
Further Disclosure on the Company's Annual Report for the Financial Year Ended 30 June 2016

The board of directors of Memstar Technology Ltd ("Company") wishes to announce the information set out below in response to the queries raised by the Singapore Exchange ("SGX") on 19 October 2016 in relation to the Company's Annual Report for the financial year ended 30 June 2016.

SGX's Query :

- 1) Paragraph 11.3 of the Code of Corporate Governance 2012 (the "Code") states that the Board should also comment in the Company's Annual Report on whether it has received assurance from the CEO and the CFO that a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and b) regarding the effectiveness of the company's risk management and internal control systems. The Company disclosed that the Board "has received assurance from the Financial Controller..." but there was no mention of assurance from the CEO.

Please make disclosures on the Board's comments or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Company's Response

The Company did not have a CEO during the financial year ended 30 June 2016 as it is a cash company without a business pursuant to Rule 1018(1) of the Listing Manual of the SGX-ST. Hence, there was no mention of assurance from the CEO.

The Company wishes to confirm that the Board is of the opinion that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and the company's risk management and internal control systems are effective and adequate.

SGX's Query :

- 2) Paragraph 2.4 of the Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

It was disclosed that Mr Lam Peck Heng has served as an Independent Director of the Company for more than nine years. Please elaborate on the rigorous review and the factors taken into account by the Nominating Committee in relation to their assessment that Mr Lam Peck Heng is independent.

Company's Response

Mr Lam possesses the required broad-based business skillset, experience and knowledge to discharge his function and duties effectively as an independent director. He has no relationship with the Company that could interfere with the exercise of the director's independent business judgement.

SGX's Query :

- 3) The Company has not announced its monthly valuation of assets and utilization of cash in accordance with Listing Rule 1018(1) for September 2016. Please make the necessary announcement.

Company's Response

The announcement is made on 21 October 2016.

SGX's Query :

- 4) On 8 September 2016, the Company disclosed that it has appointed Rajah & Tann Singapore LLP to commence legal action against Longmen Group Ltd and other relevant parties under the RTO SPA for the refundable deposit of US\$5mil. If Longmen Group Ltd was in a purported healthy financial position trying to seek a listing, why is it unable to repay the refundable deposit? Please also provide updates on the legal actions.

Company's Response

The Company has on 4 April 2016 announced that Longmen Group Ltd had failed to fulfil certain deliverables under the RTO SPA and that, to the best of the Company's knowledge, it was facing fund raising challenges. If it should fail to raise additional funding, this might impact its ability to repay the refundable deposit of US\$5 million. The Board wish to inform that the legal process is still on going and the Company is in discussions with its professional advisers on the appropriate further actions to be taken. Further announcements on any material developments will be made as and when appropriate.

By Order of The Board

Lee Seng Suan
Company Secretary

21 October 2016