

**MEMSTAR
TECHNOLOGY
LTD.**

**Annual Report
2017**

CONTENTS

1	Chairman's Statement and Operations Review	20	Statement of Financial Position
2	Board of Directors	21	Statement of Changes in Equity
4	Corporate Governance Report	22	Statement of Cash Flows
14	Directors' Statement	23	Notes to the Financial Statements
17	Independent Auditors' Report	36	Statistics of Shareholdings
19	Statement of Comprehensive Income	38	Notice of Annual General Meeting
			Proxy Form

CORPORATE PROFILE

Memstar Technology Ltd. had on April 2014 completed the disposal of its membrane business and principal operating subsidiary. The net proceeds from this sale were mainly distributed to shareholders as dividends and capital repayments both in cash and in-specie of Citic Envirotech Ltd. (formerly known as "United Envirotech Ltd") Shares.

Following the completion, Memstar Technology Ltd. became a cash company under Rule 1018 (Cash Companies) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company does not have any subsidiary as at 30 June 2017.

The Company refers to the announcements made on SGXNET in relation to the termination of the RTO sale and purchase agreement ("RTO SPA") with Longmen Group Ltd and the notification of delisting from the Official List of the SGX-ST.

The Company is not presently able to provide a reasonable exit offer for the following reasons:

- (a) the Company had, in its capacity as a cash company, utilised a significant portion of its then remaining cash to, inter alia, engage legal, financial, accounting and technical professionals and advisers in accordance with the RTO SPA; and
- (b) none of the Company's controlling shareholders have expressed any intention to make an exit offer.

Memstar Technology Ltd.

(Incorporated in Singapore)

CHAIRMAN'S STATEMENT AND OPERATIONS REVIEW

Dear Shareholders

On behalf of the Board, I present to you Memstar Technology Ltd. (the "Company") Annual Report for the financial year ended 30 June 2017 ("FY2017").

The Year in Review

Income Statement Review

Following the completion of the disposal of its membrane business and principal operating subsidiary in April 2014, the Company became a cash company under Rule 1018 (Cash Companies) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Administrative expenses decreased from S\$2.1 million for the financial year ended 30 June 2016 to S\$0.2 million for the financial year ended 30 June 2017 mainly due to professional fees for services rendered in the proposed RTO transaction which had since been terminated. Administrative expenses of S\$0.2 million for the financial year ended 30 June 2017 comprise mainly compliance costs (accrued directors' fees, statutory compliance costs, listing fees). Other expense of S\$6.75 million for the financial year ended 30 June 2016 relates to the provision for impairment of other receivable for the refundable deposit from Longmen Group Ltd.

Balance Sheet Review

The assets of the Company comprise mainly cash of approximately S\$0.14 million. Other payables of S\$1.4 million comprise mainly accruals of statutory costs and professional fees.

Cash Flow & Liquidity

Net cash used in operating activities amounted to approximately S\$0.2 million mainly due to losses incurred.

Moving Forward

The Company is continuing its efforts to source for suitable business opportunities. The refundable deposit from Longmen Group Ltd has yet to be recovered. The Company and Longmen Group Ltd are still in negotiation on the resolution of this matter. The shareholders will be updated on any material developments.

Appreciation

On behalf of the Board of Directors, I would like to thank our shareholders and business associates for their continuing support during the past year.

Ms Pan Shuhong
Non-Executive Chairman

Memstar Technology Ltd.

(Incorporated in Singapore)

BOARD OF DIRECTORS

PAN SHUHONG

Non-Executive Director/Chairman

Ms Pan Shuhong is a Non-Executive Director of the Company following the disposal by the Company of its operating subsidiary and business assets in April 2014. She is responsible for ensuring the integrity and effectiveness of the governance process of the Board and representing the Board to Shareholders. She is a member of the Company's Nominating Committee.

Prior to joining Memstar, Ms Pan was the General Manager of NOVO Envirotech (Guangzhou) Co., Ltd. (a wholly-owned subsidiary of United Envirotech Ltd.) during which she was responsible for the marketing and investment activities. Prior to joining NOVO Envirotech (Guangzhou) Co., Ltd. in 2003, she was the General Manager and Executive Director of NOVO Safety & Environmental Technology (Guangzhou) Co., Ltd. and a Senior Manager (China) of NOVO Environmental Technology Services Pte Ltd (NOVO ETS), both subsidiaries of PSB Corporation. From 1993 to 1995, she was Department Manager of Shenzhen Zhonghongda Import & Export Co., Ltd. and joined Landtop Corporation Pte. Ltd. in 1996 as Technical Manager. In 1998, she started her own business, Sinland Technology Services, which was in the business of providing environmental consultancy and coordination services, prior to joining NOVO ETS in 2000.

Ms Pan specialises in electrochemistry and water treatment using advanced membrane technology. She holds a Bachelor and Master degrees in Chemistry from Jilin University.

GE HAILIN

Non-Executive Director

Dr Ge has many years of R&D experience in conducting polymer, membrane materials and chemical engineering. In February 1992, he worked at the Singapore Institute of Standards and Industrial Research (SISIR) as a senior research fellow and then PSB Corporation as a section head to conduct R&D work, in particular conducting polymer and membrane separation technology. In 1997, he founded his own company HW Electrochem Technology Pte Ltd focusing on development of functional materials and membrane technology for environmental and water treatment application.

Dr Ge graduated from Wuxi Institute of Light Industry, China in 1977 and obtained his Master in Chemical Engineering from East China University of Science and Technology, China in 1982. He was awarded a scholarship by Wollongong University, Australia to undertake his PhD study in chemistry. He obtained his PhD in 1990 and conducted his Post-Doctoral research for two years at the same university.

LAM PECK HENG

Lead Independent Director

Mr Lam had been a teacher at Raffles Institution, a senior officer at the Economic Development Board, an Assistant Secretary at the Ministry of Finance of Singapore, an Assistant General Manager at Intraco Ltd and the Registrar and Executive Director of the Singapore Society of Accountants (now known as Institute of Singapore Chartered Accountants (ISCA)). He was appointed Head of Mission in Myanmar from 1988 to 1992. He was Singapore's High Commissioner to India from 1993 to 1996 and High Commissioner to New Zealand from 1996 to 2000. He was Bhutan's Honorary Consul in Singapore from 1983 to 1988. He was awarded the Public Service Medal in 1982 and made a Friend of Labour in 1983. Mr. Lam is also an independent director of Eratat Lifestyle Limited.

Mr Lam obtained his Bachelor of Science (Honours) degree in Mathematics from the University of Singapore, and Master of Arts degree in Mathematics from the University of Kansas, USA.

Memstar Technology Ltd.

(Incorporated in Singapore)

BOARD OF DIRECTORS

HONG PIAN TEE

Independent Director

Mr Hong was the Managing Director of PricewaterhouseCoopers Intrust Limited from 1985 to 1999, prior to retiring from professional practice. His experience and areas of expertise are in corporate advisory, financial reconstruction and corporate insolvencies since 1977. He has been a corporate/financial advisor to clients with businesses in Singapore and Indonesia and in addition, was engaged to restructure companies with operations in Taiwan, Indonesia and Malaysia.

Mr Hong is also the Chairman of the Pei Hwa Foundation Limited, Lead Independent Director of XMH Holdings Ltd, Independent Director of Sinarmas Land Ltd. and Non-Executive Chairman/Independent Director of AsiaPhos Limited.

LEE SUAN HIANG

Independent Director

Mr Lee, a Colombo Plan Scholar in Industrial Design (Engineering), had a varied career in the public service as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research and National Arts Council. He was also Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. He is the current President of the EDB Society and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing and the World Academy of Productivity Science. He was awarded the Public Administration (Gold) Medal in 1998, the World SME Association Award in 2001, the Japan External Trade Organisation Award in 2002, the Chevalier de l'Ordre des Arts et Lettres from France in 2010 and the NTUC Friend of Labour Award in 2012.

Mr Lee resigned as an Independent Director on 21 August 2017.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

The Board of Directors of Memstar Technology Ltd. is committed to maintaining a high standard of corporate governance and transparency within the Company to protect the interests of its shareholders and enhance long-term shareholder value. The Board is pleased to report the Company's corporate governance processes with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board has overall responsibility for the corporate governance of the Company so as to protect and enhance long-term shareholder value. It sets the overall strategy for the Company and supervises executive management and monitors their performance. Apart from its statutory responsibilities, the principal functions of the Board are:

1. To review the performance, position and prospects of the Company;
2. To approve the Company's strategic plans, key operational initiatives, major investments and funding decisions; and
3. To identify principal risks of the Company's business and ensure adequate risk management processes and systems are in place.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee which are chaired by Independent Directors. These Committees function within clearly defined terms of references and operating procedures. The effectiveness of each Committee is reviewed by the Board on a regular basis.

During the financial year, the Directors received updates on regulatory changes to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and changes to the Companies Act and Accounting Standards.

The Board meets regularly at least 4 times a year to review and deliberate on the key activities and business strategies of the Company, including reviewing and approving significant acquisitions and disposals, reviewing financial performance and to approve the public release of quarterly and annual financial results. The Board also periodically reviews the internal control and risk management systems of the Company to ensure that there are sufficient guidelines and procedures in place to monitor its operations. Where necessary, additional meetings may be held to address significant transactions or issues.

The Company's Constitution provides for meetings to be held via telephone and video conferencing whereby all directors participating in the meeting are able to communicate as a group without requiring the directors' physical presence at the meeting. All relevant information on material events and transactions are circulated to Directors as and when they arise.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

The attendance of the Directors at Board meetings and Board Committee meetings during the financial year ended 30 June 2017 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Ms Pan Shuhong	4		1	
Dr Ge Hailin	4		1	
Mr Lam Peck Heng	4	4	1	1
Mr Hong Pian Tee	4	4		1
Mr Lee Suan Hiang *	4	4	1	

* Resigned on 21.08.2017

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% Shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at 30 June 2017, the Board comprises two Non-Executive Directors and three Independent Directors. The current Board members are qualified professionals with a diverse range of expertise and skills to provide a balanced view within the Board. Key information regarding the Directors is given in the section titled "Board of Directors" in this Annual Report.

The composition of the Board enables management to benefit from a broad and objective perspective as each Director brings to the Board a diverse background, experience and knowledge which provide for effective direction for the Company. The Board adopts the Code's definition of what constitutes an Independent Director in assessing the independence of the Directors.

The Board is of the view that the three Independent Directors (who represent more than half of the Board) are able to act with independent judgement. No individual or small group of individuals dominates the decision making process of the Board.

The Board is satisfied that its current size is adequate and appropriate and that the present composition of the Board allows it to effectively exercise objective judgement independently of the management. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary core competencies for effective decision making.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one should represent a considerable concentration of power.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

The roles of the Chairman and Chief Executive Officer (“CEO”) are undertaken by two separate persons who are not related to each other, and each has her/his own responsibilities.

Ms Pan Shuhong, the Non-Executive Chairman bears responsibilities for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board. She is responsible for representing the Board to shareholders.

As the Company is a cash company without a business pursuant to Rule 1018(1) of the Listing Manual of the SGX-ST, it did not have a CEO during the financial year ended 30 June 2017.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee (“NC”) comprises four members, of whom the Chairman is an Independent Director. The Chairman is Mr Lam Peck Heng and the other three members are Ms Pan Shuhong, Dr Ge Hailin and Mr Lee Suan Hiang.

The NC’s responsibilities include the following:

- (i) To make recommendations to the Board on all Board appointments and re-nominations, having regard to the Director’s contributions and performance (such as attendance, preparedness, participation and candour) including, as applicable, as an Independent Director. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- (ii) To determine annually whether or not a Director is independent;
- (iii) In respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to perform and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards; and
- (iv) To decide how the Board’s performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with industry peers, and assess how the Board has enhanced long-term shareholder value.

The NC reviews and recommends to the Board the re-nomination of retiring Directors for re-election at each Annual General Meeting (“AGM”) and the appointment of new Directors. The review ensures that the Director to be re-nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership capability, high level of professional skills and appropriate personal qualities. Each member of the NC shall abstain from voting on any resolution relating to his/her own re-nomination as Director.

Mr Lam Peck Heng has served as Independent Director for more than nine years. The Board has reviewed the NC’s recommendation on Mr Lam’s independence and is of the view that Mr Lam has always demonstrated independence in character and judgement in the discharge of his responsibilities as a Director of the Company in the best interest of the Company and that his length of service has not affected his independence.

Memstar Technology Ltd.

(Incorporated in Singapore)

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board is tasked with making sound commercial decisions and setting strategic directions so as to act in the best interests of the Company and its shareholders.

The Board is of the opinion that the financial indicators set out in the Code as guidelines for the evaluation of Directors are more of a measure of management's performance and hence are less applicable to Directors. The financial indicators do not fully measure the long term wealth creation and shareholder value of the Company.

The Nominating Committee is tasked with the assessment of the Board's performance. The assessment process will adopt both quantitative and qualitative criteria.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis. So as to enable them to make informed decision to discharge their duties and responsibilities.

Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the management. The Board has unrestricted access to the Company's records and information.

In order to ensure that the Board is able to fulfill its responsibilities, the management will provide complete, adequate and timely information to the Board on the affairs of the Company in the form of on-going reports relating to the operational and financial performance of the Company.

The Board has separate and independent access to the Company Secretary and to other key executives of the Company at all times in carrying out their duties. The Company Secretary or his representative attends all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and Board committee meetings are circulated to the Board members.

Directors have the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises two members, all of whom are Independent Directors. The members are Mr Lam Peck Heng and Mr Hong Pian Tee.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

The RC is primarily responsible for recommending to the Board a framework of remuneration for the Board and the key executives and determining the specific remuneration packages for each Executive Director. The recommendations will be submitted for endorsement by the Board.

The main duties of the RC include the following:

- (i) Recommending a framework and reviewing the procedures for fixing the remuneration packages of Executive Directors and key executives of the Company;
- (ii) Reviewing from time to time the appropriateness of remuneration awarded to Directors including, but not limited to, Director's fees, salaries, allowances, bonuses, share options and benefits-in-kind;
- (iii) Ensuring that the level of remuneration offered will be appropriate to the level of contribution and after taking into account factors such as industry and comparable company standards, and the Company's performance and individual performance and responsibilities undertaken; and
- (iv) Recommending a formal and transparent process for determining Directors' fees for the Non-Executive Directors of the Company.

Each RC member will abstain from voting on any resolution in respect of his own remuneration.

The RC is provided with access to expert professional advice on remuneration matters, if required, and the expenses of such services will be borne by the Company.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The Non-Executive and Independent Directors receive Directors' fees, in accordance with their contribution, taking into consideration factors such as effort and time spent and responsibilities of the Directors. The Directors' fees are recommended by the entire Board for shareholders' approval at each AGM. No Director is involved in deciding his own remuneration.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

A breakdown showing the level and mix of each individual director's remuneration payable/accrued for financial year ended 30 June 2017 is as follows:

	Salary	Bonus	Fees	Allowances and Other Benefits	Total Compensation	Total (rounded off to thousand dollars)
	%	%	%	%	%	S\$'000
Ms Pan Shuhong	-	-	100	-	100	30
Dr Ge Hailin	-	-	100	-	100	30
Mr Lam Peck Heng	-	-	100	-	100	38
Mr Hong Pian Tee	-	-	100	-	100	45
Mr Lee Suan Hiang*	-	-	100	-	100	38

* Resigned on 21.08.2017

The Company did not have any key management personnel (who are not Directors) during the financial year ended 30 June 2017.

The Company did not have any employees who are immediate family members of a Director and whose remuneration exceeded S\$50,000 during the financial year ended 30 June 2017.

No share options were granted to any employee during the financial year ended 30 June 2017. Other information on the Company's Share Options can be found on page 15 of the Annual Report.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to comply with statutory requirements and the Listing Manual of the SGX-ST. The Board currently provides shareholders with the Company's performance, position and prospects on an annual and quarterly basis via announcements to the SGX-ST within the prescribed periods. Announcements are also released from time to time in compliance with the Listing Manual to keep shareholders informed of material developments in the Company.

The management provides financial reports to the Board on a regular basis. The Directors have separate and independent access to all levels of key personnel in the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

The Company has established a Risk Assessment Framework for the identification of key risks within the business, namely Business and Strategic Risks, Financial Risks and Operational Risks.

The Company recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. A self-assessment process, conducted regularly by the Management, was introduced to ensure that the Company's risk management controls are satisfactory.

Minimum acceptable controls have been implemented to enhance the Company's internal control function in areas such as finance, operations and compliance. The internal control measures aim to ensure that the Company's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The Board has received assurance from the Financial Controller 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) an effective risk management and internal control system has been put in place.

Based on the framework of risk management controls and internal controls established and maintained in the Company, the work performed by the Management and the review undertaken by the independent auditor as part of their statutory audit, the written assurance from the Financial Controller that the financial records have been properly maintained, the Board, with the concurrence of the AC, is of the opinion that the Company internal controls in place were adequate to address financial, operational, compliance and information technology control risks which the Company considers relevant and material to its operations.

AUDIT COMMITTEE ("AC")

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three members, of whom all are Independent Directors. The AC is chaired by Mr Hong Pian Tee and the other members are Mr Lam Peck Heng and Mr Lee Suan Hiang.

The main responsibilities of the AC are to assist the Board in fulfilling its statutory and other duties relating to corporate governance, financial and accounting matters and reporting practices of the Company. The AC meets periodically to perform the following functions:

- (i) Review the audit plans of the Company's external auditors, including the results of the Company's external auditors' review and evaluation of the Company's system of internal controls;
- (ii) Review the annual financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;
- (iii) Review the quarterly financial results prior to recommending their approval to the Board for public release;

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

- (iv) Review and discuss with external auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the management's response;
- (v) Review the co-operation given by the management to the external auditors;
- (vi) Consider the appointment and re-appointment of the external auditors;
- (vii) Review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (viii) Review any potential conflicts of interests;
- (ix) Undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the Company's operating results and/or financial position.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with the external auditors separately, without the presence of the Management, at least once a year. The Company has complied with Rule 712 and Rules 715 or 716 of the SGX-ST Listing Manual in relation to its independent auditor.

The Company has in place a whistle blowing framework for employees to raise concerns about improprieties in matters of financial reporting or other matters.

The AC has reviewed the non-audit services (if any) provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

Memstar Technology Ltd.

(Incorporated in Singapore)

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsources its internal audit function to Baker Tilly Consultancy (S) Pte Ltd, a consultancy firm which adopts a risk-based methodology to review the material internal controls of the Company. However, following the sale of the businesses and assets and having regard to the scope and nature of the Company's current operations, the AC and the Board are of the opinion that the current system of internal controls in place are adequate to mitigate normal operational risks. Accordingly, no internal audit had been scheduled for the financial year ended 30 June 2017.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders ownership rights, the Company ensures all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the share price of the Company so as to enable shareholders to make informed decision in respect of their investments in the Company.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting. At the general meetings, shareholders are given the opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Company and its operations.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company maintains full and adequate disclosure, in a timely manner, of material events and matters concerning its business through SGXNET, public announcements, circulars to Shareholders and annual reports.

The Company does not practise selective disclosure of material information. Quarterly, half yearly and full year financial results and price sensitive information is disclosed in an accurate and comprehensive manner through SGXNET on a timely basis.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on SGXNET.

Memstar Technology Ltd.

(Incorporated in Singapore)

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

To facilitate participation by Shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of Shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of Shareholders. The Company's Constitution provides that Shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

All directors are required to attend general meetings of shareholders and the chairman of the Board and the respective chairman of the AC, NC and RC are usually present and available to address Shareholders' queries at these meetings.

The Company's independent auditors will be present at the AGM to address Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda items of the meeting, and responses from the Board and the Management, and such minutes are available to Shareholders upon their request.

DEALINGS IN SECURITIES

The Company has adopted an internal code which prohibits the Directors and officers of the Company from dealing in the Company's shares during the period commencing two weeks and one month, as the case may be, before the announcement of the Company's quarterly and full-year financial results and ending on the date of announcement of the relevant results or if they are in possession of unpublished material price-sensitive information of the Company. In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also advised to refrain from dealing in securities for short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company ensures that interested person transactions, if any, comply with its internal control procedures and Chapter 9 of the Listing Manual of SGX-ST. The AC will review all interested person transactions, to ensure that they are carried out on normal commercial basis and in accordance with the internal control procedures and are not prejudicial to the interests of the shareholders.

The Company confirms that there were no interested person transactions that required disclosure under Rule 907 of the SGX-ST Listing Manual for the financial year ended 30 June 2017.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company that involve the interests of any Director, or the controlling shareholder of the Company.

RISK MANAGEMENT POLICIES AND PROCESSES

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as takes appropriate measures to control and mitigate these risks. The Company also considers the various financial risks and their management, details of which are found on pages 33 to 35 of the Annual Report.

Memstar Technology Ltd.

(Incorporated in Singapore)

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The directors are pleased to present their statement to the members together with the financial statements of Memstar Technology Ltd. (the "Company") for the financial year ended 30 June 2017.

In the opinion of the directors,

- (a) the financial statements of the Company together with the notes thereto, as set out on pages 19 to 35, are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, for the reasons and assumptions as mentioned in Note 2 to the financial statements.

1 Directors

The directors of the Company in office at the date of this statement are:

Pan Shuhong
Dr Ge Hailin
Lam Peck Heng
Hong Pian Tee

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

According to the register of the directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in shares or debentures of the Company, except as follows:

<u>Name of directors</u>	<u>Shareholdings registered in the name of directors</u>		<u>Shareholdings in which director is deemed to have an interest</u>	
	<u>As at 1.7.2016</u>	<u>As at 30.6.2017</u>	<u>As at 1.7.2016</u>	<u>As at 30.6.2017</u>
The Company			<u>No. of ordinary shares</u>	
Pan Shuhong	256,977,698 ⁽¹⁾	256,977,698 ⁽¹⁾	563,803,426 ⁽²⁾	563,803,426 ⁽²⁾
Dr Ge Hailin	152,817,724	152,817,724	-	-
Hong Pian Tee	1,590,000	1,590,000	-	-
Lee Suan Hiang (resigned on 21 August 2017)	100,000 ⁽³⁾	100,000 ⁽³⁾	-	-
Lam Peck Heng	1,000,000	1,000,000	-	-
⁽¹⁾ Includes 55,000,000 shares held by a nominee ⁽²⁾ Ms Pan Shuhong is deemed interested in the shares held by Joyfield Group Limited as she is the controlling shareholder of Joyfield Group Limited ⁽³⁾ Shares held by a nominee				

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2017.

Memstar Technology Ltd.

(Incorporated in Singapore)

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4 Share Options

Options Granted

During the financial year, there were no share options granted by the Company.

Options Exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company under option.

5 Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Hong Pian Tee (Chairman)
Lam Peck Heng
Lee Suan Hiang

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The main responsibilities of the AC are to assist the Board of Directors (the "Board") in fulfilling its statutory and other duties relating to corporate governance, financial and accounting matters and reporting practices of the Company. The AC meets periodically to perform the following functions:

- (i) Review the audit plans of the Company's external auditors, including the results of the Company's external auditors' review and evaluation of the Company's system of internal controls;
- (ii) Review the annual financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;
- (iii) Review the quarterly financial results prior to recommending their approval to the Board for public release;
- (iv) Review and discuss with external auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the management's response;
- (v) Review the co-operation given by the management to the external auditors;
- (vi) Consider the appointment and re-appointment of the external auditors;
- (vii) Review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (viii) Review any potential conflicts of interest; and

Memstar Technology Ltd.

(Incorporated in Singapore)

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

5 Audit Committee (cont'd)

- (ix) Undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The AC, having reviewed all non-audit services (if any) provided by the external auditors to the Company, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Corporate Governance report in the Company's Annual Report.

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for their reappointment as independent auditors of the Company at the forthcoming Annual General Meeting of the Company.

6 Independent Auditors

The independent auditors, Moore Stephens LLP have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

.....
Pan Shuhong
Director

.....
Dr Ge Hailin
Director

Singapore
27 September 2017

Memstar Technology Ltd.

(Incorporated in Singapore)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMSTAR TECHNOLOGY LTD.

(Incorporated in Singapore)

Report on the audit of the Financial Statements

Disclaimer of Opinion

1. We were engaged to audit the financial statements of Memstar Technology Ltd (the "Company") which comprise the statement of financial position of the Company as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

3. Our independent auditors' report dated 28 September 2016 for the financial statements for the year ended 30 June 2016 expressed a disclaimer of opinion due to the appropriateness of the going concern assumption in the preparation of the financial statements. An update of the matter that gave rise to the disclaimer opinion in respect of the financial statements for the year ended 30 June 2016 is set out below.

Appropriateness of Going Concern Assumption

4. As disclosed in Note 2 to the financial statements, the Company incurred a net loss and total comprehensive loss of S\$231,000 (2016: S\$8,815,000) for the financial year ended 30 June 2017, and as of that date, the Company's current and total liabilities exceeded its current and total assets by S\$1,254,000 (2016: S\$1,023,000).
5. These factors indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.
6. The financial statements have been prepared on the assumption that the Company will remain as a going concern, and discharge its liabilities in the normal course of business, the validity of which is dependent on its ability to source for a suitable business to generate positive operating cash flows in the future. This assumption is premised on future events, the outcome of which is inherently uncertain.
7. In view of the material uncertainties as discussed above, we are unable to obtain sufficient audit assurance regarding the use of the going concern assumption in the preparation of the financial statements. Accordingly, we are unable to form a view as to the use of the going concern assumption in the preparation of the financial statements.
8. In the event the Company is unable to continue as a going concern, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise. No such adjustments have been made to these financial statements.

Responsibilities of Management and Directors for the Financial Statements

9. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to

Memstar Technology Ltd.

(Incorporated in Singapore)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMSTAR TECHNOLOGY LTD.

(Incorporated in Singapore)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The directors' responsibilities are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

12. Our responsibility is to conduct an audit of the statement of financial position of the Company in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
13. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

14. In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
15. The engagement partner on the audit resulting in this independent auditor's report is Mr. Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
27 September 2017

Memstar Technology Ltd.

(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<u>Note</u>	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Other income		17	22
Expenses:			
Administrative expenses		(248)	(2,087)
Other expenses		-	(6,750)
Loss before income tax	5	(231)	(8,815)
Income tax	6	-	-
Net loss for the year		(231)	(8,815)
Other comprehensive income		-	-
Total comprehensive loss for the year		(231)	(8,815)
Losses per share - Basic and diluted (S\$ cents)	7	(0.01)	(0.28)

The accompanying notes form an integral part of these financial statements

Memstar Technology Ltd.

(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	<u>Note</u>	<u>2017</u> S\$'000	<u>2016</u> S\$'000
ASSETS			
Current assets			
Available-for-sale investment	8	4	4
Other receivables	9	15	15
Cash and cash equivalents	10	138	382
		<u>157</u>	<u>401</u>
Total assets		<u>157</u>	<u>401</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	11	6,884	6,884
Accumulated losses		(8,138)	(7,907)
Total equity		<u>(1,254)</u>	<u>(1,023)</u>
Current liabilities			
Other payables	12	1,411	1,424
Total liabilities		<u>1,411</u>	<u>1,424</u>
Total equity and liabilities		<u>157</u>	<u>401</u>

The accompanying notes form an integral part of these financial statements

Memstar Technology Ltd.

(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Share capital S\$'000	(Accumulated losses)/ Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2016	6,884	(7,907)	(1,023)
Net loss for the year	-	(231)	(231)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(231)	(231)
Balance as at 30 June 2017	<u>6,884</u>	<u>(8,138)</u>	<u>(1,254)</u>
Balance as at 1 July 2015	6,884	908	7,792
Net loss for the year	-	(8,815)	(8,815)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(8,815)	(8,815)
Balance as at 30 June 2016	<u>6,884</u>	<u>(7,907)</u>	<u>(1,023)</u>

The accompanying notes form an integral part of these financial statements

Memstar Technology Ltd.

(Incorporated in Singapore)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Cash Flows from Operating Activities		
Loss before income tax	(231)	(8,815)
Adjustments for:		
Exchange gain on foreign exchange – unrealised	-	(21)
Impairment loss on other receivable	-	6,750
Operating cash flow before working capital changes	(231)	(2,086)
Changes in working capital:		
Other receivables	-	(2)
Other payables	(13)	1,094
Net cash used in operating activities	<u>(244)</u>	<u>(994)</u>
Net decrease in cash and cash equivalents	(244)	(994)
Cash and cash equivalents at the beginning of the year	382	1,375
Effect of foreign exchange rate changes on cash and cash equivalents	-	1
Cash and cash equivalents at the end of the year (Note 10)	<u>138</u>	<u>382</u>

The accompanying notes form an integral part of these financial statements

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

Memstar Technology Ltd. (the "Company") is a public limited liability company incorporated and domiciled in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The address of the Company's registered office and principal place of business is 11 Kian Teck Drive, Singapore 628828.

The principal activity of the Company is that of an investment holding company.

On 18 May 2016, the Company has been issued a notification of delisting from the SGX-ST as a result of the termination of the Reverse Take Over Sale and Purchase Agreement ("RTO SPA") entered with the existing shareholders of Longmen Group Ltd ("Longmen"), which precludes the Company from meeting its obligations under the extension of time granted by SGX-ST for a new listing. Consequently, trading in the Company's securities has been suspended with effect from 20 June 2016 until the completion of an exit offer to the shareholders. As at date of this statement, the exit offer has not been carried out by the Company due to cash limitations, and the Company's controlling shareholders have not expressed any intention to make an exit offer.

The financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Going Concern Assumption

The Company incurred a net loss and total comprehensive loss of S\$231,000 (2016: S\$8,815,000) for the financial year ended 30 June 2017, and as of that date, the Company's current and total liabilities exceeded its current and total assets by S\$1,254,000 (2016: S\$1,023,000).

These factors indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Management has prepared the financial statements on a going concern basis on the assumption that the Company will be able to source for a suitable business to generate positive operating cash flows in the future.

The financial statements have been prepared on the assumption that the Company will remain as a going concern, and discharge its liabilities in the normal course of business, the validity of which is dependent on, inter alia, the events discussed above. This assumption is premised on future events, the outcome of which is inherently uncertain.

In the event the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that might arise. No such adjustments have been made to these financial statements.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies set in Note 4.

(a) Adoption of New or Revised Standards

Application of New and Revised FRS

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial year, the Company has applied the following new and revised FRS that are mandatorily effective for the said year and relevant to the Company:

Amendment to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by an FRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirement in FRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates accounted for using the equity method should be presented separately from those arising from the Company, and should be separated into the share of items, that in accordance with other FRSs (i) will not be reclassified subsequently to profit and loss and (ii) will be reclassified subsequently to profit and loss when specific conditions are met.

As regards the structure of the financial statements, the amendment provides examples of systematic ordering or grouping of the notes.

Adoption of New/Revised FRS which are not yet effective

At the date of authorisation of these financial statements, the following new and revised standards have been issued and are relevant to the Company but are not yet effective:

		Effective for accounting periods beginning on or after
Amendments to FRS 7	<i>Statement of Cash Flows</i>	1 January 2017
FRS 109	<i>Financial Instruments</i>	1 January 2018
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018

Amendments to FRS 7 Statement of Cash Flows

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

- (a) changes from financing cash flows;
- (b) changes arising from obtaining or losing control of subsidiaries or other businesses;
- (c) the effect of changes in foreign exchange rates;
- (d) changes in fair values; and
- (e) other changes.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 Basis of Preparation (cont'd)

(a) Adoption of New or Revised Standards (cont'd)

Adoption of New/Revised FRS which are not yet effective (cont'd)

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. As this is a disclosure standard, it does not have any impact on the financial performance or financial position of the Company.

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The Company is in the process of assessing the impact on the financial statements.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 changes the revenue recognition model under IFRS. The core principle of IFRS 15 is to recognise the revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services.

(b) Critical Accounting Estimates and Judgements

In the preparation of the financial statements, there were no critical judgements that management made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements, nor key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as discussed below:

Allowance for impairment of other receivables

Management reviews its receivables for objective evidence of impairment at least quarterly. To determine whether there is objective evidence of impairment, the Company considers factors such as significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments. Management makes a judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with an adverse effect in the technological, market, economic, or legal environment in which the debtor operates in.

The Company has charged an impairment loss on other receivable of Nil (2016: S\$6,750,000) to profit or loss during the financial year ended 30 June 2017. The carrying amount of other receivables as at 30 June 2017 was S\$15,000 (2016: S\$15,000) (Note 9).

4 Significant Accounting Policies

(a) Functional and Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the Company is determined to be Singapore dollar ("S\$") based on

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4 Significant Accounting Policies (cont'd)

(a) Functional and Foreign Currency (cont'd)

(i) Functional and presentation currency (cont'd)

management's assessment of the economic environment in which the Company operates.

The financial statements of the Company are presented in Singapore dollars ("S\$") (the "presentation currency") as the management is of the view that presenting the financial statements in S\$ would be most useful to the shareholders of the Company.

(iii) Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(b) Financial Assets

(i) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets.

Loans and receivables are presented as "other receivables" and "cash and cash equivalents" on the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4 Significant Accounting Policies (cont'd)

(b) Financial Assets (cont'd)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

(iii) Initial measurement

Loans and receivables and financial assets, available-for-sale are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets, available-for-sale are subsequently carried at fair value.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(v) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4 Significant Accounting Policies (cont'd)

(b) Financial Assets (cont'd)

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits with financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Financial Liabilities

The Company shall recognise a financial liability on its statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Other payables

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share proceeds.

(f) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(g) Income Taxes

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4 Significant Accounting Policies (cont'd)

(g) Income Taxes (cont'd)

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(h) Fair Value Estimation

The carrying amounts of current financial assets and current financial liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the Company are the current bid prices and the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows, are also used to determine fair values of the financial instruments.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

5 Loss before Income Tax

	<u>2017</u>	<u>2016</u>
	S\$'000	S\$'000
Loss before income tax is arrived at after (crediting)/charging:		
Other income		
- Foreign exchange gain	-	(21)
- Others	(17)	(1)
	<u>(17)</u>	<u>(22)</u>
Administrative expenses		
- Audit fees	28	35
- Directors' fees	180	208
- Legal and professional fees	22	1,750
- Others	18	94
	<u>248</u>	<u>2,087</u>
Other expenses		
- Impairment loss on other receivable (Note 9)	-	6,750

No non-audit fees were paid to the external auditors for the financial years ended 30 June 2017 and 30 June 2016.

6 Income Tax

	<u>2017</u>	<u>2016</u>
	S\$'000	S\$'000
Current income tax:		
- current year	-	-

The income tax benefit on loss differs from the amount that would arise using the applicable Singapore tax rate of 17 % (2016: 17%) due to the following:

	<u>2017</u>	<u>2016</u>
	S\$'000	S\$'000
Loss before income tax	(231)	(8,815)
Income tax benefit calculated at 17%	(39)	(1,499)
Non-deductible items	39	1,499
	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets

As at 30 June 2017, the Company has unutilised tax losses and capital allowances of approximately S\$6,164,000 (2016: S\$6,164,000) and S\$345,000 (2016: S\$345,000) respectively, which can be carried forward and used to offset against future taxable income subject to the satisfaction of the substantial shareholding test and agreement of the tax authorities and compliance with relevant provisions of the tax legislation of Singapore. Deferred tax benefits arising from these unutilised tax losses carried forward approximately S\$1,107,000 (2016: S\$1,107,000) have not been recognised as there is no reasonable certainty that future taxable profits will be available to utilise these tax losses and capital allowances.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7 Losses Per Share

Basic losses per share is calculated by dividing the Company's loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic losses per share is calculated as follows:

	<u>2017</u>	<u>2016</u>
Loss for the year	(S\$231,000)	(S\$8,815,000)
Weighted average number of ordinary shares	3,157,407,337	3,157,407,337
Basic losses per share (S\$ cents)	(0.01)	(0.28)

There is no dilution of loss per share as there were no potential dilutive ordinary shares outstanding at the end of the current and previous financial years.

8 Available-for-Sale Investment

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Quoted equity shares	4	4

9 Other Receivables

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Refundable deposit advance to a third party	6,750	6,750
Less: Allowance for impairment (Note 14(a))	(6,750)	(6,750)
	-	-
Other deposit	15	15
	15	15

The Company has, on 20 December 2014, entered into a Reverse Take Over Sale and Purchase Agreement ("RTO SPA") with the existing shareholders of Longmen Group Ltd ("Longmen") to acquire the entire issued and paid-up share capital of the Longmen, together with its subsidiaries, from the shareholders of Longmen.

The refundable deposit advance to a third party, Longmen relates to the 1st tranche of fund raising for the proposed RTO transaction according to terms and conditions in the RTO SPA.

In the event that RTO SPA is terminated or the proposed RTO does not complete by the Long-Stop Date (31 December 2015 or 4 months from the date of approval in-principle being granted by the SGX-ST in respect of the proposed RTO, whichever is earlier), the refundable deposit shall be refunded to the Company.

As discussed in Note 1, the Company terminated the RTO SPA as a result of breaches of various conditions by Longmen under the agreement. The Company has appointed a legal counsel to commence a legal action against Longmen to recover the refundable deposit of S\$6,750,000 (US\$5,000,000) advanced to Longmen. As at the date of this statement, the refundable deposit has not been recovered.

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10 Cash and Cash Equivalents

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Bank balances	138	382

Cash and cash equivalents are denominated in the following currencies:

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
United States dollars	14	82
Singapore dollars	46	223
Renminbi	78	77
	<u>138</u>	<u>382</u>

11 Share Capital

	<u>2017</u>		<u>2016</u>	
	Number of ordinary shares '000	Share capital S\$'000	Number of ordinary shares '000	Share capital S\$'000
Balance at the beginning and end of the year	<u>3,157,407</u>	<u>6,884</u>	<u>3,157,407</u>	<u>6,884</u>

The ordinary shares of the Company have no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12 Other Payables

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Accrued operating expenses	1,391	1,404
Other creditors	20	20
	<u>1,411</u>	<u>1,424</u>

Other payables, which comprise mainly legal and professional fees, are denominated in the following currencies:

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
United States dollars	25	25
Singapore dollars	1,328	1,341
Renminbi	41	41
Hong Kong dollars	17	17
	<u>1,411</u>	<u>1,424</u>

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13 Related Party Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors and executive officers of the Company are considered as key management personnel of the Company.

Details of the key management personnel compensation are as follows:

	2017 S\$'000	2016 S\$'000
Directors' fees	180	208

14 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks, including the effects of credit risk, foreign currency risk, interest rate risk and liquidity risk arising in the normal course of the Company's business. The Company continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables. For other financial assets such as cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable financial institutions with high credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. The Company does not have any significant concentration of credit risk except for other receivables as disclosed in Note 9.

- Financial assets that are neither past due nor impaired

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Other receivables that are neither past due nor impaired are creditworthy parties. Bank deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings assigned by international credit rating agencies.

As at the reporting date, the Company's other receivables that are neither past due nor impaired amounted to S\$15,000 (2016: S\$15,000).

- Financial assets that are past due and/or impaired

There is no major class of financial assets that is past due and/or impaired except for other receivables.

The movement in the allowance for impairment of other receivables is as follows:

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
At beginning of the year	6,750	-
Impairment loss charge to profit or loss	-	6,750
At end of the year (Note 9)	<u>6,750</u>	<u>6,750</u>

Foreign currency risk

As at 30 June 2017, the Company does not have any significant exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. For cash placed with banks and financial institutions, the Company's policy is to obtain the most favourable interest rates available. The Company does not have significant exposure to variable interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from the timing of the maturities of financial assets and liabilities. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. All of the Company's payables are due within the next twelve months from the reporting date as the cash outflows approximate the carrying amounts because of their relatively short term period of maturity.

(b) Fair Values

Fair value of the Company's financial assets and liabilities are measured at fair value on a recurring basis.

The Company categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

Memstar Technology Ltd.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

- Level 3 – Unobservable inputs for the asset or liability.

The available-for-sale investment, the details of which are set out in Note 8, are classified under Level 1 of the fair value hierarchy.

The carrying amounts of financial assets and financial liabilities, with a maturity of less than one year, which are primarily other receivables, cash and cash equivalents and other payables are assumed to approximate their fair values due to their relatively short term period of maturity. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes.

15 Capital Management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 2016.

The Company monitors capital using a net debt-to-equity ratio, which is net debt divided by total equity. The Company include within net debt, other payables less cash and cash equivalents. Total equity includes equity attributable to the equity holders of the Company.

The net debt-to-equity ratio as at 30 June is as follows:

	<u>2017</u> S\$'000	<u>2016</u> S\$'000
Total debts	1,411	1,424
Less: Cash and cash equivalents (Note 10)	(138)	(382)
Net debts	<u>1,273</u>	<u>1,042</u>
Equity attributable to owners of the Company	<u>(1,254)</u>	<u>(1,023)</u>
Net debt-to-equity ratio	<u>N.M.</u>	<u>N.M.</u>

N.M. - Not meaningful as the Company has a deficit in shareholders' funds/its cash and cash equivalents were in excess of its total debt.

The Company is not subject to any externally imposed capital requirements for the financial years ended 30 June 2017 and 2016.

Memstar Technology Ltd.

(Incorporated in Singapore)

STATISTICS OF SHAREHOLDINGS AS AT 24 OCTOBER 2017

Class of shares : Ordinary shares
Number of shares : 3,157,407,337
Voting rights : One vote per share
Treasury shares held : Nil

DISTRIBUTION OF SHAREHOLDINGS

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 - 99	25	0.32	840	0.00
100 - 1,000	2,705	34.22	1,298,084	0.04
1,001 - 10,000	2,399	30.35	13,498,230	0.43
10,001 - 1,000,000	2,638	33.38	296,086,571	9.38
1,000,001 AND ABOVE	137	1.73	2,846,523,612	90.15
TOTAL	7,904	100.00	3,157,407,337	100.00

TWENTY LARGEST SHAREHOLDERS

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	JOYFIELD GROUP LIMITED	563,803,426	17.86
2	YEO CHUNG SUN	396,379,000	12.55
3	PHILLIP SECURITIES PTE LTD	286,908,150	9.09
4	PAN SHUHONG	201,977,698	6.40
5	OCBC SECURITIES PRIVATE LIMITED	173,926,098	5.51
6	GE HAILIN	152,817,724	4.84
7	LIN YUCHENG	118,000,000	3.74
8	UOB KAY HIAN PRIVATE LIMITED	116,623,200	3.69
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	109,404,149	3.46
10	HSBC (SINGAPORE) NOMINEES PTE LTD	63,784,000	2.02
11	RAFFLES NOMINEES (PTE) LIMITED	59,337,800	1.88
12	ZHUO JINGMING	55,748,500	1.77
13	CIMB SECURITIES (SINGAPORE) PTE. LTD.	50,996,000	1.62
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	43,475,875	1.38
15	CITIBANK NOMINEES SINGAPORE PTE LTD	31,896,800	1.01
16	TOH SOH LAM	21,500,000	0.68
17	DBSN SERVICES PTE. LTD.	19,054,000	0.60
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	17,001,512	0.54
19	TAN CHAI HONG OR TAN KAY SIM	12,753,000	0.40
20	DBS NOMINEES (PRIVATE) LIMITED	12,625,683	0.40
TOTAL		2,508,012,615	79.44

Memstar Technology Ltd.

(Incorporated in Singapore)

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 24 October 2017

<u>Name</u>	<u>Number of shares</u>		<u>Total Interest</u>	<u>%</u>
	<u>Direct Interest</u>	<u>Deemed Interest</u>		
Pan Shuhong (Ms) *	256,977,698 ⁽²⁾	563,803,426 ⁽¹⁾	820,781,124	26.00
Joyfield Group Limited	563,803,426		563,803,426	17.86
Yeo Chung Sun	396,379,000		396,379,000	12.55

⁽¹⁾ Ms Pan Shuhong has a controlling interest in Joyfield Group Limited and pursuant to Section 7(4) of the Companies Act, Cap.50, is deemed to have an interest in the shares.

⁽²⁾ Includes 55,000,000 shares held by Nominee.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 24 October 2017, approximately 61.45% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Memstar Technology Ltd.

(Incorporated in Singapore)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting (“AGM”) of Memstar Technology Ltd. (the “**Company**”) will be held at RELC, Room 501, 30 Orange Grove Road, Singapore 258352 on Wednesday, 29 November 2017 at 9.30 a.m. to transact the following business:-

ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2017 together with the Independent Auditors’ Report thereon. | Resolution 1 |
| 2. To re-elect Ms Pan Shuhong who will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer himself for re-election as a Director of the Company. | Resolution 2 |
| 3. To approve Directors’ fees of S\$142,500 payable by the Company for the financial year ending 30 June 2018 (2017: S\$180,000). | Resolution 3 |
| 4. To re-appoint Moore Stephens LLP as Independent Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 4 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

5. Authority to issue shares and/or convertible securities	Resolution 5
---	---------------------

That pursuant to Section 161 of the Companies Act and the Listing Manual of SGX-ST, authority be and is hereby given to the Directors of the Company to:

- (1) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Memstar Technology Ltd.

(Incorporated in Singapore)

- (2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued shares shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or sub-division of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier (See Explanatory Note 1).

ANY OTHER BUSINESS

6. To transact any other business that may be properly transacted at an AGM.

By Order of the Board

Lee Seng Suan
Company Secretary
Singapore, 14 November 2017

Memstar Technology Ltd.

(Incorporated in Singapore)

Explanatory Notes:

1. Resolution 5, if passed, will empower the Directors from the date of this AGM until the next AGM, to allot and issue new shares and/or convertible securities in the Company up to a number not exceeding 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company. For the purpose of determining the total number of shares excluding treasury shares and subsidiary holdings that may be issued, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. This authority, unless previously revoked or varied at a general meeting, shall expire at the next AGM of the Company.

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there are two proxies, the number of Shares to be represented by each proxy must be stated.
2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share(s) held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time for holding the above AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM
Annual General Meeting

IMPORTANT :

1. Pursuant to Section 181 of the Companies Act, Relevant Intermediary may appoint more than two (2) proxies to attend the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy ordinary shares in the capital of Memstar Technology Ltd. ("Shares"), this report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified time frame.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of Memstar Technology Ltd. (the "Company"), hereby appoint

	Name	Address	NRIC/ Passport No	Proportion of Shareholdings (Number of shares)
(a)				
and/or (delete as appropriate)				
(b)				

or failing him/them, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at RELC, Room 501, 30 Orange Grove Road, Singapore 258352 on Wednesday, 29 November 2017 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the AGM.

All Resolutions put to the vote at the AGM shall be decided by poll.

No.	Ordinary Resolutions	For *	Against*
1	Adoption of Directors' Statement and Audited Financial Statements		
2	Re-election of Ms Pan Shuhong as Director		
3	Approval of Directors' fees for financial year ending 30 June 2018		
4	Re-appointment of Moore Stephens LLP as Independent Auditors		
5	Authority to issue shares and/or convertible securities		

* Please indicate your vote "For" or "Against" each Resolution with a tick (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" the relevant Resolution.

Dated this _____ day of _____ 2017

Total Number of Shares Held	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of Shares to be represented by each proxy must be stated.
2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share(s) held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which the proxy has been appointed. CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
3. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
4. The instrument appointing a proxy [together with the power of attorney (if any) under which it is signed or a certified copy thereof], must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for holding the Annual General Meeting.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Depository Register and the Register of Members).
6. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register 72 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

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Please
affix
postage
stamp

Memstar Technology Ltd.
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Pan Shuhong *Non-Executive Director*
Dr Ge Hailin *Non-Executive Director*
Lam Peck Heng *Lead Independent Director*
Hong Pian Tee *Independent Director*
Lee Suan Hiang *Independent Director*
(Resigned on 21 August 2017)

AUDIT COMMITTEE

Hong Pian Tee *Chairman*
Lam Peck Heng
Lee Suan Hiang
(Resigned on 21 August 2017)

NOMINATING COMMITTEE

Lam Peck Heng *Chairman*
Pan Shuhong
Dr Ge Hailin
Lee Suan Hiang
(Resigned on 21 August 2017)

REGISTERED OFFICE

11 Kian Teck Drive
Singapore 628828
Tel : (65) 67752512
Fax : (65) 67752513

COMPANY REGISTRATION NUMBER

197901641K

REMUNERATION COMMITTEE

Lam Peck Heng
Hong Pian Tee

COMPANY SECRETARY

Lee Seng Suan *FCCA, ACIS*

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road
#29-15 International Plaza
Singapore 079903

Partner-in-charge
Neo Keng Jin
Year of appointment: 2013

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKER

DBS Bank Ltd

MEMSTAR TECHNOLOGY LTD.

(Incorporated in the Republic of Singapore)

11 Kian Teck Drive

Singapore 628828

Company Registration Number:

197901641K