
Announcement Pursuant to Rule 704(5) of the SGX-ST Listing Manual – Disclaimer of Opinion by Independent Auditors on Financial Statements for the financial year ended 30 June 2016

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Board of Directors of Memstar Technology Ltd. (the “Company”) wishes to announce that the independent auditors of the Company, Moore Stephens LLP (the “Independent Auditors”), have issued a disclaimer of opinion in their Independent Auditors’ Report on the financial statements of the Company for the financial year ended 30 June 2016.

Relevant sections of the Independent Auditors Report are reproduced below:

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Memstar Technology Ltd. (the “Company”), which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matter discussed in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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\$8,815,000 for the financial year ended 30 June 2016, and as of that date, the Company’s current and total liabilities exceeded its current and total assets by 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.

(cont'd)

Basis for Disclaimer of Opinion (cont'd)

Going Concern Assumption (cont'd)

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 uncertainty 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, 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.

Disclaimer of Opinion

9. Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the Company.

Report on Other Legal and Regulatory Requirements

10. 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.

By Order of The Board

Lee Seng Suan
Company Secretary

12 October 2016