

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

**PROPOSED PLACEMENT OF 490,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
MEMSTAR TECHNOLOGY LTD (“COMPANY”) – APPROVAL IN-PRINCIPLE FROM THE
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)**

*Unless otherwise specified herein or where the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as used in the announcement regarding the proposed placement (“**Placement**”) dated 22 December 2014 (“**Announcement**”).*

Further to the Announcement, the Board of Directors (“**Board**”) of the Company is pleased to announce that the Company has on 30 December 2014 obtained in-principle approval (“**AIP**”) from the SGX-ST for the listing and quotation of 490,000,000 new ordinary shares of the Company (“**Placement Shares**”) on the Official List of the SGX-ST. The Placement Shares will be issued to Eric Lim Poh Hock, Lin Yucheng, Zhou Jingming, Meng Li and Lim Tchen Nan (“**Placees**”) at the placement price of S\$0.0136 for each Placement Shares, pursuant to the Placement Agreement between the Company and the Placees.

The AIP from the SGX-ST is subject to the following terms:

- (a) Compliance with the SGX-ST’s listing requirements;
- (b) Disclosure of the reasons why the Company is of the opinion that the placement to Lin Yucheng will not give rise to any material conflict of interest;
- (c) Submission of the following documents:-
 - (i) A written confirmation from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the annual report;
 - (ii) A written undertaking from the Company that it will comply with Listing Rule 803; and
 - (iii) A written confirmation that the Company that it will not issue the Placement Shares to persons prohibited under Rule 812(1) of the Listing Manual.
- (d) The Placement Shares have to be placed out within seven (7) markets days from 30 December 2014.

Placement to Lin Yucheng (“Dr Lin”)

Dr Lin is the Chief Executive Officer and a substantial shareholder of United Envirotech Ltd. (“**UEL**”). The Company is of the opinion that the placement to Dr Lin will not give rise to any material conflict of interest for the reasons set out below:

- (1) the Company and the Longmen Group Limited (“**Target**”) are in entirely different businesses from UEL:
 - the Target is a developer of unconventional natural gas and is principally engaged in the exploration, development, production and sale of coal bed methane resources in China and the Company is currently a cash company, whose assets consist wholly or substantially of cash or short-dated securities, and has no operating business;

- UEL, on the other hand, is a membrane-based water and wastewater treatment and reclamation solution provider in China's chemical, petrochemical, industrial park and municipal sectors;

(2) the Company and the Target are unrelated to UEL by shareholdings:

- UEL is not an existing shareholder of the Company and there is also no shareholding relationship between UEL and the Target;
- save for UEL's acquisition of the Company's businesses and assets (which was completed in April 2014), the Company and the Target have no other relationship to UEL;

(3) Dr Lin will be a passive investor in the Company (as a cash shell)

- Dr Lin is not a director of the Company and is not involved in the management of the Company;
- upon completion of the Placement, Dr Lin will hold approximately 3.74% of the enlarged share capital of the Company and will remain as a passive investor of the Company.

The Company has by way of a letter to the SGX-ST dated 22 December 2014, complied with items (c)(i), (c)(ii) and (c)(iii) above.

The AIP is not to be taken as an indication of the merits of the Placement, the Placement Shares, the Company and/or its subsidiaries.

Shareholders and potential investors are reminded to exercise caution when dealing with securities of the Company and to refrain from taking any action in relation to their shares that may be prejudicial to their interests. Persons who are in doubt as to the action they should take, should consult their stockbroker, bank manager, solicitor or other professional advisers.

The Board of Directors

BY ORDER OF THE BOARD

PAN SHUHONG
Non-Executive Chairman
31 December 2014