

Company Registration No: 197901641K

**MEMSTAR TECHNOLOGY LTD.
(Incorporated in Singapore)**

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

30 JUNE 2020

MEMSTAR TECHNOLOGY LTD.
(Incorporated in Singapore)

30 JUNE 2020

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MEMSTAR TECHNOLOGY LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2020.

In the opinion of the directors,

- (a) the financial statements of the Company together with the notes thereto, as set out on pages 3 to 23, are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2020 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.

1 Directors

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

Pan Shuhong
Dr Ge Hailin

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 kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, 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 1.7.2019</u>	<u>As at 30.6.2020</u>	<u>As at 1.7.2019</u>	<u>As at 30.6.2020</u>
<u>The Company</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	-	-

⁽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

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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.

Board of Directors,



.....
Pan Shuhong
Director



.....
Dr Ge Hailin
Director

Singapore

26 August 2021

MEMSTAR TECHNOLOGY LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	<u>Note</u>	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Expenses:			
Administrative expenses		(255)	(307)
Finance costs		(31)	(4)
		<hr/>	<hr/>
Loss before income tax	6	(286)	(311)
Income tax	7	-	-
		<hr/>	<hr/>
Net loss for the year		(286)	(311)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(286)	(311)
		<hr/>	<hr/>
Losses per share - Basic and diluted (S\$ cents)	8	(0.01)	(0.01)
		<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements

MEMSTAR TECHNOLOGY LTD.
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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	<u>Note</u>	<u>2020</u> S\$'000	<u>2019</u> S\$'000
ASSETS			
Current assets			
Investment securities	9	-	4
Other receivables	10	7,005	6,776
Cash and cash equivalents	11	72	45
		<u>7,077</u>	<u>6,825</u>
Total assets		<u>7,077</u>	<u>6,825</u>
EQUITY AND LIABILITY			
Share capital and reserves			
Share capital	12	6,884	6,884
Accumulated losses		(2,189)	(1,903)
Total equity		<u>4,695</u>	<u>4,981</u>
Current liability			
Other payables	13	2,382	1,844
Total liability		<u>2,382</u>	<u>1,844</u>
Total equity and liability		<u>7,077</u>	<u>6,825</u>

The accompanying notes form an integral part of these financial statements

MEMSTAR TECHNOLOGY LTD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Share <u>capital</u> S\$'000	Accumulated <u>losses</u> S\$'000	<u>Total</u> S\$'000
Balance as at 1 July 2019	6,884	(1,903)	4,981
Net loss for the year	-	(286)	(286)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(286)	(286)
Balance as at 30 June 2020	<u>6,884</u>	<u>(2,189)</u>	<u>4,695</u>
Balance as at 1 July 2018	6,884	(1,592)	5,292
Net loss for the year	-	(311)	(311)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(311)	(311)
Balance as at 30 June 2019	<u>6,884</u>	<u>(1,903)</u>	<u>4,981</u>

The accompanying notes form an integral part of these financial statements

MEMSTAR TECHNOLOGY LTD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Cash Flows from Operating Activities			
Loss before income tax		(286)	(311)
Adjustment for:			
Interest expense	6	31	4
Operating cash flow before working capital changes		<u>(255)</u>	<u>(307)</u>
Changes in working capital:			
Other receivables		(229)	(11)
Other payables		107	12
Net cash (used in)/generated from operating activities		<u>(377)</u>	<u>1</u>
Cash flows from investing activity			
Investment securities	9	4	-
Net cash flows generated from investing activity		<u>4</u>	<u>-</u>
Cash flows from financing activity			
Advance by director		400	285
Net cash flows generated from financing activity		<u>400</u>	<u>285</u>
Net increase/(decrease) in cash and cash equivalents		27	(21)
Cash and cash equivalents at the beginning of the year		45	66
Cash and cash equivalents at the end of the year	11	<u>72</u>	<u>45</u>

A reconciliation of liabilities arising from financing activity is presented below:

	At 1 July S\$'000	Cash flows Proceeds S\$'000	Non-cash changes Interest expense S\$'000	At 30 June S\$'000
<u>2020</u>				
Advance by director	289	400	31	720
<u>2019</u>				
Advance by director	-	285	4	289

The accompanying notes form an integral part of these financial statements

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

2 Realisation Basis

The Company intends to liquidate the Company within 12 months from the date of reporting period. Consequently, the Company changed its basis of accounting for the financial year ended 30 June 2020 from going concern basis to realisation basis. Accordingly, the carrying values of the assets are presented at their estimated net realisable values and all liabilities including future liabilities that are known or committed are presented at their estimated settlement amount at reporting date. The relevant estimates will be periodically reviewed and adjusted as appropriate at the end of each reporting period with any changes in estimated amounts taken to profit or loss.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on a realisation basis. Under the realisation basis, the Company measures its assets based on estimated net realisable values and its liabilities based on estimated settlement amounts.

These financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency.

3.2 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 July 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

3.3 Standards Issued but Not Yet Effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103 <i>Definition of a Business</i>	1 January 2020
Amendments to FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020
Amendments to FRS 116 <i>Covid-19 Related Rent Concessions</i>	1 June 2020
Amendment to FRS 116 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to FRS 103 <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Classification of liabilities as Current or Non Current</i>	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 <i>Definition of Accounting Estimates</i>	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application given that the Company is to be liquidated within 12 months from the date of financial statement.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.4 Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.4 Financial Assets (cont'd)

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.4 Financial Assets (cont'd)

Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.5 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.7 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the 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 financial year, 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.

Current and deferred tax are recognised as an expense or income in profit or loss.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3 Summary of Significant Accounting Policies (cont'd)

3.8 Foreign Currency Transactions and Balances

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

3.10 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 share capital.

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

4. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

Management is of the opinion that there is no instance of application of judgements expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Financial assets		
Investment securities	-	4
At amortised cost	7,077	6,821
	<u>7,077</u>	<u>6,825</u>
Financial liability		
At amortised cost	2,382	1,844
	<u>2,382</u>	<u>1,844</u>

MEMSTAR TECHNOLOGY LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

5. Financial Instruments, Financial Risks and Capital Management (cont'd)

(b) Financial risk management policies and objectives

(i) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

The Company's credit risk primarily arise from other receivables. For other financial assets such as cash and cash equivalents, the Company minimizes credit risk by dealing exclusively with reputable financial institutions with high credit ratings. The maximum exposure to credit risk in the event that the counterparty fails to perform its obligations as at end of the financial period is the carrying amounts of those financial assets as stated in the statement of financial position.

No impairment losses on financial assets were recognised in profit or loss for both financial years 2020 and 2019.

Other receivables

Other receivables is considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. The loss allowance is measured at an amount equal to 12-month ECL.

Cash and cash equivalents

The company held cash and cash equivalents of S\$72,000 (2019: S\$45,000).

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

5. Financial Instruments, Financial Risks and Capital Management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(ii) 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.

(iii) Foreign exchange risk

As at 30 June 2020, the Company does not have any significant exposure to foreign currency risk.

(iv) Liquidity risk management

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.

(c) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables and accrued operating expenses) are assumed to be approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(d) Capital management policies and objectives

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 2020 and 2019.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

5. Financial Instruments, Financial Risks and Capital Management (cont'd)

(d) Capital management policies and objectives (cont'd)

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

	<u>2020</u>	<u>2019</u>
	S\$'000	S\$'000
Total debts	2,382	1,844
Less: Cash and cash equivalents (Note 11)	(72)	(45)
Net debts	2,310	1,799
Equity attributable to owners of the Company	4,695	4,981
Net debt-to-equity ratio	0.49	0.36

The Company is not subject to any externally imposed capital requirements for the financial years ended 30 June 2020 and 2019.

6 Loss before Income Tax

	<u>2020</u>	<u>2019</u>
	S\$'000	S\$'000
Loss before income tax is arrived at after charging:		
Administrative expenses		
- Directors' fees	60	60
- Legal and professional fees	147	175
- Others	48	72
	255	307
Finance costs		
- Interest expense on advance by director	31	4

No non-audit fees were paid to the external auditors for the financial years ended 30 June 2020 and 30 June 2019.

7 Income Tax

	<u>2020</u>	<u>2019</u>
	S\$'000	S\$'000
Current income tax:		
- current year	-	-

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7 Income Tax (cont'd)

The income tax benefit on loss differs from the amount that would arise using the applicable Singapore tax rate of 17% (2019: 17%) due to the following:

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Loss before income tax	(286)	(311)
Income tax calculated at 17%	(49)	(53)
Non-deductible items	49	53
	-	-

Unrecognised deferred tax assets

As at 30 June 2020, the Company has unutilised tax losses and capital allowances of approximately S\$6,164,000 (2019: S\$6,164,000) and S\$345,000 (2019: 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 (2019: 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.

8 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>2020</u>	<u>2019</u>
Loss for the year	(S\$286,000)	(S\$311,000)
Weighted average number of ordinary shares	3,157,407,337	3,157,407,337
Basic losses per share (S\$ cents)	(0.01)	(0.01)

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.

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9	Investment securities	<u>2020</u> S\$'000	<u>2019</u> S\$'000
	At fair value through profit or loss		
	Equity securities (quoted)	-	4
<hr/>			
10	Other Receivables	<u>2020</u> S\$'000	<u>2019</u> S\$'000
	Refundable deposit advance to a third party	6,750	6,750
	Other deposit	255	26
		<hr/>	<hr/>
		7,005	6,776

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 legal counsel to commence legal action against Longmen to recover the refundable deposit of S\$6,750,000 (US\$5,000,000) advanced to Longmen.

Full allowance for impairment of refundable deposit had been provided since prior years. As discussed in Note 15, the refundable deposit has been recovered as at the date of this statement. Accordingly, the allowance for impairment on refundable deposit was written back in the current year (Note 5).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

11	Cash and Cash Equivalents	<u>2020</u> S\$'000	<u>2019</u> S\$'000
	Bank balances	72	45

Cash and cash equivalents are denominated in the following currencies:

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Singapore dollars	72	45
	72	45

12	Share Capital	<u>2020</u>	<u>2019</u>
		Number of ordinary <u>shares</u> '000	Number of ordinary <u>shares</u> '000
		Share <u>capital</u> S\$'000	Share <u>capital</u> S\$'000
	Balance at the beginning and end of the year	3,157,407	6,884

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.

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13 Other Payables

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Accrued operating expenses	607	548
Other creditors	1,055	1,007
Advance by director	720	289
	2,382	1,844

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

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
United States dollars	25	25
Singapore dollars	2,299	1,761
Renminbi	41	41
Hong Kong dollars	17	17
	2,382	1,844

The advance by director is non-trade in nature, unsecured, bears interest of 5% per annum and is repayable on demand in cash.

14 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.

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14 Related Party Transactions (cont'd)

Details of the key management personnel compensation are as follows:

	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Directors' fees	<u>60</u>	<u>60</u>

15 Subsequent Events

(a) Delist from SGX-ST

The Company has, on 7 October 2020, been delisted from the Official List of the SGX-ST.

(b) Legal action taken against Longmen

As discussed in Notes 1 and 10, the Company terminated the RTO SPA as a result of breaches of various conditions by Longmen under the agreement. The Company has appointed legal counsel to commence 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 been fully recovered.

(c) Members' voluntary liquidation

Subsequent to year end, the Company intends to appoint a liquidator to commence the process of members' voluntary liquidation of the Company.

