

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

Update on Notification of Delisting

The board of directors ("**Board**" or "**Directors**") of Memstar Technology Ltd. ("**Company**") refers to:

- (a) the announcement dated 10 February 2020 by the Company stating that it had on 7 February 2020 received from the Singapore Exchange Securities Trading Limited ("**SGX-ST**" or "**Exchange**") the notification of delisting from the Official List of the SGX-ST ("**Delisting Notification**"); and
- (b) the announcement dated 8 May 2020 by the Company providing an update on the Delisting Notification and stating that it was not able to provide a reasonable exit offer due to cash limitations (the "**Update Announcement**").

The Board wishes to update that the Company's controlling shareholders have not to-date expressed any intention to make an exit offer, and the Company is unable to provide a reasonable exit offer for the following reasons:

- (a) As previously announced, the Company had in 2014 disposed of its principal and wholly-owned subsidiary to United Envirotech Ltd, following which the Company's total distributable profits and retained earnings following completion were distributed to all shareholders of the Company ("**Shareholders**"). The Company further ceased any operations and accordingly, there was no revenue being generated or assets being acquired by the Company. As such, the Company is currently in a net liability position, with a net liability value per ordinary share based on the issued share capital of the Company of S\$0.06 as at 31 December 2019.
- (b) Based on the financial position of the Company, there is also unlikely to be cash available for distribution upon realisation of the Company's assets in a voluntary liquidation of the Company.
- (c) As disclosed in the Update Announcement, the Company is engaged in ongoing legal proceedings against Longmen Group Ltd, the vendors under the sale and purchase agreement entered into in connection with the proposed reverse takeover of the Company by Longmen Group Ltd which was subsequently terminated on 7 April 2016, as well as other parties who were responsible for and/or conspired to cause loss to the Company. While there is no assurance that the Company will be able to recover any of its claims thereunder, (i) winding up the Company at this stage will invariably halt the ongoing legal proceedings; and (ii) Shareholders exiting at this juncture pursuant to an exit offer will be deprived of any benefit extracted by the Company from the legal proceedings, in the event that it is able to recover any of its claims thereunder.

In view of the Company's inability to provide a reasonable exit offer due to cash limitations, the Company was notified by SGX-ST on 23 September 2020 that the Company will be delisted on **7 October 2020**.

The Company has retained legal advisers to advise the Company on the delisting and will continue to keep Shareholders informed of any material developments as appropriate.

In connection with its delisting, the Company will be making the necessary arrangements with its share registrar Boardroom Corporate & Advisory Services Pte. Ltd. which will liaise with the Central Depository (Pte) Limited for the issue of physical share certificates to Shareholders.

Following delisting, the Company will continue to accord to Shareholders all rights associated with their shareholdings in the Company. Shareholders can also continue to contact the Company at the details set out below in this Announcement.

Dr Ge Hailin
Non-Executive Director
24 September 2020

For enquiries, please contact:

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