

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 October 2017.

SGX's Query :

- 1) The Company has not announced its monthly valuation of assets and utilization of cash in accordance with Listing Rule 1018(1) for August and September 2017. Please make the necessary announcements.

Company's Response

The announcement has been made on 3 October 2017.

SGX's Query :

- 2) On 25 August 2017, it was disclosed 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".
 - a) Please provide details on the status of this negotiation. Noting that it has been almost a year since the negotiations started, what is the outcome of this negotiation?
 - b) It was disclosed previously the Company has appointed law firm Rajah & Tann Singapore LLP to commence legal action against Longmen Group Ltd and other relevant parties under the Reverse Takeover sale and purchase agreement. Please provide details on:-
 - i) The legal action;
 - ii) When did the legal action commence;
 - iii) When is the court hearing date;
 - iv) If legal action has not commenced, please explain why not; and
 - v) The status of Longmen Group Ltd's operations and its ability to repay the loan.

Company's Response

The relevant parties, including the Company and Longmen Group Ltd, are still engaged in without prejudice negotiations on an amicable resolution of this matter. In this regard, the Company is given to understand that Longmen Group Ltd is in the process of an ongoing restructuring and fund-raising, after which Longmen Group Ltd and the relevant parties expect to be in a position to settle the dispute with the Company on mutually acceptable terms. As the restructuring and fund-raising are expected to take some time, the negotiations between the Company, Longmen and the relevant parties will similarly require additional time.

Owing to the ongoing negotiations, the Company has not commenced legal proceedings.

We refer to the Company's announcements dated 7 April 2016, 21 October 2016 and 8 December 2016, and save for the abovementioned, the Company is not aware of any further details regarding the status of Longmen Group Ltd's operations and its ability to repay the refundable deposit of US\$5 million.

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

By Order of The Board

Dr. Ge Hailin
Non-Executive Director
3 October 2017