

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LONGMEN GROUP LIMITED

– UPDATE ON THE PROPOSED ACQUISITION

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Memstar Technology Ltd ("**Company**") refers to the announcements made by the Company on 22 December 2014, 5 February 2015, 6 March 2015 and 27 July 2015 (collectively, the "**Announcements**") in relation to 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**"), pursuant to the terms of the sale and purchase agreement dated 20 December 2014 ("**SPA**") and the 1st, 2nd and 3rd Supplemental Agreements executed in relation thereto, on 5 February 2015, 5 March 2015 and 24 July 2015 respectively.

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

2. UPDATE ON THE PROPOSED ACQUISITION

Pursuant to the 3rd Supplemental SPA, the Target is required to procure the 4th Tranche Fundraising in order for the Target Group to meet the Working Capital Requirement. The Target has informed the Board that it intends to temporarily suspend the Proposed Acquisition due to fundraising challenges.

If the Target is unable to procure the 4th Tranche Fundraising within the set timeframe, the terms of the 3rd Supplemental Agreement provide that the Target shall:

- (a) by no later than 15 August 2015, procure the Revised NSAI Report, which shall be used by the Parties as the basis for a re-submission to the SGX-ST to achieve a listing of the Target on the SGX Catalist via the Proposed Acquisition; and
- (b) take all such steps as may be necessary to revise the South Block ODP, such that the terms thereof coincide and/or are consistent with the Revised NSAI Report, in which event, the Parties agree that a corresponding further reduction shall be effected to the valuation of the Target.

As the Parties are currently negotiating the revision of certain key terms of the SPA and Supplemental Agreements, the Company will be requesting to convert its trading halt announced on 7 September 2015 to a voluntary suspension. Discussions are however preliminary at this stage and Shareholders are advised that there is no certainty that any further agreement(s) will be entered into pursuant to these discussions.

The Company will keep its shareholders informed of any further developments and will make such further announcements as and when appropriate.

3. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Company and Proposed Acquisition in so far as they relate to the Company and the Directors are not aware of any facts, the omission of which, would make any statement in respect of the Company or the Proposed Transactions in so far as they relate to the Company misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

4. CAUTIONARY STATEMENT

The Directors of the Company would like to advise shareholders that, although the SPA and the 1st, 2nd and 3rd Supplemental Agreements have been entered into, Completion is subject to conditions precedent which include the approval of the shareholders at the EGM. Shareholders and potential investors are advised to exercise caution when dealing in the Company's shares, as there is no certainty or assurance, as at the date of this announcement, as to whether (i) the terms and conditions of the Proposed Acquisition may be varied by agreement of the Parties in writing from those set out in the Agreement and this announcement, or (ii) the Proposed Acquisition will proceed to Completion at all.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

Shareholders should further note that, in the event the Company is unable to complete the Proposed Acquisition within the extended period granted by the SGX-ST, no further extension may be granted, in which event the Company will be required to delist in accordance with the Mainboard Rules of the SGX-ST.

By Order of the Board

Pan Shuhong
Non-Executive Chairman
9 September 2015