Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	GLOBAL TESTING CORPORATION LIMITED
Securities	GLOBAL TESTING CORPORATION LTD - SG1BB4000008 - AYN
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	06-Apr-2018 17:35:48
Status	New
Report Type	Annual Report
Announcement Reference	SG180406OTHR5YFN
Submitted By (Co./ Ind. Name)	Chen Tie-Min
Designation	Senior Executive Director
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

Period Ended	31/12/2017

Attachments	GTCL_Annual Report 2017_6Apr18.PDF GTCL_Share Purchase Mandate_6Apr18.PDF GTCL_Capital Reduction and Cash Distribution_6Apr18.PDF Total size =2749K

2017
ANNUAL REPORT

GLOBAL TESTING
CORPORATION
LIMITED

ESTABLISHING FOOTHOLD IN

NEW TECH ERA

OUR LONG TERM

VISION

... IS TO
BUILD

a world-class
semiconductor testing business
that is both
resilient and sustainable,
and capable of delivering
long term benefits
to all our stakeholders.

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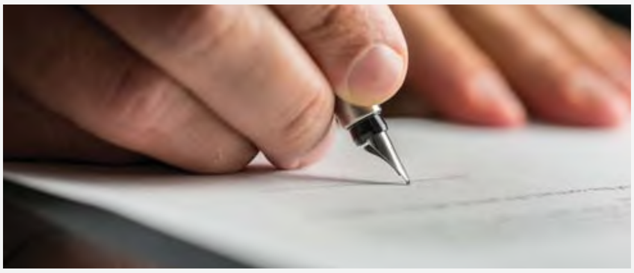


08

CORPORATE

PROFILE

ESTABLISHED IN 1998

Global Testing Corporation Limited ("Global Testing" or the "Group") is one of the largest independent testing services companies in the Asia-Pacific region. The Group primarily provides testing services such as wafer sorting and final testing to the semiconductor industry, focusing on logic and mixed signal semiconductors used in consumer electronics and communication devices.

The Group has also established its niche in the provision of wafer testing services to the automotive devices industry, which generally has more stringent quality and technical requirements compared to other types of wafers.

… one of the largest independent testing services companies in the Asia-Pacific region.

As part of its testing services, the Group provides test program development, conversion and optimization services, load board and probe card design and leases its testers to its customers for trial and pilot testing purposes on an ad hoc basis.

Global Testing has been listed on the SGX Mainboard since 24 August 2005.

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors of Global Testing Corporation Limited ("Global Testing" or the "Group"), I am pleased to present to you the audited financial statements for the financial year ended 31 December 2017 ("FY2017").

2017 has been a satisfactory year for Global Testing. We delivered a set of resilient results despite the ongoing volatility in the semiconductor industry. For FY2017, our Group recorded a net profit of US$2.5 million, on the back of revenue of about US$28.0 million as our efforts in improving our operational and capital efficiency continue to pay off.

YEAR IN REVIEW

In FY2017, we underwent a series of leadership renewals with the appointment of Mr Hu, I-Lung as Acting Chief Executive Officer in June 2017 and Mr Chia Soon Loi as Chairman of the Board, with effect from 2 January 2018.

Both Mr Hu and Mr Chia are veterans in the Company with extensive experience and in-depth knowledge of our Group's business and operations and the industry. We believe this will provide them with a solid footing and business networks to take Global Testing's business forward in the new tech era.

As we focus on growing Global Testing's business in the year ahead, a key strategic priority for us is to increase our market share and expand our customer base. This is an uphill task particularly as a wave of consolidation continues to sweep through the semiconductor industry globally, resulting in increased competition for chip testing services as the pool of potential customers reduces.

Nonetheless, we are hopeful that Global Testing is well-poised to rise to the challenge, given the extensive business networks we have established over the years and our position as an independent testing house that offers us greater flexibility to explore new business opportunities globally.

We have made some headway in extending our customer base in FY2017 to include chip suppliers to upcoming technological fields, such as artificial intelligence, automotive electronics, as well as advanced imaging and speech recognition technologies. We expect these state-of-the-art technological fields to be a key growth driver in the year ahead.

Global Testing ended the financial year with a robust balance sheet of US$6.9 million in cash and cash equivalents.

To reward our shareholders, the Board has proposed a final dividend of 9 Singapore cents per share for approval at the upcoming annual general meeting. Additionally, our Group also intends to make a cash distribution of 11 Singapore cents per share in connection with our capital reduction exercise on 27 February 2018. This will bring the total payout to shareholders to 20 Singapore cents per share for FY2017.

SUSTAINABILITY

Global Testing views sustainability as an integral aspect for our business to achieve its long-term commercial success. We are committed to creating a sustainable future for our organizational stakeholders and the broader society in which we operate in through regular and systematic dialogue. This enables us to crystalize stakeholders' needs and align them with our ESG initiatives.

This year, we are pleased to present our progress to you in our inaugural sustainability report on Pages 25 to 30.

OUTLOOK

While the world economy delivered a stronger-than-expected performance in 2017 with global growth accelerating to 3%, the business landscape remains volatile, in light of heightened risks of trade disputes and monetary normalisation.

Meanwhile, merger and acquisition activities in the worldwide semiconductor industry is expected to keep its pace due to the climbing costs of new chip-fabrications and increasing appeal of economy of scale.

Growth in the global semiconductor industry is forecast to remain relatively flat in 2018 while new technologies in the areas of artificial intelligence, imaging technology as well as automotive technology could drive demand for chips with higher processing power and chip testing services.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt appreciation to all our valued customers, business associates and shareholders for their unwavering support and confidence in Global Testing through the volatile cycles of the semiconductor industry.

I would also like to thank the senior management teams and my fellow directors for their hard work and dedication to steer Global Testing's business through challenging periods in the business year after year.

I look forward to continue serving beside you in guiding Global Testing's business and delivering value to all our shareholders.

YOURS SINCERELY,

MR CHIA SOON LOI
NON-EXECUTIVE CHAIRMAN

MR HU, I-LUNG
ACTING CHIEF EXECUTIVE OFFICER

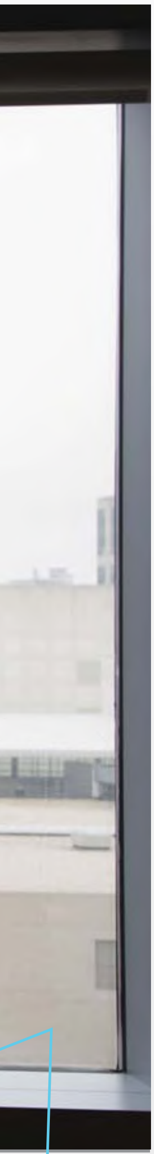
27 MARCH 2018

BOARD OF
DIRECTORS

Mr Chia Soon Loi
Non-Executive Chairman
Independent Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nominating Committee

Mr Chia Soon Loi was last re-elected to the Board on 28 April 2016 and appointed as Non-Executive Chairman of Global Testing Corporation Limited on 2 January 2018.

He has more than 30 years of experience in the electronics industry as Founder and Director of Cony Electronics (S) Pte Ltd, as well as extensive experience in the food and beverage industry. Mr Chia also serves on the Board of several other companies in Singapore and overseas, in both the electronics and non-electronics industries.



Mr Chen, Tie-Min
Senior Executive Director
Member of Nominating Committee

Mr Chen, Tie-Min was appointed by the Board on 30 August 2004 and was last re-elected to the Board on 28 April 2016. Previously the Executive Chairman of the Board, he was re-designated as Senior Executive Director, effective 2 January 2018.

Mr. Chen is the Chairman of Yageo Corporation and Chilisin Corporation, both TWSE public listed companies in Taiwan. Mr Chen holds a Bachelor of Engineering Science degree from the National Cheng Kung University, Taiwan.

Mr Geoffrey Yeoh Seng Huat
Lead Independent Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

Mr Geoffrey Yeoh was appointed Independent Director of Global Testing Corporation Limited on 30 April 2007 and was re-elected to the Board on 28 April 2017. He also serves as Independent Director to Hoe Leong Corporation Ltd and World Class Global Limited.

Mr Yeoh worked in banking for 16 years before assuming senior management positions in SGX listed companies. Mr Yeoh holds a Bachelor in Economics from the London School of Economics and is a Fellow of the Association of Chartered Certified Accountants.

Mr Kenneth Tai, Chung-Hou
Independent Director
Chairman of Nominating Committee
Member of Audit Committee
Member of Remuneration Committee

Previously appointed Non-Executive Director of the Group on 30 August 2004. Mr Kenneth Tai, Chung-Hou was re-elected as Independent Director on 28 April 2017. Mr Tai is currently Chief Executive Officer at Jasper Display Co. and serves on the board of directors for several public companies listed in Taiwan and the US, including ASUSTek Computer Inc., Wafer Works Optronics Corp. and 21 Viant.

Between 1976 and 1993, Mr Tai co-founded and held senior positions in Acer Group where he was responsible for the sales and marketing strategy. Mr Tai holds a Master in Business Administration from Tamkang University, Taiwan and a Bachelor of Science in Electrical Engineering from National Chiao Tung University, Taiwan.

SENIOR

MANAGEMENT

Mr Hu, I-Lung
Acting Chief Executive Officer

Mr Hu, I-Lung was appointed Acting Chief Executive Officer on 1 June 2017. He was previously Vice President, Sales and Marketing and was responsible for GTC's business development activities.

Prior to joining the Group in 2011, Mr Hu spent 6 years at Lite-On Semiconductor Corp. where he was first appointed as Sales and Marketing Director, and subsequently promoted to General Manager. Mr Hu also served as the Assistant Vice President at Altek Electronic, Inc.'s ODM Digital Still Camera Business unit for a year following a twelve-year tenure at Compal Electronics, Inc, where he rose through the ranks from Sales Manager in 1993 to Supply Chain Management Director in 2005.

Mr Hu holds a Bachelor of Computer Science from the West Coast University, USA.

Mr George Wang, Tsai-Wei
Chief Financial Officer
Vice President, Finance

Mr George Wang, Tsai-Wei was appointed Chief Financial Officer on 13 August 2010. He is responsible for the Group's financial functions including accounting, auditing, financial and management reporting, investment, tax, treasury, financial analysis, merger & acquisition support as well as risk management.

Prior to joining the Group, Mr Wang served as Director of Finance at Tatung Otis Elevator Co. A finance veteran with over 20 years' experience, Mr Wang was previously the Assistant General Manager for Finance at PCCW HK Telecom and the Financial Controller of TNT Taiwan. He holds a Bachelor of Accounting from Fu Jen University, Taiwan.

Mr Ming Chen
Executive Vice President, Operations

Mr Ming Chen was appointed Executive Vice President, Operations in June 2017. He is responsible for the operations of the Group, including manufacturing, engineering, product development, and facility.

Mr Chen joined the Group in March 2003 as Manager of Testing Engineering, then Director of Product Engineering, and again promoted to Assistant VP of Engineering Technology Center in 2013.

He has demonstrated good leadership and communication skills in the past key managers positions. Ming Chen has more than 18 years of experience in the IC wafer testing and final testing's hardware and software related fields.

Before joining Global Testing, he was the Senior Field Application Engineer and Manager at HP (Hewlett-Packard) and Agilent Technologies. He was also previously responsible for TSMC and UMC's IC testing support for about 5 years. He specializes in high speed, analog, digital and mix signal hardware testing, testing solution development and development of test program, load board circuit, testing schematic according to IC Data Sheet, among others.

Mr Chen holds a Bachelor of Electrical Engineering from the University of Yuan Ze, Taiwan.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chia Soon Loi
Non-Executive Chairman
Independent Director

Mr Chen, Tie-Min
Senior Executive Director

Mr Geoffrey Yeoh Seng Huat
Lead Independent Director

Mr Kenneth Tai, Chung-Hou
Independent Director

AUDIT COMMITTEE

Mr Geoffrey Yeoh Seng Huat (Chairman)
Mr Chia Soon Loi
Mr Kenneth Tai, Chung-Hou

NOMINATING COMMITTEE

Mr Kenneth Tai, Chung-Hou (Chairman)
Mr Chia Soon Loi
Mr Chen, Tie-Min
Mr Geoffrey Yeoh Seng Huat

REMUNERATION COMMITTEE

Mr Chia Soon Loi (Chairman)
Mr Geoffrey Yeoh Seng Huat
Mr Kenneth Tai, Chung-Hou

COMPANY SECRETARY

Abdul Jabbar Bin Karam Din, LLB (Hons)

REGISTERED OFFICE

9 Battery Road
#15-01 MYP Centre
Singapore 049910

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 75 Guangfu Road
Hu-Kou
Hsin-Chu Industrial Park
Hsin-Chu County 303
Taiwan

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

SOLICITORS

Rajah & Tann Singapore LLP
9 Battery Road
#15-01 MYP Centre
Singapore 049910

AUDITORS

Deloitte & Touche LLP (Singapore)
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-in-charge:
Soh Lin Leng
(Appointed since the financial year ended 31 December 2017)

PRINCIPAL BANKERS

Land Bank of Taiwan
No. 76 Chung-Hwa Road
Hu-Kou
Hsin-Chu Industrial Park
Hsin-Chu County
Taiwan

INVESTOR RELATIONS ADVISOR

Citigate Dewe Rogerson Singapore Pte Ltd
55 Market Street
#02-01
Singapore 048941

Global Testing Corporation Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment, which helps to preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code").

This Report should be read as a whole, instead of being read separately under the different principles of the Code.

(A) 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 Management remains accountable to the Board.

Role of the Board of Directors (the "Board")

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "Group") and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

a. approve the business strategies including significant acquisition and disposal of subsidiaries or assets and liabilities;
b. approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
c. approve the release of the Group's quarterly and full year's financial results and interested person transactions;
d. oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls, as may be recommended by the Audit Committee;
e. review the performance of Management, approve the nominations to the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
f. review and endorse the framework of remuneration for the Board and key executives, as may be recommended by the Remuneration Committee; and
g. corporate policies in keeping with good corporate governance and business practice.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

Board Committees

To assist the Board in the execution of its responsibilities, the Board has established a number of Board committees which include an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis.

Board Meetings and Attendance

The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of the Board meetings are normally set by the directors well in advance. Telephonic attendance and video-conferencing communication at Board and Board committee meetings are allowed under the Company's Constitution. Decisions of the Board and Board committees may also be obtained through circular resolution.

(A) BOARD MATTERS continued

The Board's Conduct of Affairs continued

Board Meetings and Attendance continued

The number of meetings held by the Board and Board committees and attendance thereat during the past financial year are as follows:

DIRECTORS	*BOARD*		*AC*		*RC*		*NC*	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Chia Soon Loi *	4	4	4	4	4	4	1	1
Chen, Tie-Min **	4	3	-	-	-	-	1	1
Geoffrey Yeoh Seng Huat	4	4	4	4	4	4	1	1
Kenneth Tai, Chung-Hou	4	4	4	4	4	4	1	1
Heng-Chun Ho ***	4	1	-	-	-	-	-	-

* Mr Chia Soon Loi, an Independent Director has been appointed as the Non-Executive Chairman of the Board with effect from 2 January 2018.

** Mr Chen, Tie-Min has relinquished his appointment as an Executive Chairman of the Board and re-designated as Senior Executive Director of the Company with effect from 2 January 2018.

*** Mr Heng-Chun Ho has resigned as a Director of the Company with effect from 1 June 2017.

Induction and Training of Directors

The Board will constantly examine its size and, with a view to determining the impact of its number upon effectiveness, decide on what it considers an appropriate size for itself. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

All directors have many years of corporate experience and are familiar with their duties and responsibilities as directors. Directors also have the opportunity to visit the Group's operational facilities and meet up with the Management to gain a better understanding of the Group's business operations. At the time of appointment, directors are provided with formal letters setting out their duties and obligations. Newly appointed directors will be given briefings by the Executive Chairman and/or management of the Company on the business activities of the Group and its strategic directions and corporate governance practices.

The Company welcomes directors to seek explanations or clarifications from and/or convene informal discussions with the Management on any aspect of the Group's operations or business. Necessary arrangements will be made for the informal discussions or explanations as and when required.

The Company is responsible for arranging and funding the training for new and existing directors. The directors are provided with continuing briefings and updates in areas such as relevant new laws and regulations, directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to the business. Where necessary, a first-time director who has no prior experience as a director of a listed company will be provided training in areas such as accounting, legal and industry-specific knowledge as appropriate.

Board Composition and Guidance

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

(A) BOARD MATTERS continued

Board Composition and Guidance continued

The Board consists of four (4) directors of whom three (3) are independent. The list of directors is as follows:

Executive Directors

Chen, Tie-Min *	(Senior Executive Director)

Non-Executive Directors

Chia Soon Loi **	(Non-Executive Chairman and Independent Director)
Geoffrey Yeoh Seng Huat	(Lead Independent Director)
Kenneth Tai, Chung-Hou	(Independent Director)

* Mr Chen, Tie-Min has relinquished his appointment as an Executive Chairman of the Board and re-designated as Senior Executive Director of the Company with effect from 2 January 2018.

** Mr Chia Soon Loi, an Independent Director has been appointed as the Non-Executive Chairman of the Board with effect from 2 January 2018.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision making. The NC is of the view that the current Board size of four (4) directors, of which three (3) are independent directors, is appropriate and effective, taking into account the nature and scope of the Company's operations.

The current Board comprises persons with diverse expertise and experience in accounting, business and management, finance and risk management who as a group provide core competencies necessary to meet the Company's requirements. The directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Independence of Directors

The NC reviews the independence of each director on an annual basis based on the Code's definition of what constitutes an independent director. The NC is of the view that the three (3) independent directors (who represent more than one-third of the Board) are independent and that there is a strong and independent element on the Board which is able to exercise objective judgement on corporate matters independently, in particular, from Management, and that no individual or small group of individuals dominate the Board's decision-making process.

The Board has rigorously reviewed and determined that Mr Chia Soon Loi, Mr Kenneth Tai, Chung-Hou and Mr Geoffrey Yeoh Seng Huat be considered independent notwithstanding that they have served on the Board for more than nine years. They are not a member of the management and are free of relationship with the Company, its related companies, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere with their independent judgment or ability to act in the interest of the Company. They have in-depth understanding of the Group's business and are well qualified and experienced and have contributed effectively by providing impartial and autonomous views, advice and judgment in the best interests not only the Group but also shareholders, employees and customers. They have provided expertise on accounting, finance, business and management experience, industry knowledge, strategic planning experience and continued to demonstrate strong independence to the Board.

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 individual should represent a considerable concentration of power.

Different individuals assume the roles of the Non-Executive Chairman of the Board and the Acting Chief Executive Officer ("CEO"). The Non-Executive Chairman of the Board is Mr Chia Soon Loi. As the Non-Executive Chairman of the Board, Mr Chia is responsible for, among others, the exercise of control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board. He also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring compliance with the Group's guidelines on corporate governance.

(A) BOARD MATTERS continued

Chairman and Chief Executive Officer continued

He is assisted by the Acting CEO, Mr Hu I-Lung. The Acting CEO, together with the Management comprising each subsidiary's general managers and key senior managers, is responsible for the day-to-day management of the Group. In addition, the Non-Executive Chairman of the Board also ensures that the Board and the Management work well together with integrity and competency.

The separation of the roles of the Non-Executive Chairman of the Board and Acting CEO ensures a balance of power and authority such that no one individual represents a considerable concentration of power.

Lead Independent Director
The Board appointed Mr Geoffrey Yeoh Seng Huat as the lead independent director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Non-Executive Chairman of the Board, the Acting CEO or the Chief Financial Officer has failed to provide satisfactory resolution, or which such contact is inappropriate.

Board Membership

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

The NC comprises the following four members, majority of whom, including the NC Chairman are independent directors:

Kenneth Tai, Chung-Hou (Chairman)
Chia Soon Loi
Geoffrey Yeoh Seng Huat
Chen, Tie-Min

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC are as follows:

- to identify candidates and review all nominations for the appointment or re-appointment of members of the Board, the Chief Executive Officer of the Group, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;
- to decide whether a director is able to and has been adequately carrying out his duties as director of the Company, particularly where the director has multiple board representations;
- to review the independence of each director annually;
- to decide how the Board's performance, Board committees and directors may be evaluated and propose objective performance criteria for the Board's approval; and
- to evaluate the effectiveness of the Board as a whole and assess the contribution by each individual director, to the effectiveness of the Board.

For the financial year under review, the NC held one (1) meeting.

The directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Under the Company's existing Constitution, one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. In reviewing and recommending to the Board the re-nomination and re-election of existing directors, the NC takes into consideration the directors' contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a director.

(A) BOARD MATTERS continued

Board Membership continued

Directors' Principal Commitments and Multiple Directorships

The NC has adopted internal guidelines addressing competing principal commitments that are faced when directors serve on multiple boards. The guideline provides that each Director should hold no more than six (6) listed company board representations.

The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and Group, notwithstanding that some of the directors have multiple board representations and that each director's directorships was in line with the Company's guideline of a maximum of six (6) listed company board representations and that each director has discharged his duties adequately.

In its search and nomination process for new directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

The NC takes into account on each director's contribution and performance for the re-appointment of existing directors.

Key information regarding the directors is set out on pages 8 and 9.

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 NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole, its Board committees, and for assessing the contribution by the Chairman of the Board and each individual director to the effectiveness of the Board.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct of the directors.

In the course of the year, the NC has conducted the assessment by preparing a questionnaire to be completed by each director, of which were then collated and the findings were analyzed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

Access to Information

Principle 6 : In order to fulfil 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 decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities, the Management provides the Board with a Management report containing complete, adequate and timely information prior to the Board meetings. All directors have separate and independent access to the Management, including the Company Secretary at all times. The Company Secretary attends all Board meetings and ensures that Board procedures and all other applicable rules and regulations applicable to the Company are complied with. The Company Secretary's responsibilities also include advising the Board on all governance matters, and ensuring good information flows within the Board and its Board committees and between Management and non-executive directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Changes to regulations are closely monitored by the Management and for changes which have an important bearing on the Company or the directors' disclosure obligations, the directors are briefed during Board meetings.

The directors and the chairmen of the respective committees, whether as a group or individually are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

(B) 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 RC comprises the following three members, all of whom are independent directors:-

Chia Soon Loi (Chairman)
Geoffrey Yeoh Seng Huat
Kenneth Tai, Chung-Hou

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- to review directors' fees to ensure that they are at sufficiently competitive levels;
- to review and approve any proposal relating to and administer the Company's Performance Share Plan (the "Plan") for directors of the Company and employees of the Group;
- to review and advise the Board a general framework on the terms of appointment and remuneration of its members, the CEO, key executive officers of the Group and all managerial staff who are related to any of the directors or the CEO;
- to review the terms of the employment arrangements with the Management so as to develop consistent group wide employment practices subject to regional differences;
- to review the Group's obligations arising in the event of termination of the executive directors' and key Management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- to recommend to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme; and
- to review and approve any proposals or recommendations relating to key executive officers' remuneration.

For the financial year under review, the RC held four (4) meetings.

The RC reviews all aspects of remuneration and compensation packages including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

No director is involved in determining his own remuneration.

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. A significant proportion of the remuneration, especially that of executive directors, should be linked to performance.

In setting remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders, promote the long-term success of the Group, and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of non-executive directors to ensure that the remuneration commensurates with the contribution and responsibilities of the directors. The Company submits the quantum of directors' fees of each year to the shareholders for approval at each Annual General Meeting ("AGM").

Non-executive directors have no service agreements and the executive directors have service agreements.

(B) REMUNERATION MATTERS continued

Level and Mix of Remuneration continued

Long-Term Incentive Schemes

The PSP was implemented as long-term incentive scheme for more senior level staff based on individual performance. They are administered by the RC. Details of the Plan are set out in the Directors' Statement on pages 32 to 34.

No PSP share has been awarded to date.

Disclosure on Remuneration

Principle 9 : Every company should provide clear disclosure of its remuneration policies, 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.

A breakdown of the remuneration of the directors, the CEO and the top 5 key executives (who are not directors or the CEO) for the financial year ended 31 December 2017 are set out below:

Remuneration of the Directors

Name	Based/fixed salary (1)	Variable or performance related income/bonus (1)	Director's fee (2)	Total Remuneration
Executive Directors				
S$250,000 to S$499,999				
Chen, Tie-Min (1) *	37%	35%	28%	100%
Below S$250,000				
Heng-Chun Ho (1) **	100%			100%
Independent Directors				
Below S$100,000				
Chia Soon Loi ***			100%	100%
Geoffrey Yeoh Seng Huat			100%	100%
Kenneth Tai, Chung-Hou			100%	100%

* Mr Chen, Tie-Min has relinquished his appointment as an Executive Chairman of the Board and re-designated as Senior Executive Director of the Company with effect from 2 January 2018.

** Mr Heng-Chun Ho has resigned as a Director of the Company with effect from 1 June 2017.

*** Mr Chia Soon Loi, an Independent Director has been appointed as the Non-Executive Chairman of the Board with effect from 2 January 2018.

Remuneration of the CEO and top 5 Key Executives (who are not Directors or the CEO)

Remuneration band and names of the CEO and key executives (who are not directors)	Based/fixed salary (1)	Variable or performance related income/bonus (1)	Benefits in Kind	Total Remuneration
Below S$250,000				
Richard Hu, I-Lung ****	50%	50%		100%
Ming Chen	54%	46%		100%
George Wang, Tsai-Wei (1)	45%	55%		100%
Jimmy Lin	66%	34%		100%
Nick Lee	60%	40%		100%
Frank Lin	54%	46%		100%
Total:				S$800,000

**** Mr Richard Hu, I-Lung has been appointed as an Acting Chief Executive Officer with effect from 1 June 2017.

(B) REMUNERATION MATTERS continued

Disclosure on Remuneration continued

(1) These are under the service agreements.
(2) The directors' fees had been approved at the Company's Annual General Meeting held in year 2017.

The remuneration of the directors, the CEO, and key executives is not disclosed in dollar terms as the Company considers information pertaining to the remuneration of its Directors, CEO, and key executives commercially sensitive.

Below are the details of the remuneration of employee who are immediate family members of a Director and whose remuneration exceeds S$50,000 during the year:

Name	Family relationship with any director and/or substantial shareholder	Remuneration band
Mdm Lee Hwei-Jan	Spouse of Mr Chen, Tie-Min	S$50,001 to S$100,000

(C) 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 endeavors to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

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.

The Board is responsible for ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the assets of the Group. The Board and the AC, with the assistance of the internal auditors have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems.

The Company's internal auditors conduct an annual review of the effectiveness of the key subsidiary's material internal controls, including financial, operational and compliance controls, and risk assessment at least annually to ensure the adequacy thereof. This review is conducted by the Company's internal auditors which presented their findings to the AC. As part of the external audit plan, the external auditors also review certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. The AC reviews the findings of both the internal and external auditors and the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

The system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. A summary in respect of the risk areas and the adequacy of the internal controls had been prepared and compiled by the head of each department. The Acting CEO and the Chief Financial Officer had assessed the summary and found the internal controls adequate.

The Board has received written assurance from the Acting CEO and CFO that:

(a) The financial records of the Group have been properly maintained and financial statements for the year ended 31 December 2017 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

(C) ACCOUNTABILITY AND AUDIT continued

Risk Management and Internal Controls continued

The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board committees and the Board, the Audit Committee and the Board are of opinion that the Group's internal controls, addressing financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems were adequate as at 31 December 2017.

Financial risks relating to the Group set out in Note 4 to the Financial Statements of this Annual Report on pages 53 to 58.

Audit Committee

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

The AC comprises the following three members, all of whom are independent directors:-

Geoffrey Yeoh Seng Huat (Chairman)
Chia Soon Loi
Kenneth Tai, Chung-Hou

It, inter alia, oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group.

All members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the view that the AC members, having recent and relevant accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

During the past financial year, the AC held four (4) meetings with the Management and the external and internal auditors of the Company to discuss and review the following matters:

- the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;
- the adequacy of the assistance and cooperation given by the Management to the external and internal auditors;
- the financial statements of the Company and the consolidated financial statements of the Group;
- the quarterly and annual announcement of the results of the Group before submission to the Board for approval;
- the adequacy of the Group's internal controls in respect of the management, business and service systems and practices;
- legal and regulatory matters that may have a material impact on the financial statements, compliance policies and programmes and any reports received from regulators;
- the independence and objectivity of the external auditors;
- the approval of compensation to the external auditors;
- the nature and extent of non-audit services provided by the external auditors;
- the recommendation to the Board for the appointment or re-appointment of the internal and external auditors of the Company;
- to report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with.

In performing its functions in accordance with the terms of reference, the AC :

- met once with the external auditors and the internal auditors without the presence of the Management and reviewed the overall scope of the external audit, internal audit and the assistance given by the Management to the auditors;

(C) ACCOUNTABILITY AND AUDIT continued

Audit Committee continued

- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the Management and full discretion to invite any director or executive officer to attend its meetings.

The external and internal auditors have unrestricted access to the AC.

The AC has undertaken a review of the independence and objectivity of the external auditors and the non-audit services provided by the external auditors and are satisfied that the nature and extent of such services do not affect the independence of the external auditors. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are disclosed in Note 25 to the financial statement.

The Group's existing auditors, Messrs Deloitte & Touche LLP, have been the auditors of the Company since 27 April 2012. The Company is in compliance with Rule 712 and 715 of the Listing Manual.

The significant areas of focus considered by the AC in relation to the 2017 Annual Report are outlined below. These issues were discussed with the external auditors during the year and, where appropriate, these have been addressed as key audit matters as outlined in the Independent Auditor's Report on pages 35 to 37:

Significant Issues	How AC responded to the Issue
Impairment assessment of Property, Plant & Equipment ("**PPE**") and Investments in Subsidiaries	The AC challenged the approach and methodology applied i.e. discounted cash flow model used for the impairment assessment of PPE as well as the impairment assessment of investments in subsidiaries. The AC reviewed the reasonableness of cash flow projections, capital expenditure requirements, terminal value, revenue growth rates and the discount rate used in the discounted cash flow model. The external auditor has included the impairment assessment of PPE and investments in subsidiaries as a key audit matter in its audit report for the financial year ended 31 December 2017.
Recognition of Deferred Tax Assets	The AC reviewed and challenged management's assumptions and judgement on the level of expected profitability in future years, including non-taxable incomes and non-deductible expenses used in the model, and the Group's ability to utilise tax losses in its Taiwanese subsidiary in the coming financial periods. The external auditor has included the recognition of deferred tax assets arising primarily from unutilsed tax losses as a key audit matter in its audit report for the financial year ended 31 December 2017.

The Company has a whistle blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group.

Internal Audit

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

Messrs BDO Taiwan ("BDO Taiwan"), a professional accounting firm has been appointed to carry out the internal audit functions. BDO Taiwan will carry out major internal control checks and compliance tests as instructed by the AC. The AC will review the internal auditors' reports and ensure that there are adequate internal controls in the Group.

BDO Taiwan reports to the AC Chairman on audit matters and reports administratively to CEO. The AC also reviews annually and approves the annual internal audit plans and resources to ensure that BDO Taiwan has the necessary resources to adequately perform its functions effectively.

(D) 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 Group recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in a central location in Singapore. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

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 believes that a high standard of disclosure is key to raising the level of corporate governance. Quarterly results are published through the SGXNET and news releases. All information of the Company's new initiatives is disseminated via SGXNET.

The Company adopts the practice of regularly communicating major developments in its businesses and operations through news releases, annual reports, shareholder circulars, shareholders' meetings, and direct announcements.

The Company does not practice selective disclosure. Price sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period. All shareholders of the Company receive the annual report and notice of AGM. The notice of AGM is also advertised in the newspapers.

The Company does not have a fixed dividend policy.

The Company intends to undertake a capital reduction exercise to return to shareholders the surplus capital of the Company in excess of its needs by way of a cash distribution and declare a final tax exempt (one-tier) ordinary dividend for the financial year ended 31 December 2017 subject to the approval of the shareholders at the Annual General Meeting to be held on 30 April 2018.

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.

The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at the AGM. The chairmen of the AC, NC and RC of the Company are present at the general meetings to answer questions from the shareholders. The external auditors are also present to assist the directors in addressing any relevant queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary, with the assistance of his representative, prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to all directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1207(19) of the Listing Manual, the Company issues a notification to all officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's full-year results and two weeks before the Company's quarterly results until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for the financial year ended 31 December 2017, the Company has complied with Rule 1207(19) of the Listing Manual.

(F) INTERESTED PERSON TRANSACTION

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the Company has taken the following steps:

- The Board meets to review if the Company will be entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the Board will ensure that the Company complies with the requisite rules under Chapter 9.

- The AC has met and will meet regularly to review if the Company will be entering into an interested person transaction, and if so, the AC ensures that the relevant rules under Chapter 9 are complied with.

(G) MATERIAL CONTRACTS

There are no material contracts entered by the Company or its subsidiary companies involving the interest of the Group's Acting Chief Executive Officer, any Director and/or Substantial shareholders for the financial year ended 31 December 2017.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This is Global Testing Corporation Limited's (GTCL) inaugural sustainability report which has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Reference Claims, the international standard for sustainability reporting.

This report aims to disclose our environmental, social and governance (ESG) performance against the issues that are considered most material to the stakeholders. We prepare this report annually to inform our stakeholders of the initiatives and strategies related to sustainability.

This report covers the sustainability performance of our operations for the financial year 2017. All data and activities reported were from 1 January 2017 to 31 December 2017, unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

Stakeholder Inclusiveness principle was implemented in determining the report context through the stakeholder engagement with the objective to understand the reasonable expectations as well as interests of our stakeholders.

Sustainability Context principle was implemented in determining the report context which covered the ESG aspects.

Materiality principle was implemented in determining the report context through the stakeholder engagement and materiality assessment workshop. Internal and external factors that were considered when assessing whether a topic is material.

Completeness principle was implemented by examining specific and material topics to check the data availability and determination of the topics' boundaries.

[This material references Disclosures 102-01, 102-46, 102-50, 102-52 and 102-54 from GRI 102: General Disclosure 2016]

CONTACT US
For questions or to deliver feedback about this report, please contact:
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9 Battery Road #15-01 MYP Centre,
Singapore 049910
Tel.: [+886] 3-598-7168

[This material references Disclosures 102-53 from GRI 102: General Disclosure 2016]

BOARD STATEMENT

GTCL strongly believes that sustainability is integral to its business in achieving long-lasting commercial success. GTCL has embarked on its sustainability journey by taking responsibility for its ESG issues. This is to create a sustainable future for the organisation, its stakeholders and also the society. To manage its stakeholders' engagement, GTCL cultivates relationship through regular and systematic planned forms of dialogue.

GTCL recognises the importance of attracting, developing and retaining a high quality workforce to ensure the long-term success of its business. GTCL has invested heavily in employee trainings to ensure that are employees are kept up to date with the relevant skills needed to carry out daily operations. In 2017, all employees attended internal and external trainings as part of their overall learning and development, with each employee clocking an average of 28.9 training hours over that year.

Corporate governance is at the centre of its business in achieving sustainability goals. GTCL upholds the belief that good corporate governance is essential in building a sound corporation and operating in an ethical environment, thereby protecting the interests of all stakeholders. GTCL strives to put in place a robust governance framework to maintain integrity, transparency, accountability and discipline in all of its business activities.

Looking ahead, GTCL will progressively target and improve upon new aspects material to its business. GTCL will make efforts to improve the overall sustainability performance across its testing operations with the objective of developing a sustainable business for the future.

[This material references Disclosures 102-14 from GRI 102: General Disclosure 2016]

STAKEHOLDER ENGAGEMENT AND CLIENT STATISFACTION

STAKEHOLDER ENGAGEMENT

GTCL being a pure play semiconductor integrated circuit testing company provides a list of highly specialised services. In our pursuit to be a market leader in sustainability, we are proud to present our sustainability section which takes reference to the international standard for sustainability reporting, GRI Standards: Reference Claims.

We strongly believe that we play a pivotal role in addressing global environmental sustainability challenges and are planning to implement strategies and review existing company policies to address the material environment, social and governance (ESG) aspects highlighted by our stakeholders. This clearly demonstrates our commitment towards operational sustainability and corporate responsibility.

We recognise that stakeholders play an important strategic role in maintaining company's long-term growth as well as responsible business development in ESG aspects and our business activities involve a diverse range of stakeholders.

It is crucial to identify stakeholders who are both instrumental to the success of the business and influential in sustainability performance. These stakeholders form a highly diversified group which reflects the breadth of our reach in the market.

We collect stakeholder feedback and concerns via open and transparent stakeholder engagement channels throughout the reporting year. The existing stakeholder engagement channels include workshop, surveys and external audits to assess daily operations and ensure that they are carried out in accordance to laws and regulations. We believe that this approach will help us to align our stakeholders concerns into operational, reporting objectives and organisation's objectives.

Based on the stakeholders concerns gathered, Table 1 below shows the list of ESG indicators for GTCL that will be highlighted in this report.

[This material references Disclosures 102-42, 102-43 and 102-44 from GRI 102: General Disclosure 2016]

Table 1: List of ESG indicators

Material Aspects	List of ESG Indicators	Aspect Boundary
Stakeholder engagement	102-43 : Approach to stakeholder engagement 102-44 : Key topics and concerns raised	Within organisation
Client Satisfaction	102-43 : Approach to stakeholder engagement 102-44 : Key topics and concerns raised	Within organisation
Training and Education	404-1: Average hours of training per year per employee	Within organisation
Occupational health and safety	403-2 : Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Within organisation

[This material references Disclosures 102-43, 102-44, 102-46 and 102-47 from GRI 102: General Disclosure 2016]

CLIENT SATISFACTION

We carry out an annual customer satisfaction survey to our main customer lines which include circuit probing and final testing. This annual survey conducted is in accordance to ISO program ISO9001 and IATF16949 standard of the Customer Satisfaction Survey Handling Procedure. In future we aim to achieve an overall rating of "**Excellent**" where we deliver a better quality experience for our customers.

[This material references Disclosures 102-43 and 102-44 from GRI 102: General Disclosure 2016]

STAKEHOLDER ENGAGEMENT AND CLIENT STATISFACTION continued

CLIENT SATISFACTION continued

Our performance:

In 2017, our clients rated us with our overall rating of "**Good**" which met with their project outcomes and value added to their organisation throughout the reporting year.

Thus, we have fulfilled customer requirements and provided them with a quality experience.

Table 2: Survey Results for Circuit Probing

Circuit Probing ("CP")	2015 (%)	2016 (%)	2017 (%)	Rating in 2017
MA01	80.72	80.03	80.53	**GOOD**
SS01	86.00	86.00	84.26	**GOOD**

Table 3: Survey Results for Final Testing

Final Testing ("FT")	2015 (%)	2016 (%)	2017 (%)	Rating in 2017
SN03	83.82	81.34	81.87	**GOOD**
HI01	80.03	82.50	92.69	**EXCELLENT**

Table 4: Survey Results for CP & FT

CP & FT	2015 (%)	2016 (%)	2017 (%)	Rating in 2017
CN01	92.09	88.20	87.91	**GOOD**

EMPLOYEE DEVELOPMENT

OUR APPROACH

At GTCL, the employees form the foundation of our business and we constantly seek to improve their workplace competencies through training and education. Through such training and education, employees who are our greatest assets, are able to carry out operations safely and effectively.

To facilitate proper training for our employees, we adhere to the ISO QP18-01 Employee Training Procedure which allows us to develop a comprehensive training framework to accommodate to different spectrums of employees.

Our comprehensive training framework includes internal trainings which are carried out periodically to improve the skills of our employees. These trainings are only deemed completed when employees pass the necessary tests which are carried out during or after the training session. This is to ensure our employees have attained the necessary competencies to carry out their daily operations effectively. An extended portion of our training framework includes sending employees to attend technical trainings conducted by external professionals.

These technical trainings are more intensive with regards to content and relate to the areas of engineering, tax and management where upon completion of the training, certification is required to recognise the employee as competent in their relevant area of expertise.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016]

EMPLOYEE DEVELOPMENT continued

TRAINING AND EDUCATION

We ensure easy access to training for both genders, across all job profiles, highlighting the effort to improve diversity in the workplace. In 2017, GTCL has a balanced profile of employees across both genders where male employees numbered at 235 whilst female employees numbered at 244. We have achieved a total of 13,849 hours of training for all employees.

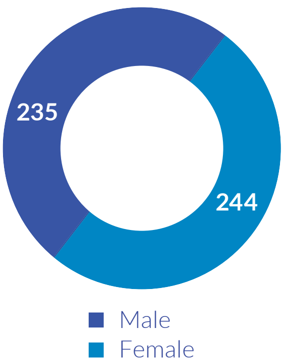
We recognises that our employees contribute largely to the success of the business. As such, we believe in developing their performance capabilities. In 2017, all employees attended trainings as part of their overall learning and development to improve their performance capabilities, with each employee clocking an average of 28.9 training hours over that year.

We aim to increase the average training hours to 32 hours in the future so as to better develop the capabilities of our employees.

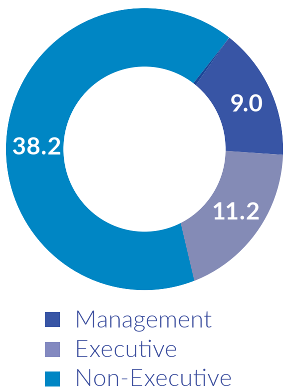
[This material references Disclosures 404-1 from GRI 404: Training and Education 2016]

Our performance:

Number of Employees by Gender



Average Hours of Training per Employee Category



Average Training Hours per Employee

28.9

WORKPLACE

OUR APPROACH

GTCL's long-term success is dependent on providing its employees with a work environment in which they can develop and contribute with their talents. Effective occupational health and safety (OHS) is of utmost importance to enhance staff productivity and morale.

All new joiners will undergo and complete a mandatory OHS training programme. This training is deemed completed when employees pass the necessary tests which are carried out after the training session. GTCL also conducts fire safety programmes that involve fire evacuation drills and response plans to allow employees to better familiarise themselves with emergency procedures on a regular basis. The last session was conducted in November 2017 where attendance was made compulsory for all employees.

We also have an established Management Safety and Health Committee that further enhances and ensure our OHS policies are properly enforced and reviews are carried out yearly and will be followed up with necessary amendments.

Furthermore, we also have an Audit Safety and Health Committee that carries out internal audit on a quarterly basis to evaluate and improve the effectiveness of risk management, control and governance of OHS processes.

The effectiveness of our OHS measures is assessed based on the number of warnings and penalties issued by the government. Based on our track records in 2017, no warnings and penalties were issued thus, we are certain that our OHS standards within the organisation is of excellent standards.

WORKPLACE continued

OUR APPROACH continued

At GTCL, we have an in-house nurse that serves as a first responder to any medical emergencies. By having an in-house nurse, she is able to serve as an emergency medical respondent and liaison with clinics and hospitals to coordinate health check-ups and monthly health consultations for our employees. The in-house nurse thus ensures that our employees are always fit for duty to carry out their daily operations.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016]

OCCUPATIONAL HEALTH AND SAFETY

In 2017, there was zero occupational diseases contracted and throughout the year, only 3 work-related injuries were reported.

The overall injury rate is reported to be 1,044 per 100,000 employees and affected employees have all returned to work as per normal after their medical leave.

GTCL strives to continuously monitor and improve the performance and safety standards of the workplace environment

[This material references Disclosures 403-2 from GRI 403: Occupational Health and Safety 2016]

Occupational Health & Safety results:

Number of work related injuries	
Male	Female
0	3

Per total man-hours in a year	Per 200,000 working hours
Absentee Rate	Lost Day Rate
0.01	3

Per 100,000 employed persons	
Injury Rate	Occupatonal Disease Rate
1,044	0

In future we aim to:

- Maintain **0.01** Absentee Rate
- Maintain **zero** Occupational Disease Rate
- Achieve **zero** Lost Day Rate
- Achieve **zero** Work-related Injuries
- Achieve **zero** Injury Rate

GENERAL DISCLOSURES		
General Standard Disclosures	Description	Chapter, Page Reference, Performance and/or Explanation for Omissions
ORGANISATIONAL PROFILE		
GRI 102-1	Name of the organisation	Page 25
GRI 102-2	Activities, brands, products and services	Corporate Profile on page 2
GRI 102-3	Location of headquarters	Corporate Information on page 12
GRI 102-4	Location of operations	Corporate Information on page 12
GRI 102-5	Ownership and legal form	Corporate Profile on page 2
GRI 102-6	Markets served	Corporate Profile on page 2
GRI 102-7	Scale of the organisation	Corporate Profile on page 2
GRI 102-8	Information on employees and other workers	Corporate Profile on page 2
GRI 102-9	Supply Chain	Not applicable
GRI 102-10	Significant changes to organisation and its supply chain	Not applicable

GENERAL DISCLOSURES continued

General Standard Disclosures	Description	Chapter, Page Reference, Performance and/or Explanation for Omissions
ORGANISATIONAL PROFILE		
GRI 102-11	Precautionary principle or approach	Not applicable
GRI 102-12	External Initiatives	Not applicable
GRI 102-13	Membership of associations	Not applicable
STRATEGY		
GRI 102-14	Statement from senior decision-maker	Page 25
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards, and norms of behavior	Corporate Governance Report on page 13 to 24
GOVERNANCE		
GRI 102-18	Governance structure	Corporate Governance Report on page 13 to 24
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Not in list
GRI 102-41	Collective bargaining agreements	Not in list
GRI 102-42	Identifying and selecting stakeholders	Page 26
GRI 102-43	Approach to stakeholder engagement	Page 26
GRI 102-44	Key topics and concerns raised	Page 26, 27
REPORTING PRACTICE		
GRI 102-45	Entities included in the consolidated financial statements	Not applicable
GRI 102-46	Defining report content and topic Boundaries	Page 26
GRI 102-47	List of material topics	Page 26
GRI 102-48	Restatements of information	Not applicable
GRI 102-49	Changes in reporting	Not applicable
GRI 102-50	Reporting period	Page 25
GRI 102-51	Date of most recent report	Not applicable
GRI 102-52	Reporting cycle	Page 25
GRI 102-53	Contact point for questions regarding the report	Page 25
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 25
GRI 102-55	GRI content index	Page 29
GRI 102-56	External assurance	Not applicable
CATEGORY: SOCIAL		
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its boundary	Page 29
GRI 103-2	The management approach and its components	Page 29
GRI 103-3	Evaluation of the management approach	Page 29
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 29
TRAINING AND EDUCATION		
GRI 103-1	Explanation of the material topic and its boundary	Page 27, 28
GRI 103-2	The management approach and its components	Page 27, 28
GRI 103-3	Evaluation of the management approach	Page 27, 28
GRI 404-1	Average hours of training per year per employee	Page 28

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 38 to 72 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Chia Soon Loi (Non-Executive Chairman, Independent Director)
Chen, Tie-Min (Senior Executive Director)
Geoffrey Yeoh Seng Huat (Lead Independent Director)
Kenneth Tai, Chung-Hou (Independent Director)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as mentioned in paragraph 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
The Company - Ordinary shares	At beginning of year	At end of year	At beginning of year	At end of year
Chen, Tie-Min	3,785,549	3,785,549	774,427	774,427
Chia Soon Loi	1,474,250	2,524,250	-	-
Kenneth Tai, Chung-Hou	12,500	12,500	-	-

The directors' interests in the shares and options of the Company at 21 January 2018 were the same at 31 December 2017.

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

The Company operates a Performance Share Plan (the "Plan") for eligible employees. The Plan was approved by the shareholders of the Company on 28 April 2008.

The Plan is administered by the Remuneration Committee whose members are:

Chia Soon Loi - Chairman
Geoffrey Yeoh Seng Huat
Kenneth Tai, Chung-Hou

The Remuneration Committee comprises directors who may be participants of the Plan. A member of the Remuneration Committee who is a participant of the Plan are prohibited from being involved in the Committee's deliberation in respect of awards to be granted to him.

The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the adoption date. The termination of the Plan shall not affect any awards which have been granted, whether such awards have been released fully or partially. The number of shares available under the Plan will be subject to the maximum limit of 15% of the total number of outstanding issued shares of the Company.

Since the approval by the shareholders on 28 April 2008 of the Plan, no share award has been granted to date.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Geoffrey Yeoh Seng Huat, the Lead Independent Director, and includes Mr Chia Soon Loi and Mr Kenneth Tai, Chung-Ho, both of whom are independent directors. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

5 AUDIT COMMITTEE continued

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Chia Soon Loi
Non-Executive Chairman

....
Chen, Tie-Min
Senior Executive Director

Singapore
27 March 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Testing Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 38 to 72.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 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 the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and investments in subsidiaries The carrying value of property, plant and equipment (Note 10) constitutes 68.4% of the Group's total assets as at 31 December 2017 and the carrying value of investment in subsidiaries (Note 9) constitutes 85.7% of the Company's total assets as at 31 December 2017. The Group carried out a review of the recoverable amount of property, plant and equipment, which was determined on the basis of their value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. This assessment requires the exercise of significant judgement about future market conditions and the Group's ongoing operations, such as revenue growth rate, capital expenditures, terminal value and discount rate. The recoverable amount of the Company's investments in subsidiaries was also based on the value-in-use exercise explained above.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment assessment. These procedures included: • comparing the key assumptions used in the impairment assessment, in particular the revenue growth rate and discount rate to the available market information for reasonableness; • challenging the cashflow forecasts used, with comparison to recent performance, trend analysis and market expectations; • reviewing the valuation report by an independent valuer engaged by the Group to value the land and buildings including their independence and competency; and • assessing the adequacy of the Group's disclosures in Notes 3 and 10 about the assumptions that are most important to the impairment assessment and the sensitivity of changes.

Key Audit Matters continued

Key audit matters	How the matter was addressed in the audit
Recognition of deferred tax assets As at 31 December 2017, the Group recognised deferred tax assets of US$1,318,000 arising primarily on unutilised tax losses (Note 12). The Group has recognised deferred tax assets on the basis that the Group has turned around and become profitable in recent years and management expects the Group to continue to generate sufficient future taxable profits to utilise the tax losses. The amount of deferred tax assets to be recognised involved management's judgement and estimates in respect of the time frame and quantum of the forecasted future taxable profits and the ability of the Group to offset any of its unutilised tax losses against the forecasted future taxable profits.	Our audit procedures included: • challenging the key assumptions used in forecasted future taxable profits with comparison to recent performance, trend analysis and market expectations; • comparing the non-taxable income and non-deductible expenses that were included to determine the forecasted future taxable profits to prior year's tax assessments; • challenging the time frame applied to determine the quantum of forecasted future taxable profits; and • assessing the adequacy of the Group's disclosures in Notes 3 and 12 about the recognition of deferred tax assets.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements continued

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Ms Soh Lin Leng.

Public Accountants and
Chartered Accountants
Singapore

27 March 2018

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	6,855	8,117	312	599
Trade receivables	7	6,740	6,694	-	-
Other receivables and prepayments	8	552	904	6,073	6,579
Total current assets		14,147	15,715	6,385	7,178
Non-current assets					
Investment in subsidiaries	9	-	-	41,537	46,853
Property, plant and equipment	10	35,381	37,378	-	-
Available-for-sale investments	11	571	570	571	-
Other receivables and prepayments	8	340	404	-	-
Deferred tax assets	12	1,318	1,653	-	-
Total non-current assets		37,610	40,005	42,108	46,853
Total assets		51,757	55,720	48,493	54,031
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	13	493	715	-	-
Other payables	14	5,775	7,010	2,391	2,009
Income tax payable		794	562	-	-
Total current liabilities		7,062	8,287	2,391	2,009
Capital and reserves					
Share capital	15	39,181	41,725	39,181	41,725
Treasury shares	16	(125)	-	(125)	-
Legal reserve	17	973	388	-	-
Merger reserve	18	(764)	(764)	-	-
Contributed surplus	18	-	-	2,295	2,295
Fair value reserve		344	343	(20)	-
Accumulated profits		5,086	5,741	4,771	8,002
Total equity		44,695	47,433	46,102	52,022
Total liabilities and shareholders' equity		51,757	55,720	48,493	54,031

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Revenue	20	28,053	28,978
Cost of sales		(20,013)	(19,644)
Gross profit		8,040	9,334
Other operating income	21	52	38
Distribution costs		(708)	(625)
Administrative expenses		(2,798)	(3,843)
Other operating expenses		(1,150)	(1,139)
Finance costs	22	(23)	(20)
Profit before income tax from continuing operations		3,413	3,745
Income tax (expense) benefit	23	(567)	220
Profit from continuing operations		2,846	3,965
Loss from discontinued operation	24	(338)	(235)
Profit for the year	25	2,508	3,730
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(34)	(23)
Items that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investments	11	1	135
Other comprehensive (loss) income for the year, net of tax		(33)	112
Total comprehensive income for the year		2,475	3,842
Earnings per share (US cents)			
From continuing and discontinued operations			
- Basic and diluted	26	7.10	10.55
From continuing operations			
- Basic and diluted	26	8.06	11.21

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Note	Share capital US$'000	Treasury shares US$'000	Legal reserve US$'000	Merger reserve US$'000	Fair value reserve US$'000	Accumulated profits US$'000	Total US$'000
Group								
Balance at 1 January 2016		44,317	-	-	(764)	208	5,014	48,775
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	3,730	3,730
Other comprehensive income (loss) for the year		-	-	-	-	135	(23)	112
Total		-	-	-	-	135	3,707	3,842
Transactions with owners, recognised directly in equity								
Capital reduction	15	(2,592)	-	-	-	-	-	(2,592)
Dividends paid	27	-	-	-	-	-	(2,592)	(2,592)
Appropriation to legal reserve	17	-	-	388	-	-	(388)	-
Total		(2,592)	-	388	-	-	(2,980)	(5,184)
Balance at 31 December 2016		41,725	-	388	(764)	343	5,741	47,433
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	2,508	2,508
Other comprehensive income (loss) for the year		-	-	-	-	1	(34)	(33)
Total		-	-	-	-	1	2,474	2,475
Transactions with owners, recognised directly in equity								
Repurchase of shares	16	-	(125)	-	-	-	-	(125)
Capital reduction	15	(2,544)	-	-	-	-	-	(2,544)
Dividends paid	27	-	-	-	-	-	(2,544)	(2,544)
Appropriation to legal reserve	17	-	-	585	-	-	(585)	-
Total		(2,544)	(125)	585	-	-	(3,129)	(5,213)
Balance at 31 December 2017		39,181	(125)	973	(764)	344	5,086	44,695

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Note	Share capital US$'000	Treasury shares US$'000	Contributed surplus US$'000	Fair value reserve US$'000	Accumulated profits US$'000	Total US$'000
Company							
Balance at 1 January 2016		44,317	-	2,295	-	3,958	50,570
Profit for the year, representing total comprehensive income for the year		-	-	-	-	6,636	6,636
Transactions with owners, recognised directly in equity							
Capital reduction	15	(2,592)	-	-	-	-	(2,592)
Dividends paid	27	-	-	-	-	(2,592)	(2,592)
Total		(2,592)	-	-	-	(2,592)	(5,184)
Balance at 31 December 2016		41,725	-	2,295	-	8,002	52,022
Loss for the year		-	-	-	-	(687)	(687)
Other comprehensive loss for the year		-	-	-	(20)	-	(20)
Total		-	-	-	(20)	(687)	(707)
Transactions with owners, recognised directly in equity							
Repurchase of shares	16	-	(125)	-	-	-	(125)
Capital reduction	15	(2,544)	-	-	-	-	(2,544)
Dividends paid	27	-	-	-	-	(2,544)	(2,544)
Total		(2,544)	(125)	-	-	(2,544)	(5,213)
Balance at 31 December 2017		39,181	(125)	2,295	(20)	4,771	46,102

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017 US$'000	2016 US$'000
Operating activities		
Profit before income tax from continuing operations	3,413	3,745
Loss before income tax from discontinued operation	(338)	(235)
Profit before income tax	3,075	3,510
Adjustments for:		
Depreciation of property, plant and equipment	8,545	9,232
Interest income	(14)	(23)
Interest expense	23	20
Loss on disposal of available-for-sale investments	-	111
Gain on disposal of property, plant and equipment	(62)	(4)
Operating profit before working capital changes	11,567	12,846
Trade receivables	(46)	(1,373)
Other receivables and prepayments	382	186
Trade payables	(222)	411
Other payables (Note A)	(1,247)	182
Cash generated from operations	10,434	12,252
Income taxes paid	-	(609)
Inerest received	14	23
Net cash from operating activities	10,448	11,666
Investing activities		
Proceeds on disposal of property, plant and equipment	114	4
Proceeds on disposal of available-for-sale investments	-	121
Purchase of property, plant and equipment (Note A)	(6,591)	(7,725)
Net cash used in investing activities	(6,477)	(7,600)
Financing activities		
Interest paid	(23)	(20)
Proceeds from bank loan	986	-
Repayment of bank loan	(986)	-
Repurchase of treasury shares	(125)	-
Cash distribution from capital reduction (Note B)	(2,541)	(2,613)
Dividends paid (Note 27)	(2,544)	(2,592)
Net cash used in financing activities	(5,233)	(5,225)
Net decrease in cash and cash equivalents	(1,262)	(1,159)
Cash and cash equivalents at beginning of year	8,117	9,276
Cash and cash equivalents at the end of the year	6,855	8,117

Note A: During the year, the Group purchased property, plant and equipment with an aggregated cost of US$7,214,000 (2016 : US$8,288,000), of which US$662,000 (2016 : US$653,000) (Note 14) remained unpaid at year end, and US$614,000 (2016 : US$Nil) were by way of exchange of equipment.

Note B: During the year, the Company returned to the shareholders surplus capital of the Company in excess of its needs by way of a cash distribution of US$2,544,000 (2016 : US$2,592,000) (Note 15), of which US$53,000 (2016 : US$50,000) remained unpaid at year end.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration number 200409582R) is incorporated in Singapore with its registered office at 9 Battery Road, #15-01, MYP Centre, Singapore 049910 and its principal place of business at No. 75 Guangfu Rd., Hu-Kou, Hsin-Chu Industrial Park, Hsin-Chu County, 303 Taiwan, Republic of China. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars.

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

The principal activities of the subsidiaries are described in Note 9 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were authorised for issue by the Board of Directors on 27 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except for the following:

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative - The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows, and non-cash changes. The amendments applies prospectively to annual periods beginning on or after January 1, 2017. During the year, the changes in the Group's liabilities arising from financing activities are as reported and explained in the consolidated statement of cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in a subsidiary that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred directly to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "available-for-sale investments" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investments

Certain investments held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Impairment of financial assets continued

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale investments of the Group, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

LEASES continued

The Group as lessee continued

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than freehold land and capital projects under assembly, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	40 years
Leasehold improvements	-	6 years
Plant and equipment		3 to 5 years
Motor vehicles	-	3 to 6 years
Furniture and fittings	-	5 to 10 years
Computer software	-	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF ASSETS - At end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

PROVISIONS continued

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.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Rendering of services relates to revenue from provision of testing services. Revenue is recognised when the services are rendered and are completed.

Lease of equipment

Revenue from the leasing of test equipment is recognised on a straight-line basis over the period of the operating lease.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sales, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. A subsidiary, Global Testing Corporation, incorporated in Taiwan, Republic of China, operates a defined benefit retirement plan for its employees in Taiwan whereby eligible employees are entitled to receive benefits from the plan in one lump sum on the date of their retirement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

RETIREMENT BENEFIT COSTS continued

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item cost of sales and administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

INCOME TAX - 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 year. Taxable profit differs from profit as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

INCOME TAX continued

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 reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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 Group 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, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the subsidiaries and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates 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 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 and 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.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of the 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.

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of 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, are discussed below.

(i) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where impairment has been established, management has to make estimation of the fair values less costs to sell or the value-in-use of the property, plant and equipment.

The value-in-use calculation requires the management to estimate the future cash flows expected from the cash-generating unit to which the property, plant and equipment belong, which involve key assumptions such as revenue growth rates, capital expenditures, terminal value and an appropriate discount rate in order to calculate the present value of the future cash flows.

Management has evaluated the carrying amount of the property, plant and equipment and determined that no additional impairment allowance is required. The carrying amount and impairment analysis of the property, plant and equipment is disclosed in Note 10.

(ii) Impairment of investment in subsidiaries

Management reviews the investments in the subsidiaries periodically to assess whether there is any indication of impairment. To determine whether the investments in the subsidiaries are impaired, management exercises judgment and makes estimation of the recoverable amount of those investments and the nature of the underlying assets of the subsidiary. The recoverable amount calculation requires the management to estimate the future cash flows expected from the cash-generating unit which was based on the value-in-use exercise as disclosed in Note 3(i).

Management has evaluated the carrying amount of the investments in subsidiaries and has reversed an impairment allowance of US$Nil (2016 : US$4,694,000) during the year. Management is confident that the impairment allowance of US$13,336,000 (2016 : US$13,336,000) is adequate. The carrying value of investments in subsidiaries is disclosed in Note 9.

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the carryforward of unused tax losses and unused capital allowances can be utilised. Management has assessed the time frame and quantum of the future taxable profit streams, expiry dates of unused tax losses and unused capital allowances. Based on the assessment, management has recognised deferred tax assets of US$1,318,000 (2016 : US$1,653,000) at year end.

The details of the amounts of unutilised tax losses and unutilised capital allowance and related qualifying periods are disclosed in Note 12.

(iv) Estimated useful lives of property, plant and equipment

The Group operates in a dynamic, fast changing environment where technological changes are frequent. Determining whether the estimated useful lives of plant and equipment are reasonable requires management to make judgment of the stage and direction of technology and their consequential impact on the Group's existing plant and equipment. Where an impact is established to have occurred, management has to exercise judgment as to the revised estimated useful lives of the plant and equipment.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty continued

(iv) Estimated useful lives of property, plant and equipment continued

Management estimates the useful lives of property, plant and equipment based on the estimated useful lives for similar assets in the same industry and the projected life-cycles of the technology. These estimates can change significantly as a result of expected usage or abandonment, technological innovations and competitors' actions, leading to potential changes in future depreciation expenses, impairment losses and/or write-offs.

The carrying amounts of classes of property, plant and equipment are disclosed in Note 10.

4 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:

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables				
(including cash and cash equivalents)	13,635	14,915	6,381	7,173
Available-for-sale investments	571	570	571	-
Financial liabilities				
Amortised cost	6,268	7,725	2,391	2,009

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Group has risk management policies which cover the Group's overall business strategies and its risk management philosophy. The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

There have been no significant changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group conducts its business predominantly in United States dollars and to a certain extent, in Taiwan dollars and Singapore dollars, and therefore is exposed to foreign exchange risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) *Financial risk management policies and objectives* continued

(i) Foreign exchange risk management continued

At the end of the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	1,088	1,800	5,402	6,565
Singapore dollars	136	408	103	104

	Company			
	Assets		Liabilities	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	-	-	7	3
Singapore dollars	129	69	100	104

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit or loss will increase (decrease) as follows:

	Taiwan dollars		Singapore dollars	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Group				
Profit or loss	(216)	(238)	2	15
Company				
Profit or loss	*	*	1	(2)

* Less than US$1,000.

(ii) Interest rate risk management

The Group's primary interest rate risk relates to its fixed deposits which are arranged at variable rates. The interest rates of fixed deposits are disclosed in Note 6 to the financial statements.

The Company is not exposed to significant interest rate risk as its primary interest earning assets i.e. loan to a subsidiary and interest bearing liabilities i.e. amounts due to subsidiaries are arranged at fixed rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) *Financial risk management policies and objectives* continued

(ii) Interest rate risk management continued

Interest rate sensitivity

The management has assessed that for a 100 basis point increase or decrease in interest rate at the end of the reporting period, assuming all other variables remain constant, the Group's profit would increase or decrease by US$Nil (2016 : US$5,000) respectively.

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade in available-for-sale investments.

Further details of these equity investments can be found in Note 11 to the financial statements.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the equity price had been 10% higher or lower while all other variables were held constant, the Group's profit for the year ended 31 December 2017 and 2016 respectively would not be affected as the equity investments are classified as available-for-sale investments. However, the Group's fair value reserve would have been higher or lower by US$57,100 (2016 : US$57,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's five largest customers collectively accounted for approximately 60.54% and 73.6% of trade receivables for the financial years ended 31 December 2017 and 2016 respectively. The Group believes that the concentration of its credit risk in trade receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures.

The Company's other receivables mainly pertains to loan to a subsidiary. Management has assessed that the credit risks is low.

The Group and Company's cash and cash equivalents are placed with creditworthy financial institutions.

(v) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities. Due to the high capital intensive nature of the semiconductor industry, the Group seeks to achieve flexibility in funding by maintaining a combination of committed and uncommitted credit lines with banks.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) *Financial risk management policies and objectives* continued

(v) Liquidity risk management continued

Liquidity and interest risk analyses

Non-derivative financial liabilities

As at the end of the reporting period of 2017 and 2016, the Group's non-derivative financial liabilities are non-interest bearing and are due on demand or within 1 year.

As at the end of the reporting period of 2017 and 2016, the Company's non-derivative financial liabilities, except for amount due to subsidiaries, are non-interest bearing, and are due on demand or within 1 year. The amount due to subsidiaries bears fixed interest of 2% (2016 : 2% per annum) and are due on demand or within 1 year (Note 14). The bank loan drawn down and paid during the financial year of US$ 986,000 (2016 : US$Nil) bears fixed interest rate of 1.5 % per annum.

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets excluding available-for-sale investments. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
Group					
2017					
Non-interest bearing	-	6,905	40	-	6,945
Variable interest rate instruments	0.25	6,706	-	(16)	6,690
		13,611	40	(16)	13,635
2016					
Non-interest bearing	-	6,766	100	-	6,866
Variable interest rate instruments	0.37	7,569	-	(28)	7,541
Fixed interest rate instruments	0.80	512	-	(4)	508
		14,847	100	(32)	14,915

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) *Financial risk management policies and objectives* continued

(v) Liquidity risk management continued

Liquidity and interest risk analyses continued

Non-derivative financial assets continued

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
Company					
2017					
Non-interest bearing	-	33	-	-	33
Variable interest rate instruments	0.14	312	-	-	312
Fixed interest rate instruments	2.00	6,157	-	(121)	6,036
		6,502	-	(121)	6,381
2016					
Non-interest bearing	-	20	-	-	20
Variable interest rate instrument	0.09	599	-	-	599
Fixed interest rate instruments	2.00	6,685	-	(131)	6,554
		7,304	-	(131)	7,173

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of available-for-sale investments is disclosed in Note 11 to the financial statements.

As disclosed in Note 11, the fair value of available-for-sale investments is determined by reference to the Net Asset Value in the financial statements of the Fund. As at the end of the reporting period, amounts of US$408,000 and US$150,000 (2016 : US$9,000 and US$479,000) are classified as level 2 and 3 of the fair value hierarchy respectively. The fair value for level 2 is determined by the General Partner of the fund with reference to quoted prices available in active market and for level 3 is determined by taking into consideration of the type of security, the purchase cost, subsequent purchases of the same or similar securities by other investors, liquidation preferences of senior securities, estimates of liquidation value, and the issuer's current financial position and operating results. Management has assessed and determined that any changes to the basis used would not have significant impact on the carrying value of the available-for-sale investments.

There were no transfers between the levels of the fair value hierarchy in the current reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(d) *Capital management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital and reserves.

Management reviews the capital structure periodically. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Management may then balance its overall capital structure through new share issues, share buy-backs and capital reduction as well as new debt.

During the year, the Company effected a capital reduction by way of cash distribution. Refer to Note 15 for details.

The Group's overall strategy remains unchanged from prior year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and other key management personnel

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Director's fees	196	224	196	224
Salaries and other short-term benefits	544	1,077	90	-
	740	1,301	286	224

The remuneration of directors and other key management personnel are determined by the Remuneration Committee having regard to the performance of the individuals and the performance of the Group.

In 2016, the key management of the Group and the Company comprise the directors of the Company.

Other related party transactions

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Remuneration of employee related to a director	67	63	28	-

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	6,855	7,609	312	599
Fixed deposits	-	508	-	-
Total	6,855	8,117	312	599

In 2016, fixed deposits bear interest rates of 0.8% per annum and for a tenure of one year.

7 TRADE RECEIVABLES

	Group 2017 US$'000	Group 2016 US$'000
Outside parties	6,801	6,736
Allowance for doubtful receivables	(61)	(42)
Net	6,740	6,694

The credit period on the sale of goods ranges from 30 to 90 days (2016 : 30 to 90 days).

The Group's policy is to provide fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable unless the Group is of the view that there has not been a significant change in credit quality and the amounts are still considered recoverable. Trade receivables between 90 days and 365 days past due are provided for based on estimated irrecoverable amounts from the services rendered, determined by reference to past default experience.

Before accepting any new customer, the Group evaluates and assesses the potential customer's credit quality and defines credit limits by customer.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that there are no further credit allowances required for doubtful receivables.

The table below is an analysis of trade receivables:

	Group 2017 US$'000	Group 2016 US$'000
Not past due and not impaired (i)	4,754	4,865
Past due but not impaired (ii)	1,986	1,829
	6,740	6,694
Impaired receivables - individually assessed (iii)	61	42
Less: Allowance for doubtful receivables	(61)	(42)
	-	-
Total trade receivables, net	6,740	6,694

(i) There has not been a significant change in credit quality of the trade receivables not past due.

(ii) Aging of trade receivables that are past due but not impaired:

	Group 2017 US$'000	Group 2016 US$'000
Less than 3 months past due	1,659	1,697
More than 3 months past due	327	132
Total	1,986	1,829

(iii) These amounts are stated before any deduction for allowance for doubtful receivables.

Movement in the allowance for doubtful receivables

	Group 2017 US$'000	Group 2016 US$'000
At the beginning of the year	42	38
Charge to profit or loss	19	4
At the end of the year	61	42

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Loan to a subsidiary (Note 1)	-	-	6,036	6,554
Prepayments	315	458	4	5
Deposits (Note 2)	40	100	-	-
Retirement benefit (Note 3)	300	304	-	-
Sales tax receivables	189	420	-	-
Other receivables	48	26	33	20
Total	892	1,308	6,073	6,579
Current	552	904	6,073	6,579
Non-current	340	404	-	-
Total	892	1,308	6,073	6,579

Note 1: The loan to a subsidiary bear an interest of 2% (2016: 2%), is unsecured and repayable on demand.

Note 2: The deposits pertain to security deposits placed by the Group as a security in accordance with the requirements of the Foreign Labor Law in Taiwan, Republic of China.

Note 3: The retirement benefit pertains to a pension scheme, which is a defined benefit plan set up by the Company's subsidiary, Global Testing Corporation ("GTC"), incorporated in Taiwan, Republic of China. GTC participates in the pension scheme in accordance with the Taiwanese regulations. Under the scheme, GTC is required to contribute a fixed percentage of its payroll incurred to the pension fund and to pay a certain amount out of this pension fund to its employees when they attain the age of retirement.

Actuarial valuation has been performed on the pension plan at the end of the reporting period by an independent valuer in Taiwan, Republic of China using projected unit credit cost method.

Management has assessed and determined no further disclosure required under FRS 19 *Employee Benefits* as the retirement benefit is not material and any changes to the significant actuarial assumptions for the determination of the defined obligation i.e. discount rate, expected return on plan assets and expected rate of salary increase would not have significant impact on the carrying value of the defined benefit plan.

9 INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	US$'000	US$'000
Equity shares, at cost	54,873	60,189
Less: Impairment allowance	(13,336)	(13,336)
	41,537	46,853

Movement in the impairment allowance

	2017	2016
At the beginning of the year	13,336	18,030
Reversal of impairment allowance	-	(4,694)
At the end of the year	13,336	13,336

9 INVESTMENT IN SUBSIDIARIES continued

Management carried out a review of the recoverable amount of investment in subsidiaries at the end of the reporting period. Based on their judgment and estimation of the recoverable amount of the investment in the subsidiaries which include consideration of the nature of the underlying assets of the subsidiaries and the subsidiaries' performance, management has reversed an impairment allowance of US$Nil (2016 : US$4,694,000).

Details of the Company's subsidiaries at the end of the reporting period are as follows:

	Subsidiary	Country of incorporation	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activities
(i)	Held by the Company				
	Global Testing Corporation [1]	Taiwan, Republic of China	100	100	Provision of testing services
	Global Testing International Limited [2]	British Virgin Islands	100	100	Investment holding
(ii)	Held by Global Testing Corporation				
	Global Testing Corporation [3]	United States of America	-	100	Provision of marketing and test program development service

[1] Audited by Deloitte & Touche, Taiwan, Republic of China.
[2] Not required to be audited by law in the country of incorporation.
[3] Subsidiary ceased operation on 30 June 2017 and was dissolved on 14 November 2017 (Note 24).

10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Buildings US$'000	Leasehold improve-ments US$'000	Plant and equipment US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Computer software US$'000	Capital projects under assembly US$'000	Total US$'000
Group									
Cost:									
At 1 January 2016	7,799	3,512	199	267,727	303	22,252	3,685	2,341	307,818
Additions	-	-	-	102	-	157	2	8,027	8,288
Disposal	-	-	-	(800)	(23)	-	-	-	(823)
Reclassification	-	-	-	3,558	-	723	230	(4,511)	-
At 31 December 2016	7,799	3,512	199	270,587	280	23,132	3,917	5,857	315,283
Additions	-	-	-	704	-	73	2	6,435	7,214
Disposal	-	-	(199)	(22,501)	(20)	(634)	(3,485)	-	(26,839)
Reclassification	-	-	-	9,882	-	362	247	(10,491)	-
At 31 December 2017	7,799	3,512	-	258,672	260	22,933	681	1,801	295,658
Accumulated depreciation and impairment:									
At 1 January 2016	-	1,000	199	248,832	119	15,838	3,508	-	269,496
Depreciation for the year	-	97	-	7,712	37	1,273	113	-	9,232
Disposal	-	-	-	(800)	(23)	-	-	-	(823)
At 31 December 2016	-	1,097	199	255,744	133	17,111	3,621	-	277,905
Depreciation for the year	-	96	-	6,876	33	1,359	181	-	8,545
Disposal	-	-	(199)	(21,837)	(20)	(631)	(3,486)	-	(26,173)
At 31 December 2017	-	1,193	-	240,783	146	17,839	316	-	260,277
Carrying amount:									
At 31 December 2017	7,799	2,319	-	17,889	114	5,094	365	1,801	35,381
At 31 December 2016	7,799	2,415	-	14,843	147	6,021	296	5,857	37,378

10 PROPERTY, PLANT AND EQUIPMENT continued

(i) As at 31 December 2017, the Group has available banking facilities of US$30,242,000 (2016 : US$27,907,000) with a consortium of banks. The facility is secured using certain property, plant and equipment of the Group with a total carrying value of approximately US$16,761,000 (2016 : US$20,267,000). The Group has not drawn down any banking facilities (2016 : US$Nil) as at year end.

(ii) The Group carried out a review of the recoverable amount of property, plant and equipment having regard to its ongoing operations as a cash-generating unit. The recoverable amount of property, plant and equipment was determined on the basis of their value-in-use.

The key assumptions used for the value-in-use calculation are those regarding the revenue growth rates, expected capital expenditures, terminal value and discount rate. Management prepares cash flow forecasts derived from the most recent financial budgets approved by the Board of Directors for the next five years with growth rate for revenue and expenses based on the industry growth forecast and customer base. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The pre-tax rate used to discount the forecast cash flows of the Group is 10.49% (2016 : 9.22%). Based on the value-in-use estimation, management is of the view that no additional impairment allowance is required as at 31 December 2017.

Management has performed certain sensitivity analysis on the value-in-use calculations and concluded that any reasonably possible change to the key assumptions applied within the next financial year is not likely to cause the recoverable amount of the property, plant and equipment to be below the carrying amount.

(iii) There is no reversal of previously recognised allowance for impairment as such reversal would have caused the carrying amount to exceed the carrying amount that would have been determined had no impairment loss been recognised in prior year.

(iv) During the year, the Group carried out certain exchange of equipment with third parties. The costs of equipment received of US$614,000 was measured based on the carrying amounts of the assets given up.

Company

As at the end of the reporting period, the cost of the Company's furniture and fitting amounted to US$3,000. The furniture and fitting has been fully depreciated.

11 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2017 US$'000	2016 US$'000
At the beginning of the year	570	667
Disposal	-	(232)
Fair value gain recognised in other comprehensive income	1	135
At the end of the year	571	570
Represented by:		
Quoted equity shares and convertible bond, at fair value (level 2)	408	9
Privately-held equity, at fair value (level 3)	150	479
Others, at cost	13	82
	571	570

The available-for-sale investments represent investments in H&QAP Greater China Growth Fund, L.P (the "Fund") which invested in listed and unlisted equity stocks as well as in convertible bonds. The investment in the mutual fund offers the Group the opportunity for return through fair value gains.

11 AVAILABLE-FOR-SALE INVESTMENTS continued

The Group's through its subsidiary, Global Testing International Limited, has committed to invest US$2,000,000 (2016 : US$2,000,000) in the Fund. The Fund has not called upon the remaining committed contribution of US$ 100,000 (2016 : US$100,000) from the Group.

In 2016, the Fund disposed of parts of its investments which resulted in a loss on disposal amounting to US$111,000. The loss on disposal had been included in the line item "other operating expenses" in profit or loss.

A gain of US$1,000 (2016 : US$135,000) arising from changes in the fair value of available-for-sale investments has been included in other comprehensive income.

On 15 December 2017, Global Testing International Limited has fully transferred the Fund to Global Testing Corporation Limited.

12 DEFERRED TAX ASSETS

Group

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and capital allowance available for offset against future profits as follows:

	Group		Expiry	
	2017 US$'000	2016 US$'000	2017 Year	2016 Year
Unutilised tax losses	44,339	51,674	2019 to 2024	2019 to 2036
Unutilised capital allowance	4,982	3,578	*	*

* Based on Taiwan's prevailing tax laws, the unutilised capital allowance has no expiry date.

As at end of the year, the deferred tax assets recognised by the Group on the above tax loss carry forward and the movements thereon, during the current and prior reporting periods are as follows:

	Group	
	2017 US$'000	2016 US$'000
Opening balance	1,653	555
(Charged) Credited to profit or loss (Note 23)	(335)	1,098
Ending balance	1,318	1,653

The Group has not recognised deferred tax assets of US$7,067,000 (2016 : US$7,948,000) due to unpredictability of future profit streams.

At the end of the reporting period, the amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$10,071,000 (2016 : US$7,170,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

In January 2018, there were changes in tax rates being enacted in Taiwan that will impact the Group's measurement of deferred tax balances subsequent to the end of the reporting period. Management has assessed that the effect of the change is not expected to be material to the financial statements.

13 TRADE PAYABLES

	Group 2017 US$'000	Group 2016 US$'000
Trade payables	493	715

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods ranges from 30 to 90 days (2016 : 30 to 90 days). No interest is charged on the outstanding trade payables.

14 OTHER PAYABLES

	Group		Company	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Amounts due to a subsidiary (Note 9)	-	-	1,962	1,782
Accrued operating expenses	5,005	6,307	429	227
Payable for plant and equipment	662	653	-	-
Others	108	50	-	-
Total	5,775	7,010	2,391	2,009

The amounts due to a subsidiary bear an interest of 2% (2016 : 2%) per annum, is unsecured and repayable on demand.

15 SHARE CAPITAL

	Group and Company			
	2017 '000	2016 '000	2017 US$'000	2016 US$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year	35,358	35,358	41,725	44,317
Cash distribution from capital reduction	-	-	(2,544)	(2,592)
At the end of the year	35,358	35,358	39,181	41,725

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

In 2016, the Company undertook a capital reduction by way of cash distribution of S$0.10 per share pursuant to Section 78C of the Companies Act and shareholders' approval at the extraordinary general meeting held on 11 August 2016. The total cash to be distributed to the shareholders amounted to approximately US$2,592,000.

During the year, the Company undertook a capital reduction by way of cash distribution of S$0.10 per share pursuant to Section 78C of the Companies Act and shareholders' approval at the extraordinary general meeting held on 15 May 2017. The total cash to be distributed to the shareholders amounted to approximately US$2,544,000.

As of the end of the reporting period, US$53,000 (2016 : US$50,000) of the capital reduction distribution remained unpaid and is recognised in "other payables".

16 TREASURY SHARES

	Group and Company			
	2017	2016	2017	2016
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
At beginning of the year	-	-	-	-
Repurchased during the year	154	-	125	-
At end of the year	154	-	125	-

In 2017, the Company purchased a total of 154,400 shares through market purchase.

17 LEGAL RESERVE

The Corporation Law in Taiwan, Republic of China requires each Company to set aside a legal reserve amounting to 10% of the net profit after tax each year until the Company's accumulated legal reserve is equivalent to the aggregate par value of its issued capital. The Company is allowed to capitalise its legal reserve. However, the amount which can be capitalised is limited to 50% of its total accumulated legal reserve. The legal reserve can be used to offset against accumulated losses, if any. When the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

18 MERGER RESERVE AND CONTRIBUTED SURPLUS

(i) Merger reserve

Merger reserve at Group level, represents the difference between the share capital and share premium of the subsidiary, Global Testing Corporation, incorporated in Taiwan, Republic of China at the date on which it was acquired by the Company pursuant to the Restructuring Exercise and the par value of the share capital of the Company issued as consideration for the acquisition.

(ii) Contributed surplus

Contributed surplus of the Company represents the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company pursuant to the Restructuring Exercise and the par value of the share capital issued by the Company as consideration for the acquisition.

19 PERFORMANCE SHARE PLAN

The Group operates a Performance Share Plan ("Plan") in respect of unissued ordinary shares in the Company which was approved by the shareholders of the Company on 28 April 2008.

The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the adoption date. The termination of the Plan shall not affect any awards which have been granted, whether such awards have been released fully or partially.

The number of shares available under the Plan will be subject to the maximum limit of 15% of the total number of issued shares outstanding of the Company.

No performance shares were granted to the employees since the inception of the Plan.

20 REVENUE

	Group 2017 US$'000	Group 2016 US$'000
Continuing operations:		
Rendering of services	27,400	28,590
Lease of equipment	653	388
	28,053	28,978
Discontinued operation (Note 24):		
Rendering of services	777	1,888
	28,830	30,866

21 OTHER OPERATING INCOME

	Group 2017 US$'000	Group 2016 US$'000
Continuing operations:		
Interest income	14	19
Gain on disposal of property, plant and equipment	37	4
Rental income from operating lease	-	30
Others	1	(15)
	52	38
Discontinued operation (Note 24):		
Interest income	-	4
Gain on disposal of property, plant and equipment	25	-
Others	116	28
	141	32
Total	193	70

22 FINANCE COSTS

Finance costs comprise interest expense, including fees arising from bank credit facilities, from continuing operations.

23 INCOME TAX (EXPENSE) BENEFIT

	Group 2017 US$'000	Group 2016 US$'000
From continuing operations:		
Current tax expense	(199)	(562)
Underprovision for current tax in prior year	(33)	(316)
Deferred tax benefits (Note 12)	(335)	1,098
Net	(567)	220

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

23 INCOME TAX (EXPENSE) BENEFIT continued

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate applicable to each financial year to profit before income tax as a result of the following differences:

	Group 2017 US$'000	Group 2016 US$'000
Profit (Loss) before income tax		
Continuing operations	3,413	3,745
Discontinued operation	(338)	(235)
	3,075	3,510
Income tax expense at statutory rate of 17% (2016 : 17%)	(523)	(597)
Effect of expenses that are not deductible in determining taxable profit	(162)	(248)
Effect of utilisation of previously unrecognized tax losses and capital allowance that is used to reduce current tax expense	-	290
Effect of previously unrecognized and unused tax losses now recognised as deferred tax benefit	350	1,653
Additional tax on distribution of prior year earnings of a subsidiary	(33)	(316)
Income tax on undistributed earnings of a subsidiary	(199)	(562)
Income tax (expense) credit recognised in profit or loss	(567)	220

In 2017, the tax authority in Taiwan raised queries and carried out a review of certain tax deductions made by a subsidiary for income tax filing. Management has determined based on the current status, with opinion obtained from an independent tax advisor, that the likelihood of a penalty being imposed is low. The amount relating to the Group's potential exposure is not expected to be material.

24 DISCONTINUED OPERATION

As at 30 June 2017, the wholly owned subsidiary, Global Testing Corporation (USA) ("GTC-USA") had ceased operation due to loss making over the past financial years. The financial results of GTC-USA have been classified as discontinued operation. GTC USA was dissolved on 14 November 2017.

The loss for the year from the discontinued operation is analysed as follows:

	Group 2017 US$'000	Group 2016 US$'000
Loss of GTC USA operation for the year	(338)	(235)

The results of GTC USA presented as discontinued operation are as follows:

	Group 2017 US$'000	Group 2016 US$'000
Revenue	777	1,888
Cost of sales	(532)	(1,484)
Distribution costs	(10)	(24)
Administrative expenses	(714)	(647)
Other operating income	141	32
Loss before tax	(338)	(235)
Income tax expense	-	-
Loss for the year	(338)	(235)

The consolidated statement of profit or loss and other comprehensive income for financial year ended 31 December 2016 was re-presented for the above.

During the year, GTC USA paid US$396,000 (2016 : contributed US$228,000) to the Group's net operating cash flows, and contributed US$37,000 (2016 : paid US$45,000) in respect of investing activities.

25 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group 2017 US$'000	Group 2016 US$'000
Continuing operations:		
Depreciation of property, plant and equipment	8,449	8,867
Employee benefits expense (including directors' remuneration):		
Staff costs	8,672	9,377
Cost of defined contribution plan	348	336
Defined benefit plan income	(6)	(7)
	9,014	9,706
Foreign exchange loss	65	32
Allowance for doubtful receivables	19	4
Audit fees:		
Paid to auditors of the Company	89	65
Paid to other auditors	101	72
	190	137
Non-audit fees:		
Paid to auditors of the Company	24	12
Paid to other auditors	10	10
	34	22
Discontinued operation:		
Depreciation of property, plant and equipment	96	365
Employee benefits expense (including directors' remuneration):		
Staff costs	650	696
	650	696
Non-audit fees:		
Paid to other auditors	2	4
	2	4

26 EARNINGS PER SHARE

	Group 2017	Group 2016
From continuing and discontinued operations		
Profit for the year (US$'000)	2,508	3,730
Weighted average number of ordinary shares in issue during the year ('000)	35,315	35,358
Basic earnings per share (US cents)	7.10	10.55
From continuing operations		
Profit for the year (US$'000)	2,846	3,965
Weighted average number of ordinary shares in issue during the year ('000)	35,315	35,358
Basic earnings per share (US cents)	8.06	11.21

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is the same as basic earnings per share as there are no dilutive instruments issued during the year or outstanding as at the end of the financial year.

27 DIVIDENDS

During the year, the Company declared and paid a final tax-exempt (one-tier) ordinary dividend of S$0.10 per share for financial year ended 31 December 2016. The total dividends paid amounted to US$2,544,000.

In 2016, the Company declared and paid an interim tax-exempt (one-tier) ordinary dividend of S$0.10 per share for financial year ended 31 December 2016. The total dividends paid amounted to US$2,592,000.

28 OPERATING SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

Information is reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The Group's sole operating segment is the provision of testing services to customers in the semi-conductor industry.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. As there is only one principal operating segment, the information regarding its revenue and result, assets and other information is represented by the financial statements as a whole. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of the Group's performance.

Geographical information

The Group's operations and its assets are located mainly in Taiwan, Republic of China. Its customers are located mainly in Taiwan, Republic of China, United States of America and Singapore. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Continuing Operations				
Singapore	6,745	9,808	-	-
United States of America	8,441	4,921	-	-
Taiwan, Republic of China	6,173	6,749	36,292	38,169
Republic of China	4,196	5,367	-	-
Japan	2,017	1,844	-	-
Others	481	289	-	-
Total	28,053	28,978	36,292	38,169
Discontinued Operations				
United States of America	777	1,888	-	183
Total	28,830	30,866	36,292	38,352

Information about major customers

	2017		2016	
	US$'000	%	US$'000	%
Revenue				
Customer A	6,745	24.0	9,808	33.8
Customer B	4,198	15.0	4,261	14.7
Customer C	3,833	13.7	4,670	16.1
Customer D	1,976	7.0	1,214	4.2
Customer E	1,367	4.9	641	2.2
Customer F	1,288	4.6	1,257	4.3
Others	8,646	30.8	7,127	24.7
Total	28,053	100.0	28,978	100.0

29 OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases equipment to the customers on short-term lease arrangements. According to the lease agreements, the arrangement can be cancelled by giving 1 to 6 months notice.

30 COMMITMENTS

Capital expenditures contracted but not recognised at the end of the reporting period are as follows:

	Group	
	2017 US$'000	2016 US$'000
Available-for-sale investments (Note 11)	100	100

31 SUBSEQUENT EVENTS

Subsequent to the end of the reporting period,

(a) the directors proposed to carry out a capital reduction by way of cash distribution for a total amount of approximately US$2,979,000, subject to approval by shareholders and has not been included as a liability in these financial statements.

(b) the directors proposed a final tax-exempt (one-tier) ordinary dividend of S$0.09 each per share to be paid to shareholders for the amount of approximately US$2,437,000, subject to approval by shareholders and has not been included as a liability in these financial statements.

32 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*
As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below).

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

32 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE continued

New SFRS(I) that may have impact - The following SFRS(I) pronouncements that are relevant to the Group and Company are expected to have an impact to the accounting policies in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after January 1, 2019
- SFRS(I) 16 *Leases*

SFRS(I) 9 *Financial Instruments*
SFRS(I) 9 introduces the following new requirements relevant to the Group and Company:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed an assessment of the impact of SFRS(I) 9, and noted the new SFRS(I) 9 will have the following impact on the financial statements of the Group and Company in the period of initial application:

(a) Reclassification of the available-for-sale investment under FRS 39 to financial assets at fair value through profit or loss (FVTPL) under SFRS(I) 9. This will result in a change in the accounting policy for the subsequent measurement of the investment upon initial application of SFRS(I) 9, with changes in fair value recognised in profit or loss instead of other comprehensive income. The impact is not expected to be material to the financial statements.

(b) Change in the accounting policy for measuring the impairment allowance for financial assets at amortised cost by using an expected credit loss method. Based on the credit risk profile of the Group's and Company's receivables, the impact on the financial statements on initial application of this new requirement is not expected to be material.

32 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE continued

SFRS(I) 15 *Revenue from Contracts with Customers*
SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed an assessment of the requirements of the initial application of the new SFRS(I) 15 and has noted that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption, except for enhanced disclosures on revenue streams and their accounting policies.

SFRS(I) 16 *Leases*
The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that there will be no significant impact to the financial statements other than certain accounting policies and additional disclosures relating to leases on the initial application of SFRS(I) 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its assessment.

Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

SHAREHOLDINGS STATISTICS

AS AT MARCH 9, 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES (excluding treasury shares)	%
1 - 99	76	2.62	3,665	0.01
100 - 1,000	1,365	47.08	815,244	2.32
1,001 - 10,000	1,283	44.26	4,444,291	12.62
10,001 - 1,000,000	171	5.90	8,346,249	23.71
1,000,001 AND above	4	0.14	21,594,178	61.34
Total :	**2,899**	**100.00**	**35,203,627**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	17,434,533	49.52
2	RAFFLES NOMINEES (PTE) LIMITED	1,708,895	4.85
3	DB NOMINEES (SINGAPORE) PTE LTD	1,298,375	3.69
4	UOB KAY HIAN PRIVATE LIMITED	1,152,375	3.27
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	847,817	2.41
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	779,347	2.21
7	DBS NOMINEES (PRIVATE) LIMITED	688,315	1.96
8	LIM MONG HOO	561,150	1.59
9	OCBC SECURITIES PRIVATE LIMITED	401,559	1.14
10	LIM GEK SUAN	328,200	0.93
11	PHILLIP SECURITIES PTE LTD	309,061	0.88
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	292,890	0.83
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	251,955	0.72
14	ANG CHIN SAN	90,000	0.26
15	HL BANK NOMINEES (SINGAPORE) PTE LTD	80,000	0.23
16	LOO HWEE CHOO	72,000	0.20
17	LEE CHEE KIONG DONALD	71,200	0.20
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	66,250	0.19
19	HSBC (SINGAPORE) NOMINEES PTE LTD	60,000	0.17
20	LEE GEOK TIN	60,000	0.17
	TOTAL	**26,553,922**	**75.42**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

51.23% of the Company's shares are held in the hands of the Public as at 9 March 2018 (excluding treasury shares). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SHARE CAPITAL

Number of shares issued and fully paid	:	35,358,027 ordinary shares (including treasury shares)
Voting rights	:	One vote per share

SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2018

(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	DIRECT INTEREST Number of Shares	DIRECT INTEREST %	DEEMED INTEREST Number of Shares	DEEMED INTEREST %
Chen, Tie-Min [(i)]	3,785,549	10.75	774,427	2.20
Chia Soon Loi	2,524,250	7.17	-	-
Yageo Corporation [(ii)]	8,232,388	23.39	1,838,954	5.22
Kuo Shin Investment Corporation	1,838,954	5.22	-	-
Lee Hwei-Jan	148,045	0.42	4,411,931	12.53

Notes:

(i) Mr Chen, Tie-Min and Mdm Lee Hwei-Jan are husband and wife. Ms Chen Shao-Chiao and Ms Chen Shao-Man are their daughters and Mr Chen Shao-Wei is their son.

Mdm Lee holds 148,045 Shares in the capital of the Company.

Mdm Lee holds a 99.87% interest in the issued share capital of Hsu Tai Investment Limited ("Hsu Tai"), a company incorporated in Taiwan, while Ms Chen Shao-Chiao, Mr Chen Shao-Wei and Ms Chen Shao-Man hold the remaining 0.13% in equal proportions. Hsu Tai and Mdm Lee own 99.82% and 0.17% of the issued share capital of Hsu Chang Investment Limited ("Hsu Chang") while Ms Chen Shao-Chiao, and Ms Chen Shao-Man hold the remaining 0.01% in equal proportion. Mdm Lee is deemed interested in all the shares held by Hsu Chang.

Hsu Chang holds 626,382 Shares in the capital of the Company.

Mdm Lee is deemed interested in all the shares held by Mr Chen and Hsu Chang.

Mr Chen is deemed interested in all the shares held by Mdm Lee and Hsu Chang.

(ii) Yageo Corporation ("Yageo"), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, is the owner of the entire share capital of Kuo Shin Investment Corporation ("Kuo Shin").

Kuo Shin holds 1,838,954 Shares in the Company.

Yageo is deemed interested in all the shares held by Kuo Shin.

TREASURY SHARES AS AT 9 MARCH 2018

As at 9 March 2018, the Company has 154,400 ordinary shares held as Treasury Shares. The percentage of such holding against the total number of issued ordinary shares excluding Treasury Shares is 0.439.

SHAREHOLDINGS STATISTICS

AS AT MARCH 9, 2018

DIRECTORS & SUBSTANTIAL SHAREHOLDINGS AS AT MARCH 9, 2018

	DIRECT INTEREST		DEEMED INTEREST	
Name of Directors	**Number of Shares**	**%**	**Number of Shares**	**%**
Chen, Tie-Min	3,785,549	10.75	774,427	2.20
Chia Soon Loi	2,524,250	7.17	0	0
Kenneth Tai, Chung-Hou	12,500	0.04	0	0
Geoffrey Yeoh Seng Huat	0	0	0	0
TOTAL	6,322,299			
Name of Substantial Shareholder				
Yageo Corporation	8,232,388	23.29	1,838,954	5.22
Kuo Shin Investment Corporation	1,838,954	5.22		
Lee Hwei Jan	148,045	0.42	4,411,931	12.53
TOTAL	10,219,387			
Other shareholders of less than 5% who are related to Directors of Substantial shareholders				
Hsu Chang Investment Limited	626,382	1.78		
TOTAL	17,168,068	48.77		
Public	18,035,559	51.23		

* Calculation on the basis of excluding treasury shares (35,203,627)

NOTICE OF ANNUAL GENERAL MEETING

GLOBAL TESTING CORPORATION LIMITED
(Incorporated in Singapore)
(Registration No. 200409582R)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 on Monday, 30 April 2018 at 9.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) ordinary dividend of S$0.09 per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To re-elect Mr Chen, Tie-Min, a Director retiring pursuant to Article 115 of the Company's Constitution. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Chia Soon Loi, a Director retiring pursuant to Article 115 of the Company's Constitution. [See Explanatory Note (ii)] **(Resolution 4)**

5. To approve the payment of Directors' Fees of S$290,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears. (2017: S$310,000) **(Resolution 5)**

6. To re-appoint Messrs Deloitte & Touche LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary and Special Resolutions, with or without modifications:

AS ORDINARY RESOLUTIONS

8. GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES

That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

(a) (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 may or would require shares to be issued, including but not limited to the creation and issue of 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

(b) (notwithstanding that 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:

(i) 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 fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below):

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company shall be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) the fifty per cent. (50%) limit under sub-paragraph (i) above, may be increased to one hundred per cent. (100%) where the Company undertakes a pro-rata renounceable rights issue in accordance with, and subject to the terms and conditions set out in Practice Note 8.3 of the SGX-ST Listing Rules ("**Rights Issue Limit**");

(iv) the aggregate number of shares issued pursuant to the authority conferred by this Resolution shall not exceed 100% of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) above);

(v) 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

(vi) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

9. GLOBAL TESTING PERFORMANCE SHARE PLAN

That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Global Testing Performance Share Plan (the "Plan"), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company from time to time.

[See Explanatory Note (iv)] **(Resolution 8)**

10. SHARE PURCHASE MANDATE

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the fullest extent mandated.

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the total number of issued Shares (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and any Shares which are held as treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:-

(i)	in the case of a Market Purchase	:	105% of the Average Closing Price of the Shares
(ii)	in the case of an Off-Market Purchase	:	120% of the Average Closing Price of the Shares

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5)-Market Day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note (v)] **(Resolution 9)**

AS SPECIAL RESOLUTION:

11. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

*All capitalised terms in the Resolution 10 below and defined in the Letter to Shareholders of the Company dated 6 April 2018 (the "**Letter**") shall, unless otherwise defined in this Notice of Annual General Meeting bear the respective meanings ascribed thereto in the Letter.*

Resolved that pursuant to Article 70 of the Constitution of the Company and Section 78C of the Companies Act:

(a) the issued and paid-up share capital of the Company be reduced by S$3,872,398.97 from S$46,484,237.16 (as at the Latest Practicable Date) to S$42,611,838.19 and that such reduction be effected by returning the sum of S$3,872,398.97 (the "**Cash Distribution**")from the issued and paid-up share capital of the Company to the Shareholders, being registered holders of the Shares other than the Company, except that where the registered holder is The Central Depository (Pte) Limited, the term "**Shareholders**" shall mean the Depositors (other than the Company) as defined under the Companies Act on the basis of S$0.11 for each issued ordinary share in the capital of the Company held by a Shareholder or on his/her behalf as at the Books Closure Date to be determined by the Directors of the Company (the "**Capital Reduction**"); and

(b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Capital Reduction and Cash Distribution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.
[See Explanatory Note (vi)] **(Resolution 10)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Date: 6 April 2018
Singapore

(A) NOTICE OF BOOKS CLOSURE AND DATE OF PAYMENT OF THE PROPOSED FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members will be closed from 5.00pm on 31 May 2018 (i.e. the "**Books Closure Date**") for the purpose of determining Shareholders' entitlements to the proposed final dividend.

Shareholders whose Securities Accounts with CDP are credited with Shares at 5.00pm on 31 May 2018 will be entitled to S$0.09 per Share held by the Shareholder as at the Books Closure Date.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00pm on 31 May 2018 will be registered to determine the Shareholders' entitlements to the proposed final dividend.

The proposed final dividend, if approved at the Annual General Meeting to be held on 30 April 2018, will be paid on 29 June 2018.

(B) NOTICE OF BOOKS CLOSURE DATE FOR THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 31 May 2018 (i.e. the "**Books Closure Date**") in order to determine the entitlement of Shareholders to the proposed Cash Distribution pursuant to the proposed Capital Reduction.

Shareholders whose Securities Account with CDP are credited with Shares at 5.00 p.m. on 31 May 2018 will be entitled to S$0.11 per Share held by the Shareholder as at the Books Closure Date.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 31 May 2018 will be registered to determine the Shareholders' entitlements to the proposed Cash Distribution.

The payment of the proposed Cash Distribution is subject to, inter alia, (i) no creditors having applied to court for the special resolution of the proposed Capital Reduction and Cash Distribution passed at the Annual General Meeting to be cancelled, and (ii) the Company completing the necessary filings with ACRA as provided under Section 78E of the Companies Act, after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date the Capital Reduction and Cash Distribution resolution was passed, upon which the Capital Reduction will take effect.

Payment pursuant to the Cash Distribution will be made in the following manner:

(a) Shareholders holding scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the estimated payment date as set out below (the "**Estimated Payment Date**"). The Company shall not be liable for any loss in transmission.

(b) Depositors

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to them by CDP by ordinary post at their own risk on the Estimated Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission. Alternatively, such Depositors will have payment of their respective entitlements to the Cash Distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions on the Estimated Payment Date.

(B) NOTICE OF BOOKS CLOSURE DATE FOR THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION continued

Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days prior to the Books Closure Date in order for their Securities Accounts to be credited with the relevant Shares by the Books Closure Date.

Subject to the Shareholders' approval of the proposed Capital Reduction and Cash Distribution at the Annual General Meeting to be held on 30 April 2018 and the Capital Reduction taking effect, the Estimated Payment Date of the Cash Distribution is expected to be on or about 29 June 2018.

The Company will make the relevant announcements to update and notify the Shareholders of the effective date of the Capital Reduction and the date of payment of the Cash Distribution in due course.

Explanatory Notes:

(i) **The Ordinary Resolution 3** proposed in item 3. above is to note the re-election of Mr Chen, Tie-Min as a Director of the Company. Upon re-election as a Director of the Company, Mr Chen, Tie-Min will remain as member of the Nominating Committee. Mr Chen, Tie-Min is a Senior Executive Director.

(ii) **The Ordinary Resolution 4** proposed in item 4. above is to note the re-election of Mr Chia Soon Loi as a Director of the Company. Upon re-election as a Director of the Company, Mr Chia Soon Loi will remain as Chairman of the Remuneration Committee and member of the Audit and Nominating Committee. Mr Chia Soon Loi is the Non-Executive Chairman and an Independent Director.

(iii) **The Ordinary Resolution 7** proposed in item 8. above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(iv) **The Ordinary Resolution 8** proposed in item 9. above, is to authorise the Directors to allot and issue shares on the vesting of awards under the Plan.

(v) **The Ordinary Resolution 9** proposed in item 10. above, is to renew the Share Purchase Mandate, which was originally approved by the shareholders on 28 April 2008. Detailed information on the renewal of the Share Purchase Mandate is set out in Appendix A.

(vi) **The Special Resolution 10** proposed in item 11 above, is to seek the shareholders' approval for the proposed Capital Reduction and Cash Distribution. Detailed information on the proposed Capital Reduction and Cash Distribution, including the rationale for the same, is set out in the Letter.

NOTES:

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

3. The instrument appointing the proxy must be deposited at the registered office of the Company at 9 Battery Road #15-01 MYP Centre, Singapore 049910 not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.

- A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 (collectively, 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.

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PROXY FORM

GLOBAL TESTING CORPORATION LIMITED
(Incorporated in Singapore)
(Registration No. 200409582R)

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") may attend and cast his vote(s) at the Meeting in person. A CPF Investor who is unable to attend the Meeting but would like to vote, may inform his CPF Approved Nominees to appoint the Chairman of the Meeting to act as his proxy, in which case, the CPF Investor shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____________________ (Name)

of ____________________ (Address)

being a member/members of Global Testing Corporation Limited (the "Company"), hereby appoint:

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 on Monday, 30 April 2018 at 9.00 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 Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 **(Resolution 1)**		
2.	Approval of the proposed final tax exempt (one-tier) ordinary dividend of S$0.09 per share for the financial year ended 31 December 2017. **(Resolution 2)**		
3.	Re-election of Mr Chen, Tie-Min as a Director **(Resolution 3)**		
4.	Re-election of Mr Chia Soon Loi as a Director **(Resolution 4)**		
5.	Payment of Directors' Fees for the financial year ending 31 December 2018, to be paid quarterly in arrears **(Resolution 5)**		
6.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company **(Resolution 6)**		
7.	Any other ordinary business		
	SPECIAL BUSINESS		
8.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 5 **(Resolution 7)**		
9.	Authority for Directors to allot and issue shares on the vesting of awards under the Global Testing Performance Share Plan **(Resolution 8)**		
10.	Approval of the renewal of Share Purchase Mandate **(Resolution 9)**		
	SPECIAL RESOLUTION		
11.	Approval of the proposed Capital Reduction and Cash Distribution **(Resolution 10)**		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this ______ day of ______ 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

* If no person is named in the space above, the Chairman of the Annual General Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the Annual General Meeting as indicated below, for me/us and on my/our behalf at the Annual General Meeting and at any adjournment thereof.

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. Please insert the total number of shares held by you. If you have shares registered in your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote on his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Battery Road #15-01 MYP Centre, Singapore 049910 not less than 48 hours before the time set for the meeting.

4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

10. An investor who hold shares under the Central Provident Fund Investment Scheme ("CPF Investor") may attend and cast his vote(s) at the Meeting in person. A CPF Investor who is unable to attend the Meeting but would like to vote, may inform his CPF Approved Nominees to appoint the Chairman of the Meeting to act as his proxy, in which case, the CPF Investor shall be precluded from attending the Meeting.

    - A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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 dated 6 April 2018.

ESTABLISHING FOOTHOLD IN

NEW TECH ERA

Global Testing Corporation Limited

No. 75 Guangfu Road
Hu-kou
Hsin-Chu Industrial Park
Hsin-Chu County 303
Taiwan

Tel:
[+886] 3-598-7168
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[+886] 3-598-7166

APPENDIX DATED 6 APRIL 2018

This Appendix is circulated to the Shareholders of Global Testing Corporation Limited (the "**Company**") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information for the proposed renewal of the Share Purchase Mandate of the Company to be tabled at the Annual General Meeting ("**AGM**") of the Company to be held on 30 April 2018 at 9.00 a.m. at the Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230.

The Notice of AGM and Proxy Form are enclosed with the Annual Report 2017.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200409582R)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"AGM"	The Annual General Meeting of the Company
"Annual Report"	Annual Report of the Company
"CDP"	The Central Depository (Pte) Limited
"Company"	Global Testing Corporation Limited
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as modified from time to time
"Director"	A director of the Company for the time being
"EGM"	An Extraordinary General Meeting of the Company
"Group"	The Company and its subsidiaries (as defined in Section 5 of the Companies Act)
"Latest Practicable Date"	The latest practicable date prior to the printing of this Appendix being 9 March 2018
"Listing Manual"	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Market Purchase"	Has the meaning ascribed to it in Paragraph 2.4.3
"Off-Market Purchase"	Has the meaning ascribed to it in Paragraph 2.4.3
"Proxy Form"	The proxy form in respect of the AGM as enclosed together with the Annual Report
"***Securities and Futures Act***"	The Securities and Futures Act, Chapter 289 of Singapore, as modified from time to time
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of the Company
"SIC"	Securities Industry Council
"Takeover Code"	The Singapore Code on Take-overs and Mergers
*"**S$**" and "**cents**"*	Singapore dollars and cents, respectively
*"**%**" or "**per cent.**"*	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Words importing persons include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Appendix shall have the meaning assigned to it under the Companies Act.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200409582R)

Directors:

Chia Soon Loi (Non-Executive Chairman)
Chen, Tie-Min (Senior Executive Chairman)
Geoffrey Yeoh Seng Huat (Lead Independent Director)
Kenneth Tai, Chung-Hou (Independent Director)

Registered Office:

9 Battery Road #15-01
MYP Centre
Singapore 049910

6 April 2018

To: The Shareholders of Global Testing Corporation Limited

Dear Shareholders,

1. INTRODUCTION

1.1. The Directors of the Company are convening the AGM to be held on 30 April 2018 at 9.00 a.m. at the Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate (as defined in Paragraph 2.1 below).

1.2. The purpose of this Appendix, to be circulated to Shareholders together with the Company's Annual Report, is to provide Shareholders with relevant information pertaining to the proposed renewal of the Share Purchase Mandate to be tabled at the AGM.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE OF THE COMPANY

2.1. Background and Shareholders' Approval

At the EGM of the Company held on 22 January 2008, Shareholders had approved a general and unconditional mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**Share Purchase Mandate**"). The renewal of the Share Purchase Mandate was subsequently approved by the Shareholders at the Company's AGMs held on 28 April 2008, 27 April 2009, 26 April 2010, 26 April 2011, 27 April 2012, 26 April 2013, 28 April 2014, 29 April 2015, 28 April 2016 and 27 April 2017.

The Share Purchase Mandate will expire on the date of the forthcoming AGM to be held on 30 April 2018. The Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

2.2. Shares Purchased by the Company in the Previous 12 Months

The Company has bought back an aggregate of 154,400 Shares by way of Market Purchases from 1 May 2017 to 9 March 2018 (being the Latest Practicable Date) pursuant to the Share Purchase Mandate renewed at the AGM held on 27 April 2017. The total consideration paid for the purchases was S$168,944.05 (inclusive of brokerage and clearing fees of S$252.77). The highest and lowest price paid for the purchases was S$1.140 and S$1.080 per Share respectively.

2.3. Rationale

The renewal of the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share.

Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net tangible asset per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (both as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.4. Authority and Limits on the Share Purchase Mandate

The authority and limits under the Share Purchase Mandate, if renewed at the forthcoming AGM, will be similar in terms to those previously approved by Shareholders and for the benefit of Shareholders, are summarised below:

2.4.1. Maximum Number of Shares

Only Shares which are issued and fully paid up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate will not exceed 10% of the issued Shares of the Company as at the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved (the "**Approval Date**"). Any of the Company's Shares which are held as treasury shares and/or held by a subsidiary of the Company in accordance with the provisions of the Companies Act, will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the issued ordinary share capital of the Company (excluding Shares which are held as treasury shares by the Company and subsidiary holdings) comprised 35,203,627 Shares. As at the Latest Practicable Date, the Company is holding 154,400 Shares as treasury shares. For illustration purposes only, on the basis of 35,203,627 Shares in issue (i.e. that all the Shares held as treasury shares by the Company are cancelled), not more than 3,520,362 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

2.4.2. Duration of Authority

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the Share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest.

2.4.3. Manner of Share Purchase

(i) Share purchases or acquisitions may be made by way of:

(a) a market purchase transacted on the SGX-ST through the ready market, or on another stock exchange on which the Company's equity securities are listed, through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or

(b) an off-market purchase under an equal access scheme (as defined in Section 76C of the Companies Act) for the purchase or acquisition of Shares from Shareholders ("**Off-Market Purchase**").

(ii) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an equal access scheme must satisfy all of the following conditions:

(a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons must have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers must be the same except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

(iii) If the Company wishes to make an Off-Market Purchase, the Company will issue an offer document to all Shareholders which shall contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share purchase;

(d) the consequences, if any, of the Share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;

(e) whether the Share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4.4. Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

in either case, excluding related expenses of the purchase (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4.5. Status of Purchased Shares

Under the Companies Act, a company which acquires its own shares may choose to hold such shares as treasury shares or to cancel them. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

2.4.6. Cancellation of Shares

Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

2.4.7. Treasury Shares

As explained in Paragraph 2.4.5 above, under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below.

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote at or attend meetings and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Where the Company cancels or disposes the treasury shares in accordance with this paragraph 2.4.7, the Company shall lodge with the Accounting and Corporate Regulatory Authority (the "**ACRA**") a prescribed notice of the cancellation or disposal of treasury shares together with the prescribed fee within 30 days after the cancellation or disposal of treasury shares.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of shares outstanding in a class that is listed on the SGX-ST before and after the usage and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.4.8. Reporting Requirements

(i) Within 30 days after the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.

(ii) The Company shall notify the ACRA within 30 days after a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

(iii) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the date of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.

(iv) For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in Paragraph 2.4.3(iii) above.

2.4.9. <u>Sources of Funds</u>

In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Constitution and any other applicable laws in Singapore. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent (as defined in section 76F(4) of the Companies Act) and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if, at the date of the payment made by the company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

(i) there is no ground on which the company could be found to be unable to pay its debts;

(ii) the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment; and

(iii) the value of the company's assets is not and will not, after the proposed purchase, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.5. **Financial Impact**

2.5.1. Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.

2.5.2. Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

(i) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(ii) the profits of the Company where the Shares were purchased out of the profits of the Company; or

(iii) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

For the purposes of this paragraph 2.5.2, the total amount of the purchase price shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits.

2.5.3. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend, *inter alia*, on the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

2.5.4. The impact of purchases or acquisitions under the Share Purchase Mandate on net tangible assets, earnings per Share and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

2.5.5. Based on the existing number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the proposed Share purchases or acquisitions by the Company of up to a maximum of 10% of its Shares under the Share Purchase Mandate will result in the purchase of up to 3,520,362 Shares.

In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 3,520,362 Shares at the Maximum Price of S$1.304 per Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 3,520,362 Shares (excluding any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares) is approximately S$4,590,552.05.

2.5.6. In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 3,520,362 Shares at the Maximum Price of S$1.490 per Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 3,520,362 Shares (excluding any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares) is approximately S$5,245,339.38.

2.5.7. On the basis of the assumptions set out above and the following:

(i) the Share Purchase Mandate had been effective on 31 December 2017 and 3,520,362 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) were purchased and cancelled on 31 December 2017; and

(ii) such Share purchase was financed solely by internal resources, an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited financial statements for the financial year ended 31 December 2017 is set out below:

	Group			**Company**		
	Before purchase	**After Market Purchase**	**After Off-Market Purchase**	**Before purchase**	**After Market Purchase**	**After Off-Market Purchase**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
As at 31 December 2017						
Profit after tax	3,353	3,353	3,353	(920)	(920)	(920)
Shareholders' Funds	59,757	55,166	54,512	61,638	57,047	56,393
Net Tangible Assets ("**NTA**")	57,995	53,404	52,750	61,638	57,047	56,393
Current Assets	18,915	14,324	13,670	8,537	8,120	8,120
Non-current Assets	2,980	2,980	2,980	0	0	0
Current Liabilities	9,442	9,442	9,442	3,197	7,371	8,025
Non-current Liabilities	0	0	0	0	0	0
Total Borrowings	0	0	0	0	4,174	4,828
Cash and Cash Equivalents(1)	9,165	4,574	3,920	417	0	0
Number of Shares ('000)	35,204	31,684	31,684	35,204	31,684	31,684
Financial Ratios						
Earnings per Share (cents)	9.52	10.58	10.58	(2.61)	(2.90)	(2.90)
NTA per Share (cents)	164.74	168.56	166.49	175.09	180.05	177.99
Gearing (%)(2)	18.5	20.1	20.3	4.4	12.9	14.2
Current Ratio (times)	2.0	1.5	1.4	2.7	1.1	1.0

Notes:

(1) Bank balances and fixed deposits (unsecured)

(2) Total liabilities divided by Shareholders' funds

(3) The above financial effects remain the same irrespective of whether the purchases of the Shares are effected out of capital or profits and the Shares repurchased are held in treasury or cancelled.

Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 31 December 2017, and are not representative of the Group's future financial performance.

Although the Share Purchase Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back all 10% of the issued Shares in full.

In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in Paragraph 2.4.9 above.

2.6. **Taxation**

Shareholders who are in doubt as to their respective tax positions or tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.7. **Listing Status**

2.7.1. The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than (a) the directors, chief executive officer and substantial shareholders, or controlling shareholders of the Company or its subsidiaries, and (b) the associates of such persons named in (a).

2.7.2. As at the Latest Practicable Date, there are 18,035,559 Shares in the hands of the public, representing 51.23% of the issued Shares of the Company. Assuming that the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 14,515,197 Shares, representing approximately 45.81% of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares). As such, the Company will continue to remain in compliance with Rule 723 of the Listing Manual even if the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate.

2.7.3. In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

(i) affect the listing status of the Shares on the SGX-ST;

(ii) cause market illiquidity; or

(iii) affect the orderly trading of the Shares.

2.7.4. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after any matter of a price sensitive nature has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced. In addition, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(i) two weeks immediately preceding, and including the date of, the announcement of the Company's results for each of the first three quarters of its financial year; and

(ii) one month immediately preceding, and including the date of, the announcement of the Company's results for the financial year.

2.8. **Implications under the Takeover Code**

2.8.1. The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

2.8.2. Under the Takeover Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, and any company whose associated companies include any of the foregoing companies;

(ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(iii) an individual, his close relatives, his related trusts and any person who is accustomed to act in accordance with his instructions, companies controlled by any of foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

2.8.3. The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Takeover Code ("**Appendix 2**").

2.8.4. In general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

2.8.5. Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate, unless so required under the Companies Act.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

2.9. **Directors' and Substantial Shareholders' Interests**

2.9.1. The shareholdings of the Directors and the Substantial Shareholders (as defined in the Companies Act) in the Company as at the Latest Practicable Date and the percentage shareholdings of the Directors and the Substantial Shareholders as a proportion of the total issued share capital of the Company (excluding Shares held as treasury shares by the Company and subsidiary holdings) (the "**Voting Rights**") as at the Latest Practicable Date and after the purchase of Shares assuming (i) the Company undertakes Share purchases up to the maximum 10% of the issued share capital of the Company, (ii) there is no change in the holding of Shares between the Latest Practicable Date and the date of the AGM, (iii) no new Shares are issued following approval being received from Shareholders at the AGM and (iv) none of the foregoing parties sell or otherwise dispose of their holding in Shares, are as follows:

	Before Share Purchase (No. of Shares)			Before Share Purchase (%)	After Share Purchase (%)
	Direct Interest	Deemed Interest	Total Interest		
Directors					
Chen Tie-Min(1)	3,785,549	774,427	4,559,976	12.95	14.39
Chia Soon Loi	2,524,250	–	2,524,250	7.17	7.97
Kenneth Tai, Chung-Hou	12,500	–	12,500	0.04	0.04
Geoffrey Yeoh Seng Huat	–	–	–	–	–
Substantial Shareholders					
Yageo Corporation(2)	8,232,388	1,838,954	10,071,342	28.61	31.79
Kuo Shin Investment Corporation (2)	1,838,954	–	1,838,954	5.22	5.80
Lee Hwei Jan	148,045	4,411,931	4,559,976	12.95	14.39

Notes:

(1) Mr Chen Tie-Min ("**Mr Chen**") and Mdm Lee Hwei-Jan ("**Mdm Lee**") are husband and wife.

Ms Chen Shao-Chiao and Ms Chen Shao-Man are their daughters and Mr Chen Shao-Wei is their son.

As at the Latest Practicable Date, Mdm Lee holds 148,045 Shares in the capital of the Company.

In addition, Mdm Lee holds a 99.87% interest in the issued share capital of Hsu Tai Investment Limited ("**Hsu Tai**"), a company incorporated in Taiwan, while Ms Chen Shao-Chiao, Mr Chen Shao-Wei and Ms Chen Shao-Man hold the remaining 0.13% in equal proportions. Hsu Tai and Mdm Lee own 99.82% and 0.17% of the issued share capital of Hsu Chang Investment Limited ("**Hsu Chang**") while Ms Chen Shao-Chiao and Ms Chen Shao-Man hold the remaining 0.01% in equal proportions.

As at the Latest Practicable Date, Hsu Chang holds 626,382 Shares in the capital of the Company.

Mdm Lee is deemed interested in all the shares held by Mr Chen and Hsu Chang.

Mr Chen is deemed interested in all the shares held by Mdm Lee and Hsu Chang.

(2) Yageo Corporation ("**Yageo**"), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, is the owner of the entire share capital of Kuo Shin Investment Corporation ("**Kuo Shin**").

As at the Latest Practicable Date, Kuo Shin holds 1,838,954 Shares in the capital of the Company. Yageo is deemed interested in all the shares held by Kuo Shin.

Shareholders should note the following:

(i) the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (a) the maximum amount of 10% of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and not held as treasury shares and (b) there is no change in the number of Shares held or deemed to be held by the Directors; and

(ii) if all the purchased Shares are held as treasury shares and not cancelled, there will be no change in the interests of the Directors before and after such purchase.

2.9.2. Mr Chen is an executive director of the Company and chairman of Yageo.

2.9.3. Pursuant to the Takeover Code, Yageo, together with Kuo Shin (being a wholly-owned subsidiary of Yageo), Mr Chen (being a director of Yageo and the Company), Mdm Lee (being Mr Chen's wife), Ms Chen Shao-Chiao, Mr Chen Shao-Wei and Ms Chen Shao-Man (being Mr Chen's children), Hsu Chang and Hsu Tai (being companies controlled by Mdm Lee), and persons acting in concert with any of them (collectively, the "**Yageo Concert Party Group**") are presumed to be acting in concert in relation to the Shares.

2.9.4. Based on the above information, as at the Latest Practicable Date, if, within a period of six months, the Company purchases 3,520,362 Shares, being 10% of the total number of Shares of the Company and the purchased Shares are cancelled and not held as treasury shares, pursuant to the Share Purchase Mandate, the combined shareholding interest of the Yageo Concert Party Group could potentially increase from its current shareholding of approximately 41.56% up to approximately 46.18%. In such event, the Yageo Concert Party Group will, unless exempted, be obliged to make a mandatory offer for the Company under Rule 14.

2.9.5. Pursuant to Section 3(a) of Appendix 2 of the Takeover Code, Yageo Concert Party Group will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Takeover Code subject to the following conditions:

(i) the appendix to Shareholders on the resolution to approve the renewal of the Share Purchase Mandate contains advice to the effect that by voting for the renewal of the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Yageo Concert Party Group who, as a result of the purchase of Shares pursuant to the Share Purchase Mandate, would increase their aggregate percentage of total voting rights in the Company by more than 1% in any period of six months; and the names of the members of the Yageo Concert Party Group and their voting rights at the time of the resolution and after the proposed buy-back of the Shares pursuant to the Share Purchase Mandate are disclosed in the same appendix;

(ii) the resolution to approve the renewal of the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the buy-back of Shares pursuant to the Share Purchase Mandate;

(iii) the Yageo Concert Party Group abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the renewal of the Share Purchase Mandate;

(iv) within seven days after the passing of the resolution to approve the renewal of the Share Purchase Mandate, Mr Chen submits to the SIC a duly signed form as prescribed by the SIC; and

(v) the Yageo Concert Party Group have not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Purchase Mandate is imminent and the earlier of:

(a) the date on which the authority of the renewed Share Purchase Mandate expires; and

(b) the date on which the Company announces it has bought back such number of Shares as authorised by the renewed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with such Shares repurchased by the Company under the renewed Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six months.

2.9.6. It follows that where the aggregate voting rights held by the Yageo Concert Party Group increase by more than 1% solely as a result of the purchase of Shares pursuant to the Share Purchase Mandate and no member of the Yageo Concert Party Group has acquired any shares during the relevant period defined above, then the Yageo Concert Party Group would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Takeover Code, or where such exemption had been granted, would continue to enjoy the exemption.

2.9.7. If the Company ceases to buy back its Shares and the increase in aggregate voting rights held by the Yageo Concert Party Group and persons acting in concert with them, if any, at such time is less than 1%, the Yageo Concert Party Group and their concert parties, if any, may acquire further voting Shares. However, any increase in the percentage of voting rights of the Yageo Concert Party Group and their concert parties, if any, as a result of the Company's purchase of its Shares pursuant to the Share Purchase Mandate will be taken into account together with any Shares acquired (by whatever means) by the Yageo Concert Party Group and persons acting in concert with them, if any, in determining whether the Yageo Concert Party Group and their concert parties, if any, have increased their aggregate voting rights in the Company by more than 1% in any six-month period.

2.9.8. **Shareholders should note that by voting in favour of the resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming AGM, Shareholders are waiving their rights to a general offer at the required price from the Yageo Concert Party Group who, as a result of the purchase of Shares pursuant to the Share Purchase Mandate, would increase their aggregate percentage of total voting rights in the Company by more than 1% in any period of six months.**

2.9.9. The Yageo Concert Party Group will abstain from voting in favour of the resolution to approve the proposed renewal of the Share Purchase Mandate.

2.9.10. One of the conditions for exemption from the requirement to make a general offer under Rule 14 of the Takeover Code is the submission by Mr Chen to the SIC of a duly signed form as prescribed by the SIC ("**Form 2**"). As at the Latest Practicable Date, Mr Chen has informed the Company that he will be submitting Form 2 to the SIC within seven days after the passing of the resolution relating to the renewal of the Share Purchase Mandate.

2.9.11. The Company understands that each member of the Yageo Concert Party Group has not acquired and will not acquire any Shares between the date on which he/she knows that the announcement of the renewal of the Share Purchase Mandate is imminent and the earlier of:

(i) the date on which the authority of the renewed Share Purchase Mandate expires; and

(ii) the date on which the Company announces it has bought back such number of Shares as authorised by the renewed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with such Shares repurchased by the Company under the renewed Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six months.

2.9.12. Save for the Yageo Concert Party Group, the Directors are not aware of any other Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer under Rule 14 of the Takeover Code in the event that the Company purchases the maximum number of 3,520,362 Shares.

2.9.13. **Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.**

3. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held on 30 April 2018 at 9.00 a.m. at the Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230. Shareholders' approval for the proposed renewal of the Share Purchase Mandate is being sought at the AGM. The resolution relating to the renewal of the Share Purchase Mandate is contained in the Notice of AGM as an Ordinary Resolution.

4. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in Paragraph 2.3 of this Appendix, the Directors, with the exception of Mr Chen, who is abstaining from making any recommendation in relation to the Share Purchase Mandate, believe that the renewal of the Share Purchase Mandate is in the interests of the Company and recommend that Shareholders (with the exception of members of the Yageo Concert Party Group, who will abstain from voting) vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate.

5. ABSTENTION FROM VOTING

The Yageo Concert Party Group shall abstain from voting at the AGM in respect of the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate, for the reasons as further elaborated in Paragraph 2.9 above and will not accept nominations as proxies or otherwise for voting in respect of the said Ordinary Resolution at the AGM unless specific instructions have been given in the proxy form as to the manner in which votes are to be cast in respect of the Ordinary Resolution.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Appendix up to and including the date of the 2018 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report 2017.

Yours faithfully,

Chia Soon Loi
Non-Executive Chairman
for and on behalf of the Board of Directors
of Global Testing Corporation Limited

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LETTER TO SHAREHOLDERS DATED 6 APRIL 2018

THIS LETTER TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Letter to Shareholders ("**Letter**") is circulated to Shareholders of Global Testing Corporation Limited (the "**Company**") together with the Company's Annual Report 2017. Its purpose is to provide Shareholders with information on, and to explain the rationale for the proposed Capital Reduction and Cash Distribution to be tabled at the Annual General Meeting of the Company to be held at The Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 on 30 April 2018 at 9.00 a.m..

If you are in doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report 2017.

If you have sold or transferred all your ordinary shares in the issued and paid-up capital of the Company, please forward this Letter, the Notice of Annual General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the agent, bank or stockbroker through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200409582R)

LETTER TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	28 April 2018 at 9.00 a.m.
Date and time of Annual General Meeting	:	30 April 2018 at 9.00 a.m.
Place of Annual General Meeting	:	The Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230

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DEFINITIONS

In this Letter, the following definitions apply throughout except where the context otherwise requires or otherwise stated:

"Act" or "Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company to be convened and held on 30 April 2018, the notice of which is set out on pages 76 to 83 of the Annual Report 2017
"Annual Report 2017"	:	The annual report of the Company for its financial year ended 31 December 2017
"Board" or "Directors"	:	The board of directors of the Company for the time being
"Books Closure Date"	:	5.00 p.m. 31 May 2018, being the time and date on and at which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Shareholders to the payment of the proposed Cash Distribution
"Capital Reduction"	:	The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78C of the Companies Act to reduce the issued and paid-up share capital of the Company
"Cash Distribution"	:	The proposed cash distribution by the Company to the Shareholders of S$0.11 in cash for each Share held as at the Books Closure Date pursuant to the Capital Reduction
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Global Testing Corporation Limited
"Constitution"	:	The constitution of the Company comprising the memorandum and articles of association of the Company, as amended, supplemented or modified from time to time
"Effective Date"	:	The date on which the Capital Reduction becomes effective
"EPS"	:	Earnings per share
"Expected Payment Date"	:	Has the meaning ascribed to it in Section 2.8 of this Letter
"FY"	:	Financial year ended or ending 31 December, as the case may be
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	9 March 2018, being the latest practicable date prior to the printing of this Letter
"Letter"	:	This letter to Shareholders dated 6 April 2018
"Listing Manual"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities

"NAV"	:	Net asset value
"Register of Members"	:	Register of members of the Company
"Securities Account"	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNET"	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts maintained with CDP are credited with the Shares
"Solvency Statement"	:	Has the meaning ascribed to it in Section 2.1 of this Letter
"Substantial Shareholder"	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares of the Company
"S$" and "cents"	:	Singapore dollars and cents, respectively
"U.S."	:	United States of America
"US$" and "US cents"	:	United States dollars and cents, respectively
"%" or "per cent"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act. The term "**Subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Listing Manual or any modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Listing Manual or any modification thereof, as the case may be.

Any reference in this Letter to a time of day shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Letter between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Exchange Rate

Unless otherwise stated, the currency conversion between S$ and US$ on the exchange rate of S$1 to US$0.764 as at the Latest Practicable Date. This exchange rate should not be construed as a representation that the S$ amount could have been, or could be, converted into US$ at the rate stated, or at all, and vice versa.

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Registration No. 200409582R)

Directors	**Registered Office**
Chia Soon Loi (Non-Executive Chairman, Independent Director)	9 Battery Road #15-01
Chen, Tie-Min (Senior Executive Director)	MYP Centre
Geoffrey Yeoh Seng Huat (Lead Independent Director)	Singapore 049910
Kenneth Tai, Chung-Hou (Independent Director)	

6 April 2018

To: The Shareholders of Global Testing Corporation Limited

Dear Sir/Madam

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

1. INTRODUCTION

1.1 The Directors refer to the Notice of the Annual General Meeting of the Company dated 6 April 2018 (the "**Notice**"), accompanying the Annual Report of the Company for its financial year ended 31 December 2017 (the "**Annual Report 2017**"), convening the Annual General Meeting of the Company, which is scheduled to be held on 30 April 2018 at 9.00 a.m. at The Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 (the "**AGM**"), and are proposing to seek the approval of the Shareholders for the proposed Capital Reduction and Cash Distribution, which were announced on 27 February 2018.

1.2 The purpose of this Letter, to be circulated to Shareholders together with the Company's Annual Report 2017, is to provide Shareholders with information relating to, and explain the rationale for the proposed Capital Reduction and Cash Distribution to be tabled at the AGM. Details of the Capital Reduction and Cash Distribution, including the rationale for and the benefits to the Company, are set out in Section 2 below.

1.3 Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.

2. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Introduction

At an Extraordinary General Meeting of the Company held on 15 May 2017, the Shareholders had approved a capital reduction and cash distribution pursuant to Section 78C of the Companies Act to return to the Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution by the Company of S$0.10 for each Share held by the Shareholders (the "**2017 Capital Reduction**"). The 2017 Capital Reduction was completed on 27 June 2017, and the cash distribution pursuant to the 2017 Capital Reduction was paid on 30 June 2017.

The Company is now proposing to undertake a further proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act.

Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

The purpose of the proposed Capital Reduction is to return to the Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution (the "**Cash Distribution**") by the Company of S$0.11 for each Share held by the Shareholders.

The Company will make the Cash Distribution of the sum of approximately S$3,872,398.97 (equal to S$0.11 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company of S$46,484,237.16 comprising 35,203,627 Shares (which excludes 154,400 treasury shares) as at the Latest Practicable Date, subject to the conditions in Section 2.6 below having been satisfied.

The actual amount to be returned to Shareholders pursuant to the Capital Distribution will be based on the issued and paid-up share capital of the Company as at the Books Closure Date.

In determining the Cash Distribution to Shareholders, the Board has ensured that the Company has retained sufficient capital to support its existing operations and pay its debts, if any. Pursuant to this and in compliance with the provisions of Section 78C of the Act, all the Directors will each make a solvency statement (the "**Solvency Statement**") confirming that:

(a) as regards the Company's situation at the date of the Solvency Statement, there is no ground on which the Company could be found to be unable to pay its debts;

(b) the Company will be able to pay its debts as and when they fall due during the period of 12 months immediately following the date of the Solvency Statement; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed Capital Reduction, become less than the value of its liabilities (including contingent liabilities).

Copies of the Solvency Statements signed by the Directors will be available for inspection at the AGM, as well as at the registered office of the Company throughout the six (6) weeks beginning with the date of the AGM.

The aggregate amount of cash to be paid to each Shareholder pursuant to the proposed Capital Reduction and Cash Distribution will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

The Capital Reduction and Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Capital Reduction and Cash Distribution.

2.2 **Rationale of the Capital Reduction and Cash Distribution**

After the 2017 Capital Reduction, the Management continued to monitor and assess the Company's capital requirements, taking into consideration, *inter alia*, the Company's short- to mid-term plans and its cash reserves. Upon further assessment during the course of the financial year ended 31 December 2017 ("**FY2017**"), the Company was of the view that there remained surplus capital in excess of its immediate needs which may be returned to the Shareholders of the Company. Accordingly, the Company is now proposing to undertake a further proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act.

The Directors are of the view that the Capital Reduction is in the best interests of the Company as the Cash Distribution comprises the paid-up capital in excess of the immediate requirements of the Company. The Capital Reduction and Cash Distribution, if effected, would result in the Company having a more efficient capital structure, thereby also improving Shareholders' return on equity. In determining the level of capital to be returned to the Shareholders, the Company has ensured that it retains sufficient capital for its business and operational needs.

Further, the Directors had explored various investment opportunities for the Company, but as there are currently no such suitable investment opportunities for the Company, the Directors have recommended the Capital Reduction to return cash in excess of its immediate requirements to the Shareholders whilst maintaining sufficient flexibility to position itself to take advantage of business opportunities which may arise in the near or medium term and to adequately cater for its growth and investment needs. The Company will continue to review any suitable investment opportunities which may arise from time to time. As and when any such suitable investment opportunities arise, the Company will fund such new investments by way of internal resources or if required, by external sources of funding, such as through the proceeds from equity and/or debt financing.

2.3 **Details of the Capital Reduction and Cash Distribution**

The Capital Reduction and Cash Distribution will be effected in the following manner:

(a) reducing the issued and paid-up share capital of the Company by S$3,872,398.97 from S$46,484,237.16 (as at the Latest Practicable Date) to S$42,611,838.19; and

(b) the Cash Distribution of the sum of approximately S$3,872,398.97 (equal to S$0.11 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company of S$46,484,237.16 comprising 35,203,627 Shares (which excludes 154,400 treasury shares) as at the Latest Practicable Date, will be paid out to the Shareholders.

The Cash Distribution amount of S$3,872,398.97 comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$46,484,237.16. Upon completion of the Capital Reduction, the Company will have an issued and paid-up share capital of S$42,611,838.19.

2.4 **Illustration**

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Books Closure Date:

	Shareholder
<u>Position before the Capital Reduction</u>	
Number of Shares currently held	100
<u>Position after the Capital Reduction</u>	
Cash Distribution received (S$)	11.00
Number of Shares held after the Capital Reduction	100

In summary, Shareholders will receive S$11.00 in cash for every 100 Shares (or S$0.11 in cash for each Share) held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will likewise receive S$0.11 in cash for each Share held by them or on their behalf as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged immediately after the proposed Capital Reduction and Cash Distribution.

2.5 **Financial Effects of the Capital Reduction and Cash Distribution**

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for FY2017, the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are set out below.

The pro forma financial effects are calculated based on the assumptions that:

(i) the Capital Reduction and Cash Distribution were completed on 31 December 2017;

(ii) the cash required for distribution will be generated through liquid cash resources on hand; and

(iii) the estimated transaction costs of approximately S$55,000 have been taken into account in the computation of the financial effects.

The Directors note that the pro-forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Capital Reduction and Cash Distribution has been effected.

(a) Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the share capital of the Company for FY2017 are as follows:

	Before the Capital Reduction and Cash Distribution	**After the Capital Reduction and Cash Distribution**
Number of issued Shares	35,358,027	35,358,027
Number of issued Shares (excluding treasury shares)	35,203,627	35,203,627
Amount of share capital (S$)	46,484,237.16	42,611,838.19

(b) Earnings per Share ("**EPS**")

The Capital Reduction and Cash Distribution will have no impact on the EPS of the Company.

(c) Net Asset Value ("**NAV**")

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company for FY2017 are as follows:

	Before the Capital Reduction and Cash Distribution	**After the Capital Reduction and Cash Distribution**
Net asset (US$'000)	46,102	43,123
Number of issued Shares (excluding treasury shares)	35,203,627	35,203,627
NAV per Share (US dollars)	1.31	1.22

(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2017 are as follows:

	Before the Capital Reduction and Cash Distribution	**After the Capital Reduction and Cash Distribution**
Total borrowings (US$'000)	0	0
Net assets (US$'000)	46,102	43,123
Gearing (%)	0	0

(e) Return on Equity

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company for FY2017 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Profit attributable to Shareholders (US$'000)	-688	-688
Return on Equity (%)	-1.49	-1.60

2.6 **Conditions of the Capital Reduction**

The Capital Reduction is subject to, *inter alia,* the following conditions:

(a) the Directors making the Solvency Statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act;

(b) Shareholders' approval by way of a special resolution of the Capital Reduction at the AGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the AGM, of which not less than twenty-one (21) days' notice of the AGM shall have been given;

(c) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;

(d) lodgment with ACRA of copies of the Solvency Statements and the Capital Reduction resolution, within fifteen (15) days beginning with the resolution date;

(e) no application being made for the cancellation of the Capital Reduction resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and

(f) lodgment of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the resolution date.

2.7 **Effective Date of Capital Reduction**

As set out in Section 2.6 above, the Capital Reduction is subject to the satisfaction or, *inter alia*, the conditions set out therein.

After Shareholders' approval has been obtained for the Capital Reduction at the AGM, the Company will lodge with ACRA a notice containing the text of the Capital Reduction resolution. If no creditor of the Company objects to, and applies to the High Court for the cancellation of, the Capital Reduction resolution, the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Capital Reduction resolution upon which the Capital Reduction will take effect.

The Company will then publicly announce and notify Shareholders of the Effective Date of the Capital Reduction through an SGXNET announcement.

2.8 **Administrative procedures for the Capital Reduction and Cash Distribution**

The following paragraphs set out the administrative procedures for the Capital Reduction and Cash Distribution.

Books Closure Date

The notice of Books Closure Date is set out on pages 80 to 81 of the Annual Report 2017.

Persons registered in the Register of Members and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be considered for purposes of the Capital Reduction on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date (the "**Entitled Shareholders**"). Accordingly, the Entitled Shareholders will receive a sum of S$0.11 for each Share held by them as at the Books Closure Date to be determined.

If, however, a creditor objects to, and makes an application to the High Court of Singapore for the cancellation of, the Capital Reduction resolution, within the prescribed time periods, the Capital Reduction will only take effect if the High Court of Singapore dismisses the creditor's application.

Subject to the satisfaction of the conditions set out in Section 2.6 above, the Company will make announcement(s) to notify Shareholders of the Effective Date of the Capital Reduction and the date of payment pursuant to the Cash Distribution in due course.

<u>Payment of the Cash Distribution</u>

Payment pursuant to the Cash Distribution will be made in the following manner:

(a) Shareholders holding Scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the payment date to be announced in due course (the "**Expected Payment Date**"). The Company shall not be liable for any loss in transmission.

(b) Depositors

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to them by CDP by ordinary post at their own risk on the Expected Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission. Alternatively, such Depositors will have payment of their respective entitlements to the Cash Distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions on the Expected Payment Date.

Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days prior to the Books Closure Date in order for their Securities Accounts to be credited with the relevant Shares by the Books Closure Date.

2.9 **Taxation**

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Capital Reduction and Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

For Singapore income tax purposes, payments made by a Singapore resident company to shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the shareholders.

In relation to the Cash Distribution to be made to Shareholders pursuant to the Capital Reduction, as the amounts which are to be paid to Shareholders pursuant to the Cash Distribution will be paid out of the reduction of the existing issued and paid up share capital of the Company, the Cash Distribution should generally be regarded as a return of capital and not taxable in Singapore for the Shareholders unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

Shareholders are advised to consult their own tax advisors as to the precise tax consequences of the Cash Distribution pursuant to the Capital Reduction.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	**(%)**	**No. of Shares**	**(%)**
Director				
Mr Chen, Tie-Min	3,785,549	10.75	774,427	2.20
Mr Chia Soon Loi	2,524,250	7.17		
Mr Kenneth Tai, Chung-Hou	12,500	0.04	–	–
Mr Geoffrey Yeoh Seng Huat	–	–	–	–
Substantial Shareholders				
Yageo Corporation[2]	8,232,388	23.39	1,838,954	5.22
Mr Chen, Tie-Min	3,785,549	10.75	774,427	2.20
Mr Chia Soon Loi	2,524,250	7.17		
Kuo Shin Investment Corporation	1,838,954	5.22	–	–
Other shareholders of less than 5% who are related to Directors or Substantial Shareholders				
Mdm Lee Hwei Jan[1]	148,045	0.42	4,411,931	12.53
Hsu Chang Investment Limited	626,382	1.78	–	–

Notes:

(1) Mr Chen, Tie-Min and Mdm Lee Hwei Jan are husband and wife. Ms Chen Shao-Chiao and Ms Chen Shao-Man are their daughters and Mr Chen Shao-Wei is their son.

Mdm Lee holds 148,045 Shares in the capital of the Company.

Mdm Lee holds a 99.87% interest in the issued share capital of Hsu Tai Investment Limited ("**Hsu Tai**"), a company incorporated in Taiwan, while Ms Chen Shao-Chiao, Mr Chen Shao-Wei and Ms Chen Shao-Man hold the remaining 0.13% in equal proportions. Hsu Tai and Mdm Lee own 99.82% and 0.17% of the issued share capital of Hsu Chang Investment Limited ("**Hsu Chang**") while Ms Chen Shao-Chiao, and Ms Chen Shao-Man hold the remaining 0.01% in equal proportion.

Hsu Chang holds 626,382 Shares in the capital of the Company.

Mr Chen is deemed interested in all the Shares held by Mdm Lee and Hsu Chang. Mdm Lee is deemed interested in all the Shares held by Hsu Chang and Mr Chen.

(2) Yageo Corporation ("**Yageo**"), a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, is the owner of the entire share capital of Kuo Shin Investment Corporation ("**Kuo Shin**").

Kuo Shin holds 1,838,954 Shares in the Company.

Yageo is deemed interested in all the Shares held by Kuo Shin.

Other than as disclosed in this section of this Letter, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Capital Reduction and Cash Distribution (other than through their shareholdings, if any, in the Company).

4. APPROVALS AND DIRECTORS' RECOMMENDATION

4.1 Capital Reduction and Cash Distribution

After having considered, amongst other things, the terms and/or rationale of the Capital Reduction and Cash Distribution, the Directors are of the view that the Capital Reduction and Cash Distribution are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Capital Reduction and Cash Distribution.

4.2 In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 76 to 83 of the Annual Report 2017, will be convened at The Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230 on 30 April 2018 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolution relating to the Capital Reduction and Cash Distribution.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 9 Battery Road, #15-01 MYP Centre, Singapore 049910 not later than 48 hours before the time fixed for the AGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Capital Reduction and Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 9 Battery Road, #15-01 MYP Centre, Singapore 049910 during normal business hours from the date of this Letter up to and including the time and date of the AGM:

(a) the Constitution of the Company; and

(b) the Annual Report 2017.

Yours faithfully
For and on behalf of the Board of Directors of
GLOBAL TESTING CORPORATION LIMITED

Chia Soon Loi
Non-Executive Chairman, Independent Director