days of the date of the letter, i.e. by 6 April 2016, to clearly and adequately establish that there was no breach of the aforesaid conditions and/or representations under the RTO SPA, the Company would (a) treat the RTO SPA as terminated forthwith; (b) require the repayment of the US\$5 million refundable deposit previously advanced by the Company to the Target, in accordance with Clause 3.2A of the RTO SPA, i.e. within 30 business days of the termination of the Agreement, and (c) look to the Vendors for indemnification of any loss suffered by the Company, in accordance with the provisions of, and without prejudice to its accrued rights against the Target and/or the Vendors under, the RTO SPA". We note that the Company had also announced that the Target and/or Vendors have failed to duly respond to the Company's aforesaid request and, accordingly, the Company has proceeded to treat the RTO SPA as terminated.

Please provide details on actions taken by the Company to recover the refundable deposit and an update on the status.

Response: The Company is presently in communication and/or discussions with the Target regarding the Company's claim and will update the shareholders of any material developments in this regard.

By Order of the Board

Pan Shuhong
Non-Executive Chairman
23 May 2016