

**ENTRY INTO IMPLEMENTATION AGREEMENT FOR
THE PROPOSED TRANSFER OF LISTING STATUS ON SGX-ST**

1. INTRODUCTION

The board of directors ("**Board**") of Memstar Technology Ltd. ("**Company**") wishes to announce that the Company has on 28 July 2018 entered into an Implementation Agreement ("**Agreement**") with T B N Property Company Limited ("**TBN**", together with the Company, the "**Parties**"), pursuant to which the Company's listing status on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will be transferred to TBN ("**Transfer**") by way of a scheme of arrangement to be undertaken pursuant to Section 210 of the Companies Act (Chapter 50 of Singapore) ("**Scheme**").

2. PROPOSED TRANSFER OF LISTING STATUS

Subject to the terms of the Agreement:

- (a) the Company will procure the Transfer to TBN and in connection therewith the Company's Shares will be delisted and withdrawn from the Main Board of the SGX-ST; and
- (b) in consideration for the Transfer, shareholders of the Company ("**Shareholders**") and/or any other parties at the Company's discretion shall receive such number of ordinary shares in the capital of TBN ("**TBN Shares**") equivalent to the value of the Consideration (as defined below) ("**Consideration Shares**")

(collectively, "**Proposal**").

The consideration payable by TBN to the Company for the Transfer ("**Consideration**") is S\$6,000,000 and will be fully satisfied by the issue of the Consideration Shares.

In connection with the Transfer, TBN will seek an admission to and the listing and quotation of its shares on Catalist, the sponsor-supervised listing platform of the SGX-ST ("**Listing**"). As such, upon completion of the Proposal and any compliance placement of new shares in the capital of TBN to constitute the requisite public float, the TBN Shares (including the Consideration Shares and any additional TBN Shares to be issued, if applicable) will be listed on Catalist and shall be freely tradable.

Under the Agreement, the Parties have acknowledged that TBN shall have an indicative valuation of not less than S\$100 million or any other value as may be mutually agreed between the Parties, which shall in any case be at a discount to the net asset value of TBN as at 30 September 2018 (having regard to a valuation appraisal to be performed by an independent valuer acceptable to TBN's sponsor).

Completion of the Transfer is subject to various conditions precedent ("**Conditions Precedent**"), including but not limited to, (i) the in-principle approval of the SGX-ST for the Proposal and such approval not having been revoked or withdrawn; (ii) the in-principle approval of the SGX-ST for the admission of TBN to and listing and quotation of the TBN Shares on Catalist; (iii) the approval

of the Scheme by Shareholders; (iv) the sanction of the Scheme by the High Court of Singapore; and (v) within 4 months from the date of the Agreement, the Company receiving irrevocable undertakings from Ms Pan Shuhong and Dr Ge Hailin and such other Shareholders who shall in aggregate hold no less than 40.0% of the total issued share capital of the Company as at the relevant books closure date for the Transfer.

The Parties have agreed to use their best endeavours to procure the fulfilment of the Conditions Precedent by 31 March 2019, and failing which, the Company will seek approval from the SGX-ST for an extension of time for Parties to fulfil the Conditions Precedent and complete the Proposal.

The long-stop date of the Agreement is 31 December 2019 ("**Long-Stop Date**"). If any of the Conditions Precedent are not fulfilled (unless waived by the relevant party) by the Long-Stop Date, the Agreement shall *ipso facto* cease and determine and neither of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by either Party against the other arising from a breach of its undertakings set out in the Agreement.

3. INFORMATION ON TBN

TBN is a company incorporated on 5 June 2008 under the laws of the Kingdom of Thailand. As at the date of this announcement ("**Announcement**"), it is the owner and the service provider of three (3) community malls located in different parts of Bangkok, namely *The Paseo Mall* in Lat Krabang district, *The Paseo Town* on Ramkhamhaeng Road and *The Paseo Park* on Kanchanapisek Road, with an aggregate land size of approximately 123,000 square metres and gross floor area of approximately 175,000 square metres.

As at the date of this Announcement, TBN has an issued and paid-up share capital of THB 725,000,000 comprising 7,250,000 ordinary shares of THB 1,000 each. TBN is wholly-owned by Mr. Chan Lertprasertpakorn and his immediate family members.

Further details on TBN and its business will be set out in the information memorandum ("**Information Memorandum**") to be prepared and issued by TBN to the Shareholders for the purposes of the Proposal.

4. RATIONALE FOR THE PROPOSAL

As announced by the Company, the Company ceased to have any operating business in April 2014 and was deemed to be a cash company under Rule 1018 of the Listing Manual of the SGX-ST and that the Company was thereby required to meet the requirements for a new listing.

The Company entered into a sale and purchase agreement dated 20 December 2014 with Longmen Group Ltd (as supplemented from time to time) in connection with the proposed reverse takeover of the Company which was subsequently terminated on 7 April 2016 ("**Aborted RTO**"). Thereafter, the Company received the notification of delisting from the Official List of the SGX-ST on 18 May 2016 ("**Delisting Requirement**"). Trading in the Company's securities on the SGX-ST has been suspended from 20 June 2016.

As announced by the Company on 8 March 2018, the Company had commenced legal action against Longmen Group Ltd and the vendors under the sale and purchase agreement in relation to the Aborted RTO, as well as other parties who have unlawfully caused loss to the Company pursuant to the Aborted RTO ("**Legal Proceedings**"). There is however no assurance that the Company will be able to recover any of its claims under the Legal Proceedings ("**Claims**").

It is the intention of the Company to retain at least S\$2,000,000 in value of the Consideration Shares for sale, in whole or in part, at or after the Listing as soon as practicable, and for such

Consideration Shares and/or the net proceeds of such sale to be applied toward the settlement of outstanding amounts owing to its creditors. The remaining Consideration Shares of not more than S\$4,000,000 in value shall then be distributed to Shareholders on a *pro rata* basis.

It is envisaged that the Shareholders will continue to own shares in the Company (which will be delisted from the Official List of the SGX-ST) in the event that the Transfer is not successful or after the successful completion of the Transfer and the Listing, until such time that the Legal Proceedings have been resolved. As such, Shareholders will be entitled to any successful recovery of the Claims by virtue of their shareholdings in the Company.

As at 11 May 2018, being the date of the last update by the Company pursuant to Rule 1018(1) of the Listing Manual, the Company is not presently able to provide a reasonable exit offer due to cash limitations and the Company's controlling shareholders have not expressed any intention to make an exit offer.

In the event that the Company is liquidated immediately, the Company will forgo the recovery of the Claims and it is unlikely that there will be any residual value available for distribution to the Shareholders after settlement of outstanding payments to the Company's creditors.

Accordingly, the Board believes that the Proposal would offer a potential recovery for, and better return to, the Shareholders, as compared to an immediate liquidation scenario.

5. SGX-ST'S NO OBJECTION TO DEFERRING THE DELISTING REQUIREMENT

As announced by the Company on 20 July 2018, the Company had engaged the SGX-ST on a proposed transaction involving potential target(s) and to defer the Company's delisting requirement. In this regard, the SGX-ST had in its letter dated 5 July 2018 ("**SGX Letter**"), advised that it has no objection to deferring the delisting requirement for the Company to evaluate and submit an application to the SGX-ST for the proposed transaction subject to certain conditions, including without limitation, that the Company is to meet the following milestones relating to the proposed transaction:

- (a) entry into a definitive agreement with the target by 31 July 2018;
- (b) submission of the proposed transaction application to the SGX-ST by 31 December 2018; and
- (c) seek Shareholders' approval for the proposed transaction and completion of the proposed transaction by 31 March 2019.

In the event that the Company is not able to satisfy the conditions imposed by the SGX-ST in the SGX Letter, the Company will be required to delist from the Official List of the SGX-ST as soon as practicable. Please refer to the aforementioned announcement released by the Company on the SGXNET for further details.

The Company has met the first milestone under paragraph (a) by way of entry into the Agreement on 28 July 2018, and will continue to update on any material developments on the above, where appropriate.

6. SCHEME DOCUMENT AND INFORMATION MEMORANDUM

The Company will issue the Scheme Document to Shareholders which include, *inter alia*, the terms of the Scheme, an explanatory statement, and such other documents as may be required by the applicable laws in connection with the Scheme (collectively, "**Scheme Document**"). The

Scheme Document should be read together, and in conjunction with, the Information Memorandum to be despatched together with the Scheme Document.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposal, other than through their respective interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be.

8. DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 11 Kian Teck Drive Singapore 628828 for a period of three (3) months from the date of this Announcement.

9. INFORMATION RELATING TO OR PROVIDED BY TBN

Information in this Announcement relating to TBN has been provided by TBN or its advisers or agents, or extracted or reproduced from published or otherwise publicly available sources. The sole responsibility of the Board has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately and correctly reflected or reproduced in this Announcement in its proper form and context. The Board has not independently verified the accuracy and correctness of such information, and does not accept any responsibility for any information relating to or opinions expressed by or on behalf of TBN.

10. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated on any material developments on a timely basis. Trading in the Company's securities on the SGX-ST has been suspended from 20 June 2016.

11. CAUTIONARY STATEMENT

The Transfer and the Listing are subject to, *inter alia*, satisfaction of various conditions precedent, and there is no certainty as at this date whether the Transfer and the Listing can or will proceed. Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of The Board

Dr Ge Hailin
Non-Executive Director
30 July 2018