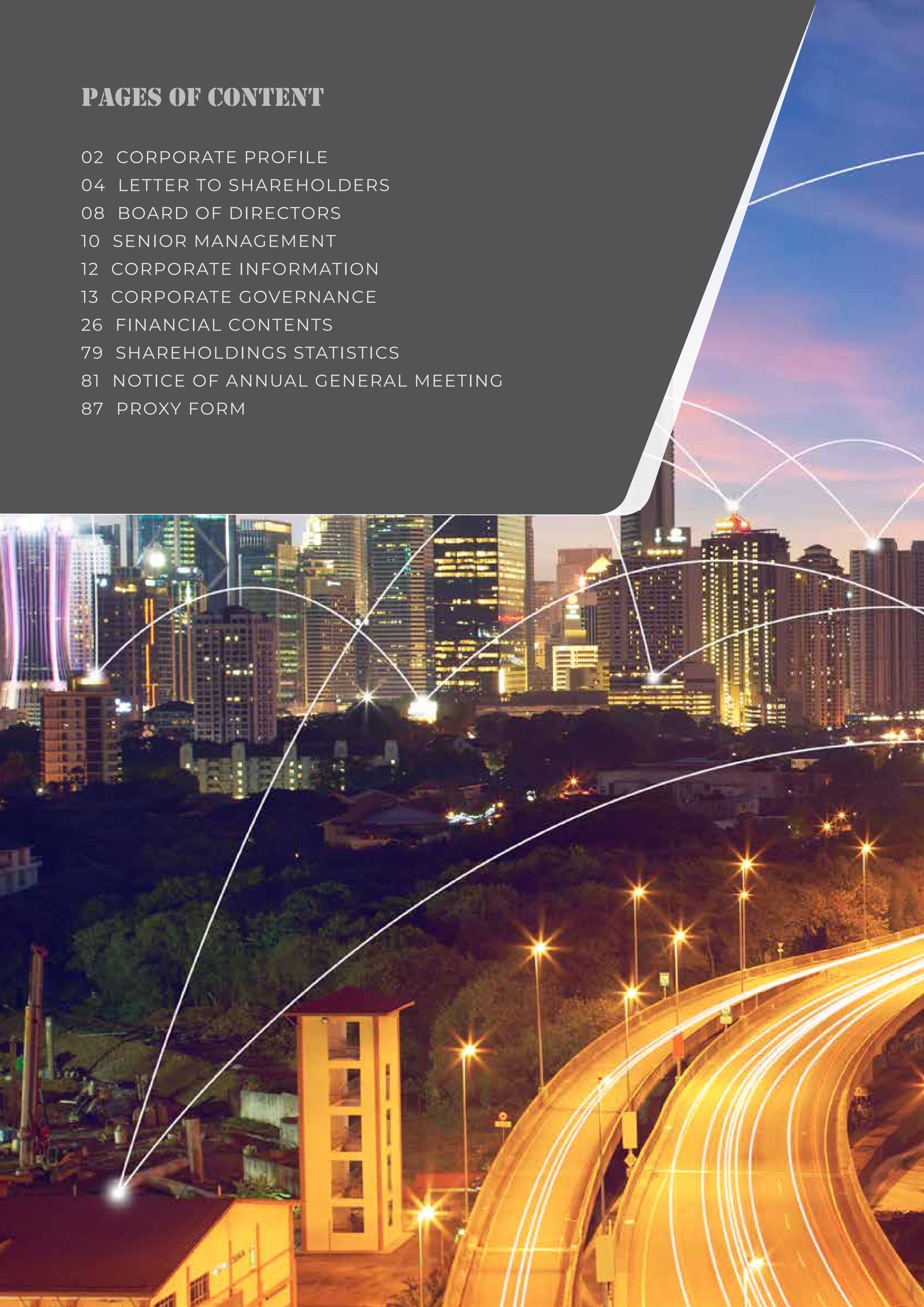
FUNDAMENTALLY SOUND,

POISED FOR THE FUTURE

GLOBAL TESTING
CORPORATION
LIMITED

ANNUAL REPORT
2018

PAGES OF CONTENT



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.

CORPORATE PROFILE

Established in 1998, Global Testing Corporation Limited ("Global Testing" or the "Group") is an independent testing services company 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 extended

its testing capability and 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.

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"), we are pleased to present to you the audited financial statements for the financial year ended 31 December 2018 ("FY2018").

YEAR IN REVIEW

2018 remained challenging as the world started facing increased headwinds, such as growing volatility in the current markets and geopolitical tension. These have greatly dampened business confidence and as a result, the Group's performance was partially affected.

In 2018, the Group's revenue declined 18.9% year on year to US$22.8 million, due largely to a decrease in customers' orders. We also invested in new machines to meet customers' requirements and to enhance our service capability. These led to an increase in cost of sales by 8.2% as compared to the previous corresponding year ("FY2017"), to US$21.7 million. Consequently, this resulted in a loss of US$5.0 million.

During the year, the Company completed another round of Capital Reduction and Cash Distribution exercise which amounted to US$2.9 million. This was carried out to rationalize the Group's balance sheet and to enhance value for shareholders. As at 31 December 2018, Global Testing had a balance sheet of US$5.0 million in cash and cash equivalents.

Over the years, the Group has focused its attention in widening its testing capabilities to encapsulate areas such as security image sensors, as well as high and low temperature processes to leverage on the growth in the automobile industry.

Our efforts in these areas have borne fruit – we have started receiving projects in these two areas from reputable companies and foresee strengthening demand in the coming years.

We have also strengthened the management team as we welcomed Mr Chiden Cheng and Mr Warren Yu as Vice President, Operations and Vice President, Quality Management respectively, with effect from 1 January 2019. The appointment of Mr Yu is a reflection of the Group's strong commitment to stringent quality controls.

Mr Cheng and Mr Yu are veterans in the industry and both have more than 30 years of experience in their respective specialist fields. We believe that with both on board, Global Testing will be better-placed to maneuver forward through the coming years.

SUSTAINABILITY

At Global Testing, we recognise the importance of environmental, social and governance issues. We strongly believe it is essential for us to incorporate sustainability in our business strategy, and we remain committed to creating a sustainable future for our stakeholders and society. We are pleased to present a sustainability report on the Company's efforts in FY2018, which will be published through SGXNet. The Company will continually make efforts to improve its sustainability performance across Global Testing's operations with the objective of developing a sustainable business for the future.

OUTLOOK

The current global economy is anticipated to remain challenging amid the continuing volatility in global capital and financial markets and overall dampened sentiments. The International Monetary Fund has modestly revised its global economic growth forecast downwards.

Similarly, some analysts are predicting the overall semiconductor industry to experience flattish growth for the year, or even enter a correction due to high inventory levels, diminished demand from high growth areas such as the smartphones industry, and decline in memory chip prices. However, market demand for security image sensors and ICs used in automotive applications are expected to be on an uptrend, and this presents a potential opportunity for us in the coming years.

Moving forward, as we progress towards our plans for the year, we will continue to be prudent in managing our costs and operations to tide through the challenges arising from the volatility in the current markets.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our gratitude to all the staff of Global Testing for their dedication and hard work which has enabled us to tide through the tough times.

We would also like to extend our deepest appreciation to the senior management teams and fellow directors for their combined guidance and contribution.

Lastly, we would like to thank our business partners, shareholders and customers for their unwavering support, especially in challenging times.

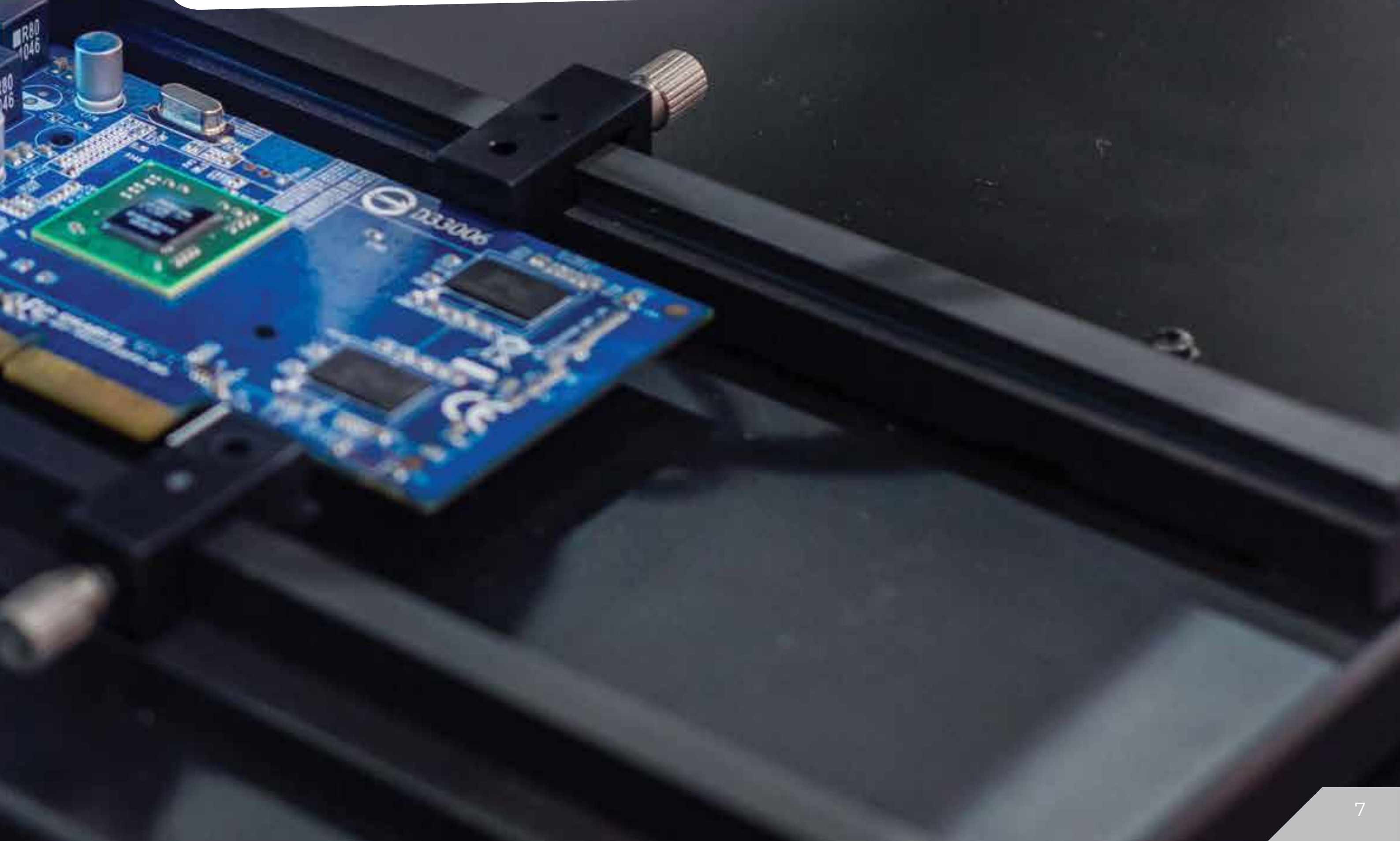
We look forward to your continued support for years to come.

Yours sincerely,

Mr Chia Soon Loi
Non-Executive Chairman

Mr Hu, I-Lung
Acting Chief Executive Officer

28 March 2019



BOARD OF DIRECTORS

Mr Chia Soon Loi

Non-Executive Chairman
Non-Executive and Non-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 30 April 2018 and was appointed as Non-Executive Chairman of Global Testing Corporation Limited on 2 January 2018. He has been re-designated to Non-Executive and Non-Independent Director, effective 27 February 2019.

Mr Chia has more than 30 years' experience in the electronics industry as Founder and Director of Cony Electronics (S) Pte Ltd, as well as in the food and beverage industry. He 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 30 April 2018. 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 the banking industry 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 as 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 United States, 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 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 six 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 12-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, mergers & acquisitions 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.

Mr Wang holds a Bachelor of Accounting from Fu Jen University, Taiwan.

Mr Chiden Cheng

Vice President,
Operations

Mr Chiden Cheng joined the Group in November 2017 as the Associate Vice President, Operations, and he was appointed as Vice President, Operations in January 2019, where he is responsible for the operations of the Group, including engineering, product development, and facility.

Prior to joining Global Testing, Mr Cheng spent about seven years at Nisho Image Tech Inc., where he was Vice President. Mr Cheng also served as General Manager of Lite-On Semiconductor, CIS BU for about eight years and as General Manager of LSC (Wuxi) for about five years.

Mr Cheng holds a Master of Science in Manufacture Management from the University of South Australia and a Bachelor of Science in Electrical Engineering from Chung Yuan Christian University.

Mr Warren Yu

Vice President,
Quality Management

Mr Warren Yu joined Global Testing in June 2017 as an Associate Vice President, Quality Management. Mr Yu was subsequently promoted to Vice President, Quality Management in January 2019, where he is responsible for the Group's quality control and ensuring that processes of testing services meet customers' requirements.

Mr Yu has over 35 years of experience in the engineering industry. He was most recently the Senior Manager of CR Microelectronics (Chongqing), following a five-year tenure with Lite-On Semiconductor (Shanghai) as Vice President. Prior to that, Mr Yu spent 25 years at Texas Instruments, where he started in the Testing Department in 1983, was promoted to a Deputy General Manager in 1997, and subsequently to the Senior Manager of Outsourcing in 2005.

Mr Yu holds a Bachelor of Science in Electrical Engineering from Chung Yuan Christian University.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chia Soon Loi
Non-Executive Chairman
Non-Executive and Non-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 Kenneth Tai, Chung-Hou
Mr Chia Soon Loi

NOMINATING COMMITTEE

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

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

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Taiwan

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#32-01 Singapore Land Tower
Singapore 048623

SOLICITORS

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9 Battery Road
#15-01 MYP Centre
Singapore 049910

AUDITORS

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

PRINCIPAL BANKERS

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Hsin-Chu Hsien
Taiwan

UBS AG
Singapore Branch
One Raffles Quay
#50-01 North Tower
Singapore 048583

INVESTOR RELATIONS ADVISOR

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
Singapore 069534

CORPORATE GOVERNANCE REPORT

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. The Board noted the revised Code of Corporate Governance issued by Monetary Authority of Singapore on 6 August 2018 ("Revised Code"). The Revised Code supersedes and replaces the Code and will apply to the Annual Report covering financial years commencing from 1 January 2019. The Company will review and set out the corporate practices in place to comply with the Revised Code, where appropriate, in the next Annual Report.

(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. The Company will periodically review the composition of the Board committees to ensure compliance with the Code.

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	2	2	1	1
Chen, Tie-Min	4	3	-	-	-	-	1	1
Geoffrey Yeoh Seng Huat	4	4	4	4	2	2	1	1
Kenneth Tai, Chung-Hou	4	3	4	3	2	2	1	1

* Mr Chia Soon Loi, has been re-designated to Non-Executive and Non-Independent Director with effect from 27 February 2019.

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 continuous 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. A first-time director who has no prior experience as a director of a listed company will undergo training in the roles and responsibilities of a director of a listed company 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 two (2) are independent and one (1) is non-executive. The list of directors is as follows:

Name of Directors	Designations
Chen, Tie-Min	Senior Executive Director
Chia Soon Loi*	Non-Executive Chairman, Non-Executive and Non-Independent Director
Geoffrey Yeoh Seng Huat	Lead Independent Director
Kenneth Tai, Chung-Hou	Independent Director

* Mr Chia Soon Loi has been re-designated to Non-Executive and Non-Independent Director with effect from 27 February 2019.

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 for effective discussions and decision making. The NC is of the view that the current Board size of four (4) directors, of which two (2) are independent directors and another is non-executive, 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 the 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 two (2) 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 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. Mr Chia Soon Loi is a non-executive director, but deemed non-independent only by virtue of his shareholding in the Company. 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.

(A) BOARD MATTERS continued

Chairman and Chief Executive Officer continued

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.

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 (4) members, half of whom, including the NC Chairman are independent directors:

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

(A) BOARD MATTERS continued

Board Membership continued

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.

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 directorship 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 each director's contribution and performance for the re-appointment of existing directors. Mr Kenneth Tai, Chung-Hou and Mr Geoffrey Yeoh Seng Huat will be retiring by rotation under Article 115 of the Company's Constitution. Mr Tai and Mr Yeoh have respectively given their consent to stand for re-election at the AGM. Upon assessing the contribution, knowledge, experience and performance of Mr Tai and Mr Yeoh, the NC has recommended that Mr Tai and Mr Yeoh be re-elected as the Directors of the Company subject to the shareholders' approval at the AGM.

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 was collated and the findings analyzed and discussed, with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

(A) BOARD MATTERS continued

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 (3) members, majority 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 advise the Board on the general framework of 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.

(B) REMUNERATION MATTERS continued

Procedures for Developing Remuneration Policies continued

For the financial year under review, the RC held two (2) 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 whilst the executive directors have service agreements.

Long-Term Incentive Schemes

The Performance Share Plan (the "Plan") was implemented as a long-term incentive scheme for more senior level staff based on individual performance. It is administered by the RC. The Plan has been discontinued as it has reached the maximum period of 10 years commencing from 28 April 2008.

No share under the Plan 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 Acting CEO and the top five (5) key executives (who are not directors or the CEO) for the financial year ended 31 December 2018 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
Below S$250,000				
Executive Director				
Chen, Tie-Min [1][3]	54%	9%	37%	100%
Non-Executive and Non-Independent Director				
Chia Soon Loi*			100%	100%
Independent Directors				
Geoffrey Yeoh Seng Huat			100%	100%
Kenneth Tai, Chung-Hou			100%	100%

(B) REMUNERATION MATTERS continued

Disclosure on Remuneration continued

* Chia Soon Loi has been re-designated to Non-Executive and Non-Independent Director with effect from 27 February 2019.

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

Remuneration band and names of the Acting CEO and the 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 (Acting CEO)	79%	21%		100%
George Wang, Tsai-Wei [1]	77%	23%		100%
Warren Yu	53%	47%		100%
Chiden Cheng	52%	48%		100%
Nick Lee	59%	41%		100%
Frank Lin	53%	47%		100%
Total:				S$680,000

(1) These are under the service agreements.

(2) The directors' fees had been approved at the Company's Annual General Meeting held in year 2018.

(3) On 14 August 2018, announcements were made by both Mr Chen, Tie-Min and Mdm Lee Hwei-Jan that they are no longer deemed interested in the shares held by each other. Mdm Lee Hwei-Jan received a remuneration less than S$50,000 for the financial period from 1 January 2018 to 13 August 2018.

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

With the exception of Senior Executive Director, Mr Chen, Tie-Min, there were no employees who are substantial shareholders or immediate family members of a Director, the Chief Executive Officer or a substantial shareholder of the Company whose remuneration exceeds S$50,000 for the financial year ended 31 December 2018. Mr Chen's remuneration details are set out in Page 19 of the Annual Report.

(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.

(C) ACCOUNTABILITY AND AUDIT continued

Risk Management and Internal Controls continued

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 who 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 2018 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.

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 2018.

Financial risks relating to the Group are set out in Note 4 to the Financial Statements of this Annual Report on pages 53 to 60.

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 (3) members, majority of whom are independent directors:-

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

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.

(C) ACCOUNTABILITY AND AUDIT continued

Audit Committee continued

During the past financial year, the AC held four (4) meetings with the Management and the external auditors of the Company, of which the internal auditors of the Company were also in attendance at one (1) of the meetings, 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 including financial, operational, compliance and information technology controls;
- effectiveness of the Company's internal audit function
- 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;
- 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 26 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 area of focus considered by the AC in relation to the 2018 Annual Report is outlined below. The issue was discussed with the external auditors during the year and, where appropriate, it has been addressed as area of audit focus as outlined in the Independent Auditor's Report on pages 30 to 32:

(C) ACCOUNTABILITY AND AUDIT continued

Audit Committee continued

Significant Issue	How AC responded to the Issue
Impairment assessment of Property, Plant & Equipment ("**PPE**") and Investment in a Subsidiary	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 investment in a subsidiary as a key audit matter in its audit report for the financial year ended 31 December 2018.

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. 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.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES continued

Communication with Shareholders continued

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.

There is no dividend declared for the financial year ended 31 December 2018 in view of the Company's loss for the year.

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 subject to the approval of the shareholders at the Annual General Meeting to be held on 30 April 2019.

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 2018, 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 subsidiaries 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 2018.

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 2018.

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 33 to 78 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 2018, 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
Chen, Tie-Min
Geoffrey Yeoh Seng Huat
Kenneth Tai, Chung-Hou

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 directors		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	-
Chia Soon Loi	2,524,250	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 2019 were the same at 31 December 2018.

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 was administered by the Remuneration Committee whose members were:

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 was 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 had been granted to date. The Plan was terminated on 28 April 2018.

(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, who is a non-executive and non-independent director and Mr Kenneth Tai, Chung-Hou, who is an independent director. 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.

DIRECTORS' STATEMENT

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
Date: 28 March 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GLOBAL TESTING CORPORATION LIMITED

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 2018 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 33 to 78.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2018, 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 investment in a subsidiary The carrying value of property, plant and equipment (Note 10) constitutes 72.6% of the Group's total assets as at 31 December 2018 and the carrying value of investment in a subsidiary (Note 9) constitutes 97.5% of the Company's total assets as at 31 December 2018. The Group carried out a review of the recoverable amount of property, plant and equipment, and the Company's investment in a subsidiary, 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 investment in a subsidiary (Note 9) 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 disclosures in Notes 3, 9 and 10 about the assumptions that are of most importance to the impairment assessment and the sensitivity of changes of these key assumptions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GLOBAL TESTING CORPORATION LIMITED

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 SFRS(I)s, 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.

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.

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

- 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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 28 March 2019

STATEMENTS OF FINANCIAL POSITION
31 December 2018

	Note	Group			Company		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS							
Current assets							
Cash and cash equivalents	6	5,038	6,855	8,117	254	312	599
Trade receivables	7	5,467	6,740	6,694	-	-	-
Other receivables and prepayments	8	691	552	904	38	6,073	6,579
Total current assets		11,196	14,147	15,715	292	6,385	7,178
Non-current assets							
Investment in subsidiaries	9	-	-	-	35,423	41,537	46,853
Property, plant and equipment	10	32,442	35,381	37,378	-	-	-
Available-for-sale investments	11	-	571	570	-	571	-
Financial assets at fair value through profit or loss	11	633	-	-	633	-	-
Other receivables and prepayments	8	403	340	404	-	-	-
Deferred tax assets	12	29	1,318	1,653	-	-	-
Total non-current assets		33,507	37,610	40,005	36,056	42,108	46,853
Total assets		44,703	51,757	55,720	36,348	48,493	54,031
LIABILITIES AND EQUITY							
Current liabilities							
Trade payables	13	1,145	493	715	-	-	-
Other payables	14	6,049	5,775	7,010	3,117	2,391	2,009
Obligation under finance leases	15	1,209	-	-	-	-	-
Income tax payable		183	794	562	-	-	-
Total current liabilities		8,586	7,062	8,287	3,117	2,391	2,009
Non-current liabilities							
Obligation under finance leases	15	1,555	-	-	-	-	-
Total non-current liabilities		1,555	-	-	-	-	-
Capital and reserves							
Share capital	16	36,201	39,181	41,725	36,201	39,181	41,725
Treasury shares	17	-	(125)	-	-	(125)	-
Legal reserve	18	1,194	973	388	-	-	-
Merger reserve	19	(764)	(764)	(764)	-	-	-
Contributed surplus	19	-	-	-	2,295	2,295	2,295
Fair value reserve		-	344	343	-	(20)	-
Accumulated (losses) profits		(2,069)	5,086	5,741	(5,265)	4,771	8,002
Total equity		34,562	44,695	47,433	33,231	46,102	52,022
Total liabilities and shareholders' equity		44,703	51,757	55,720	36,348	48,493	54,031

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Revenue	21	22,759	28,053
Cost of sales		(21,663)	(20,013)
Gross profit		1,096	8,040
Other operating income	22	253	52
Distribution costs		(728)	(708)
Administrative expenses		(2,989)	(2,798)
Other operating expenses		(1,226)	(1,150)
Finance costs	23	(122)	(23)
(Loss) Profit before income tax from continuing operations		(3,716)	3,413
Income tax expense	24	(1,273)	(567)
(Loss) Profit from continuing operations		(4,989)	2,846
Loss from discontinued operation	25	-	(338)
(Loss) Profit for the year	26	(4,989)	2,508
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		47	(34)
Items that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investments	11	-	1
Other comprehensive income (loss) for the year, net of tax		47	(33)
Total comprehensive (loss) income for the year		(4,942)	2,475
(Losses) Earnings per share (US cents)			
From continuing and discontinued operations:			
- Basic and diluted	27	(14.17)	7.10
From continuing operations			
- Basic and diluted	27	(14.17)	8.06

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital US$'000	Treasury shares US$'000	Legal reserve US$'000	Merger reserve US$'000	Fair value reserve US$'000	Accumulated (losses) profits US$'000	Total US$'000
Group								
Balance at 1 January 2017		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 loss for the year		-	-	-	-	1	(34)	(33)
Total		-	-	-	-	1	2,474	2,475
Transactions with owners, recognised directly in equity								
Repurchase of shares	17	-	(125)	-	-	-	-	(125)
Capital reduction	16	(2,544)	-	-	-	-	-	(2,544)
Dividends paid	28	-	-	-	-	-	(2,544)	(2,544)
Appropriation to legal reserve	18	-	-	585	-	-	(585)	-
Total		(2,544)	(125)	585	-	-	(3,129)	(5,213)
Balance at 31 December 2017, previously reported		39,181	(125)	973	(764)	344	5,086	44,695
Effect of application of SFRS(I) 9	33	-	-	-	-	(344)	344	-
Balance at 1 January 2018, restated		39,181	(125)	973	(764)	-	5,430	44,695
Total comprehensive loss for the year								
Loss for the year		-	-	-	-	-	(4,989)	(4,989)
Other comprehensive income for the year		-	-	-	-	-	47	47
Total		-	-	-	-	-	(4,942)	(4,942)
Transactions with owners, recognised directly in equity								
Capital reduction	16	(2,855)	-	-	-	-	-	(2,855)
Dividends paid	28	-	-	-	-	-	(2,336)	(2,336)
Appropriation to legal reserve	18	-	-	221	-	-	(221)	-
Cancellation of shares	17	(125)	125	-	-	-	-	-
Total		(2,980)	125	221	-	-	(2,557)	(5,191)
Balance at 31 December 2018		36,201	-	1,194	(764)	-	(2,069)	34,562

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital US$'000	Treasury shares US$'000	Contributed surplus US$'000	Fair value reserve US$'000	Accumulated (losses) profits US$'000	Total US$'000
Company							
Balance at 1 January 2017		41,725	-	2,295	-	8,002	52,022
Total comprehensive loss for the year							
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	17	-	(125)	-	-	-	(125)
Capital reduction	16	(2,544)	-	-	-	-	(2,544)
Dividends paid	28	-	-	-	-	(2,544)	(2,544)
Total		(2,544)	(125)	-	-	(2,544)	(5,213)
Balance at 31 December 2017, previously reported		39,181	(125)	2,295	(20)	4,771	46,102
Effect of application of SFRS(I) 9	33	-	-	-	20	(20)	-
Balance at 1 January 2018, restated		39,181	(125)	2,295	-	4,751	46,102
Loss for the year, representing total comprehensive loss for the year		-	-	-	-	(7,680)	(7,680)
Transactions with owners, recognised directly in equity							
Capital reduction	16	(2,855)	-	-	-	-	(2,855)
Cancellation of shares	17	(125)	125	-	-	-	-
Dividends paid	28	-	-	-	-	(2,336)	(2,336)
Total		(2,980)	125	-	-	(2,336)	(5,191)
Balance at 31 December 2018		36,201	-	2,295	-	(5,265)	33,231

See accompanying notes to financial statements.

Consolidated statement of cash flows

Year ended 31 December 2018

	Group	
	2018	2017
	US$'000	US$'000
Operating activities		
(Loss) Profit before income tax from continuing operations	(3,716)	3,413
Loss before income tax from discontinued operation	-	(338)
(Loss) Profit before income tax	(3,716)	3,075
Adjustments for:		
Depreciation of property, plant and equipment	8,436	8,545
Interest income	(12)	(14)
Interest expense	122	23
Gain on disposal of property, plant and equipment	(151)	(62)
Fair value gain on financial asset	(62)	-
Operating profit before working capital changes	4,617	11,567
Trade receivables	1,273	(46)
Other receivables and prepayments	(154)	382
Trade payables	652	(222)
Other payables	170	(1,247)
Cash generated from operations	6,558	10,434
Income taxes paid	(596)	-
Inerest received	12	14
Net cash from operating activities	5,974	10,448
Investing activities		
Proceeds on disposal of property, plant and equipment	170	114
Purchase of property, plant and equipment (Note A)	(2,410)	(6,591)
Net cash used in investing activities	(2,240)	(6,477)
Financing activities		
Proceeds from bank loan	983	986
Repayment of bank loan	(983)	(986)
Repayment of obligations under finance leases (Note C)	(241)	-
Repurchase of treasury shares	-	(125)
Interest paid	(122)	(23)
Cash distribution from capital reduction (Note B)	(2,852)	(2,541)
Dividends paid (Note 28)	(2,336)	(2,544)
Net cash used in financing activities	(5,551)	(5,233)
Net decrease in cash and cash equivalents	(1,817)	(1,262)
Cash and cash equivalents at beginning of year	6,855	8,117
Cash and cash equivalents at the end of the year	5,038	6,855

Note A: During the year, the Group purchased property, plant and equipment with an aggregated cost of US$2,600,000 (2017 : US$7,214,000), of which US$852,000 (31 December 2017 : US$662,000, 1 January 2017 : US$653,000) (Note 14) remained unpaid at year end, and US$Nil (2017 : US$614,000) 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$2,855,000 (2017 : US$2,544,000) (Note 16), of which US$56,000 (2017 : US$53,000) remained unpaid at year end.

Note C: During the year, the Group entered into finance lease arrangements for certain plant and equipment, amounting to US$2,916,000 (2017: US$Nil) of which cash payments of $241,000 (2017 : US$Nil) was made for repayment of the finance lease obligations during the year.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
31 December 2018

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 2018 were authorised for issue by the Board of Directors on 28 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 33.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)").

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 share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value in use in SFRS(I) 1-36 *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:

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

b) 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

c) Level 3 inputs are unobservable inputs for the asset or liability.

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 SFRS(I)s). 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 SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate 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 (before 1 January 2018)

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.

The Group’s financial assets are classified into the following specified categories: “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 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.

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.

Financial assets (on and after 1 January 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Classification of financial assets

All recognised financial assets 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 fair value through profit or loss (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.

The Group's financial assets are classified into the following categories: "financial assets at fair value through profit or loss (FVTPL)" and "financial assets at amortised cost".

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost are subject to impairment allowance based on an expected credit loss model. The expected credit loss model requires the accounting for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables (including cash and cash equivalents) and contract assets with customers. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for its trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Significant increase in credit risk continued

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and amounts due from customers are each assessed as a separate group. Other receivables, including cash and cash equivalents are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for its financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income / expenses" line item. Fair value is determined in the manner described in Note 4(c) (vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

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.

Fully depreciated assets still in use are retained in the financial statements.

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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

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.

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.

<u>Rendering of services</u>

The revenue recognition accounting policy is determined based on the nature of the arrangements entered with customers. Revenue from rendering of services are recognised on a basis to depict the transfer of promised services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the services. The arrangements under each contract with customer are assessed to identify the performance obligations, determine the transaction price allocated to each performance obligation, and the timing of the performance obligations being fulfilled.

Revenue from the rendering of services relate to the provision of testing services, of which the related performance obligation is fulfilled when the testing services are completed according to the customer' service order specification. Estimated customers' claims based on established historical trend are recognised as a reduction from revenue.

<u>Lease of equipment</u>

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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

REVENUE RECOGNITION continued

Interest income

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

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.

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/assets 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

INCOME TAX continued

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.

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.

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 expected.

Management has evaluated the carrying amount of the property, plant and equipment and determined that no additional impairment allowance is required during the year (2017 : $Nil). 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 recognised an impairment loss of US$ 371,000 (2017 : US$Nil) during the year. The carrying value of investment in subsidiaries is disclosed in Note 9.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty continued

(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 to determine the amount of deferred tax assets to be recognised at year end. The carrying value of deferred tax assets recognised at year end and 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 property, 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 property, 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 property, plant and equipment.

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.

(v) Expected credit loss ("ECL") allowance for financial assets at amortised cost

When determining whether there is significant increase in credit risk, and measuring the amount of expected credit loss, management uses reasonable and supportable assumption about variables such as probability of default and loss given default on the Group's trade receivables and other receivables (including cash and cash equivalents). The carrying values of these financial assets are disclosed in Note 4(c)(iv).

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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets						
At amortised cost:						
- Trade receivables	5,467	6,740	6,694	-	-	-
- Other receivables	181	88	126	32	6,069	6,574
- Cash and cash equivalents	5,038	6,855	8,117	254	312	599
	10,686	13,683	14,937	286	6,381	7,173
Available-for-sale investments	-	571	570	-	571	-
Financial assets at fair value through profit or loss	633	-	-	633	-	-
Financial liabilities						
At amortised cost:						
- Trade payables	1,145	493	715	-	-	-
- Other payables	6,049	5,775	7,010	3,117	2,391	2,009
- Obligation under finance leases (current)	1,209	-	-	-	-	-
- Obligation under finance leases (non-current)	1,555	-	-	-	-	-
	9,958	6,268	7,725	3,117	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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) Financial risk management policies and objectives continued

(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.

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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	1,129	1,088	1,800	6,372	5,402	6,565
Singapore dollars	139	136	408	108	103	104

	Company					
	Assets			Liabilities		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	-	-	-	6	7	3
Singapore dollars	134	129	69	106	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 be positively (negatively) impacted as follows:

	Taiwan dollars		Singapore dollars	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Group				
Profit or loss	(262)	(216)	2	2
Company				
Profit or loss	*	*	1	1

* Less than US$1,000.

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** continued

(c) Financial risk management policies and objectives continued

(ii) Interest rate risk management

The Group's primary interest rate risk relates to its bank balances and fixed deposits which are arranged at variable rates and finance lease liabilities which bear fixed interest rates. The interest rates of bank balances and fixed deposits, and finance lease liabilities are disclosed in Note 6 and Note 15 to the financial statements respectively.

The Company is not exposed to significant interest rate risk as the intercompany loans are arranged at fixed rates.

Interest rate sensitivity

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Equity price risk management

The Group is exposed to equity risks arising from its equity investment in a fund classified as available-for-sale investments in 2017, and reclassified as investment at fair value through profit or loss financial asset in 2018 in accordance with SFRS(I) 9. The investment in a fund is held for strategic rather than trading purposes. The Group does not actively trade in the investment.

Further details of the investment 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 the equity investment in the fund, if the value of fund's net assets of the fund had been 10% higher or lower while all other variables were held constant, the Group's loss for the year ended 31 December 2018 would have been lower or higher by US$63,000. For 2017, the investment was classified as available-for-sale, and the Group's fair value reserve would have been higher or lower by US$57,100.

(iv) Overview of the Group's exposure to credit risk

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 maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, management determines credit risks of counterparties according to their degree of risk of default. Management uses other publicly available financial information and the Group's own records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

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

(iv) Overview of the Group's exposure to credit risk continued

The Group's five largest customers collectively accounted for approximately 63.03%, 60.54% and 73.6% of trade receivables for the financial years ended 31 December 2018, 31 December 2017 and 1 January 2017 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 tables below detail the credit quality of the Group's and Company's financial assets at amortised cost (excluding cash and cash equivalents), as well as maximum exposure to credit risk:

	Note	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Group					
31 December 2018					
Trade receivables	7	Lifetime ECL (simplified approach)	5,600	(133)	5,467
Other receivables	8	12-month ECL	181	-	181
				(133)	
1 January 2018					
Trade receivables	7	Lifetime ECL (simplified approach)	6,801	(61)	6,740
Other receivables	8	12-month ECL	88	-	88
				(61)	
Company					
31 December 2018					
Other receivables	8	12-month ECL	32	-	32
1 January 2018					
Other receivables	8	12-month ECL	6,069	-	6,069

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) Financial risk management policies and objectives continued

(iv) Overview of the Group's exposure to credit risk continued

For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix as set out in Notes 7.

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 11 best represents their respective maximum exposure to credit risk.

The Company's other receivables mainly pertains to loan to a subsidiary. This loan was assessed as low credit risk at inception and as at 1 January 2018, as the subsidiary's funding is managed on a group basis, which has strong capacity to meet the cash flow requirements for settlement as and when required. Subsequently in July 2018, management decided to dissolve the subsidiary with the loan owing to the Company, and accordingly, wrote off the balance upon the dissolution.

The Group and Company's cash and cash equivalents are placed with creditworthy financial institutions which management has assessed that the credit risk is low.

The Group and Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(v) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, working capital 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, and also entering into leasing arrangements for certain purchases of plant and equipment.

As at 31 December 2018, the Company has net current liabilities of US$2,825,000. The Company's cash flows requirements are primarily financed through the subsidiary's operations and managed on a Group basis.

Liquidity and interest risk analyses

Non-derivative financial liabilities

As at the 31 December 2018, 31 December 2017 and 1 January 2017, the Group's non-derivative financial liabilities, except for obligation under finance leases, are non-interest bearing and are due on demand or within 1 year. Further details on the maturity analysis and interest rate of the obligation under finance leases are disclosed in Notes 15.

As at the 31 December 2018, 31 December 2017 and 1 January 2017, 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% (31 December 2017 and 1 January 2017 : 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$983,000 (2017 : US$986,000) bears fixed interest rate of 1.5 % per annum.

Reconciliation of liabilities from financing activities

The table below details the key changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

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

(v) Liquidity risk management continued

Reconciliation of liabilities from financing activities continued

	1 January 2018	Financing cash flows: Proceeds	Financing cash flows: Repayment	Non-cash changes: New finance leases	Other changes	31 December 2018
	US$'000	US$'000	US$'000	US$'000	US$'000	
Bank loans	-	983	(983)	-	-	-
Finance leases (Note 15)	-	-	(241)	2,916	89	2,764
	-	983	(1,224)	2,916	89	2,764

	1 January 2017	Financing cash flows: Proceeds	Financing cash flows: Repayment	Non-cash changes: New finance leases	Other changes	31 December 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	
Bank loans	-	986	(986)	-	-	-

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets, excluding available-for-sale investments for 31 December 2017 and 1 January 2017, and financial asset at fair value through profit or loss for 31 December 2018. 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	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
Group					
31 December 2018					
Non-interest bearing	-	5,503	181	-	5,684
Variable interest rate instruments	0.44	5,024	-	(22)	5,002
		10,527	181	(22)	10,686
31 December 2017					
Non-interest bearing	-	6,905	88	-	6,993
Variable interest rate instruments	0.25	6,706	-	(16)	6,690
		13,611	88	(16)	13,683

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** continued

(c) Financial risk management policies and objectives continued

(v) Liquidity risk management 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
Group					
1 January 2017					
Non-interest bearing	-	6,766	126	-	6,892
Variable interest rate instruments	0.37	7,569	-	(28)	7,541
Fixed interest rate instruments	0.80	512	-	(4)	508
		14,847	126	(32)	14,941
Company					
31 December 2018					
Non-interest bearing	-	32	-	-	32
Variable interest rate instruments	0.03	254	-	-	254
		286	-	-	286
31 December 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
1 January 2017					
Non-interest bearing	-	20	-	-	20
Variable interest rate instruments	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 / financial assets at fair value through profit or loss is disclosed in Note 11 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

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

(vi) Fair values of financial assets and financial liabilities continued

As disclosed in Note 11, the fair value of available-for-sale investments / financial assets at fair value through profit or loss 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$470,000 and US$111,000 (31 December 2017 : US$408,000 and US$150,000, and 1 January 2017 : 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 financial assets.

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

(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 current and prior year, the Company effected a capital reduction by way of cash distribution. Refer to Note 16 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	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Director's fees	215	196	215	196
Salaries and other short-term benefits	273	544	115	90
	488	740	330	286

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.

5 RELATED PARTY TRANSACTIONS continued

Other related party transactions

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Remuneration of employee related to a director	31	67	31	28

6 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	5,038	6,855	7,609	254	312	599
Fixed deposits	-	-	508	-	-	-
Total	5,038	6,855	8,117	254	312	599

As at 1 January 2017, the fixed deposits bear interest rates of 0.8% per annum and for a tenure of one year.

7 TRADE RECEIVABLES

	Group		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Outside parties	5,600	6,801	6,736
Allowance for doubtful receivables	(133)	(61)	(42)
Net	5,467	6,740	6,694

The credit period on the sale of goods ranges from 30 to 90 days (31 December 2017 and 1 January 2017 : 30 to 90 days). No interest is charged on past due trade receivables.

The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

7 TRADE RECEIVABLES continued

31 December 2018	Group Trade receivables - days past due Not past due	< 90 days	91 to 120 days	121 to 180 days	181 to 270 days	271 to 365 days	> 365 days	Total
Expected credit loss rate	0.23%	0.81%	5%	15%	25%	50%	100%	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Estimated total gross carrying amount at default	4,152	954	6	82	400	6	-	5,600
Lifetime ECL	(10)	(8)	-	(12)	(100)	(3)	-	(133)
								5,467

1 January 2018	Group Trade receivables - days past due Not past due	< 90 days	91 to 120 days	121 to 180 days	181 to 270 days	271 to 365 days	> 365 days	Total
Expected credit loss rate	-	-	5%	15%	25%	50%	100%	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Estimated total gross carrying amount at default	4,816	1,659	53	102	171	-	-	6,801
Lifetime ECL	-	-	(3)	(15)	(43)	-	-	(61)
								6,740

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL - not credit-impaired Collectively assessed	 Individually assessed	Lifetime ECL - credit-impaired	Total
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 January 2018	61	-	-	61
Changes in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	72	-	-	72
Balance as at 31 December 2018	133	-	-	133

Before 1 January 2018:

The table below is an analysis of trade receivables:

	Group 31 December 2017	 1 January 2017
	US$'000	US$'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 (iii)	61	42
Less: Allowance for doubtful receivables	(61)	(42)
	-	-
Total trade receivables, net	6,740	6,694

7 TRADE RECEIVABLES continued

(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	
	31 December 2017	1 January 2017
	US$'000	US$'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	
	31 December 2017	1 January 2017
	US$'000	US$'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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Loan to a subsidiary (Note 1)	-	-	-	-	6,036	6,554
Prepayments	362	315	458	6	4	5
Deposits (Note 2)	62	40	100	-	-	-
Retirement benefit (Note 3)	341	300	304	-	-	-
Sales tax receivables	210	189	420	-	-	-
Other receivables	119	48	26	32	33	20
Total	1,094	892	1,308	38	6,073	6,579
Current	691	552	904	38	6,073	6,579
Non-current	403	340	404	-	-	-
Total	1,094	892	1,308	38	6,073	6,579

Note 1: The loan to a subsidiary bear an interest of 2% as at 31 December 2017 and 1 January 2017, was unsecured and repayable on demand. The loans was written off upon dissolution of the subsidiary during the current financial year.

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.

8 OTHER RECEIVABLES AND PREPAYMENTS continued

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 SFRS(I) 1-19 *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		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Equity shares, at cost	49,130	54,873	60,189
Less: Impairment allowance	(13,707)	(13,336)	(13,336)
	35,423	41,537	46,853

	Company	
	2018	2017
	US$'000	US$'000
Movement in equity shares, at cost		
At the beginning of the year	54,873	60,189
Capital reduction	(5,343)	(5,316)
Dissolution of a subsidiary	(400)	-
At the end of the year	49,130	54,873

	Company	
	2018	2017
	US$'000	US$'000
Movement in the impairment allowance		
At the beginning of the year	13,336	13,336
Reversal of impairment allowance	-	-
Impairment loss	371	-
At the end of the year	13,707	13,336

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 recognised an impairment loss of US$371,000 (2017 : US$Nil).

NOTES TO FINANCIAL STATEMENTS
31 December 2018

9 INVESTMENT IN SUBSIDIARIES continued

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			Principal activities
			31 December 2018	31 December 2017	1 January 2017	
			%	%	%	
(i)	Held by the Company					
	Global Testing Corporation [(1)]	Taiwan, Republic of China	100	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) Subsidiary was dissolved on 3 July 2018.

(3) Subsidiary ceased operation on 30 June 2017 and was dissolved on 14 November 2017 (Note 25).

10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improve-ments	Plant and equipment	Motor vehicles	Furniture and fittings	Computer software	Capital projects under assembly	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Cost:									
At 1 January 2017	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
Additions	-	-	-	3,539	-	356	4	1,617	5,516
Disposal	-	-	-	(17,547)	-	(46)	(89)	-	(17,682)
Reclassification	-	-	-	2,830	-	143	59	(3,032)	-
At 31 December 2018	7,799	3,512	-	247,494	260	23,386	655	386	283,492
Accumulated depreciation and impairment:									
At 1 January 2017	-	1,097	199	255,744	133	17,111	3,621	-	277,905
Depreciation for the year	-	96	-	6,876	33	1,360	180	-	8,545
Disposal	-	-	(199)	(21,837)	(20)	(632)	(3,485)	-	(26,173)
At 31 December 2017	-	1,193	-	240,783	146	17,839	316	-	260,277
Depreciation for the year	-	97	-	7,001	24	1,095	219	-	8,436
Disposal	-	-	-	(17,528)	-	(46)	(89)	-	(17,663)
At 31 December 2018	-	1,290	-	230,256	170	18,888	446	-	251,050
Carrying amount:									
At 31 December 2018	7,799	2,222	-	17,238	90	4,498	209	386	32,442
At 31 December 2017	7,799	2,319	-	17,889	114	5,094	365	1,801	35,381
At 1 Janiary 2017	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 2018, the Group has available banking facilities of US$29,297,000 (31 December 2017: US$30,242,000, 1 January 2017 : 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$14,562,000 (31 December 2017 : US$16,761,000, 1 January 2017 : US$20,267,000). The Group has not drawn down any banking facilities (31 December 2017 and 1 January 2017 : US$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 of the subsidiary 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 11.83% (31 December 2017 : 10.49%, 1 January 2017 : 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 2018, 31 December 2017 and 1 January 2017.

Management has performed certain sensitivity analysis on the value-in-use calculations to assess whether any reasonably possible change to the key assumptions applied within the next financial year is likely to cause the recoverable amount of the property, plant and equipment to be below the carrying amount.

Based on the analysis, assuming all other variables are held constant, the following unfavourable changes in the key variables which are most sensitive, may possibly cause the recoverable amount of property, plant and equipment to become materially lower than the carrying amount in the next financial year:

- If the revenue growth rate for 2019 is about 2% lower than management's current best estimate; or
- If discount rate is increased by about 1.5% due to changes in market conditions.

For 31 December 2017 and 1 January 2017, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount in the next financial year.

(iii) During 2017, 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 / FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group / Company	
	2018	2017
	US$'000	US$'000
Available-for-sale investments		
At the beginning of the year:		
Previously reported	571	570
Re-classed to financial assets at fair value through profit or loss	(571)	-
	-	570
Fair value gain recognised in other comprehensive income	-	1
At the end of the year	-	571
Financial assets at fair value through profit or loss		
At the beginning of the year:		
Previously reported	-	-
Re-classed from available-for-sale investments	571	-
	571	-
Fair value gain recognised in profit or loss	62	-
At the end of the year	633	-

	Group / Company		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Represented by:			
- Quoted equity shares and convertible bond, at fair value (level 2)	470	408	9
- Privately-held equity, at fair value (level 3)	111	150	479
- Others, at cost	52	13	82
	633	571	570

The above represents 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 fund offers the Group the opportunity for return through fair value gains. On 15 December 2017, Global Testing International Limited (a subsidiary) has fully transferred the investment in the Fund to Global Testing Corporation Limited (the Company).

The Group has committed to invest US$2,000,000 (31 December 2017 and 1 January 2017 : US$2,000,000) in the Fund. The Fund has not called upon the remaining committed contribution of US$100,000 (31 December 2017 and 1 January 2017 : US$100,000) from the Group.

Prior to 1 January 2018, the investment was classified as available-for-sale investments, and a fair value gain of US$1,000 arising from changes in the fair value has been included in other comprehensive income.

As at 1 January 2018, the available-for-sale financial assets have been re-classed to financial assets at fair value through profit or loss. During the year, a fair value gain of US$62,000 has been included in profit or loss, under the line item "other operating income".

12 DEFERRED TAX ASSETS

Group

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

	Group			Expiry		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	Year	Year	Year
Unutilised tax losses	50,092	44,339	51,674	2019 to 2028	2019 to 2024	2019 to 2036
Unutilised capital allowance	262	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	
	2018	2017
	US$'000	US$'000
Opening balance	1,318	1,653
Charged to profit or loss (Note 24)	(1,289)	(335)
Ending balance	29	1,318

The Group has not recognised deferred tax assets of US$10,042,000 (31 December 2017 : US$7,067,000 and 1 January 2017 : 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$5,531,000 (31 December 2017 : US$10,071,000, 1 January 2017 : 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.

13 TRADE PAYABLES

	Group		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Trade payables	1,145	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 (31 December 2017 and 1 January 2017 : 30 to 90 days). No interest is charged on the outstanding trade payables.

14 OTHER PAYABLES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Amount due to a subsidiary (Note 9)	-	-	-	2,633	1,962	1,782
Accrued operating expenses	5,034	5,005	6,307	484	429	227
Payable for plant and equipment	852	662	653	-	-	-
Others	163	108	50	-	-	-
Total	6,049	5,775	7,010	3,117	2,391	2,009

The amounts due to a subsidiary bear an interest of 2% (31 December 2017 and 1 January 2017: 2%) per annum, is unsecured and repayable on demand.

15 FINANCE LEASES

	Minimum leases payments	Present value of minimum lease payments
	31 December 2018	31 December 2018
	US$'000	US$'000
Group		
Amount payable under finance leases:		
- Within one year	1,401	1,209
- In the second to fifth years inclusive	1,656	1,555
	3,057	2,764
Less: Future finance charges	(293)	-
Present value of lease obligations	2,764	2,764
Less: Amount due for settlement within 12 months (shown under current liabilities)		1,209
Amount due for settlement after 12 months		1,555

During the year, the Group leased certain plant and equipment under finance leases. The average lease term is 2.8 years and all leases are on a fixed repayment basis. The average effective borrowing rate is 9.59% as at 31 December 2018.

The fair value of the Group's lease obligations approximated their carrying amount.

The Group's obligations under finance leases were secured over certain plant and equipment of the Group (Note 10) amounting to US$2,548,000 as at 31 December 2018.

16 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year	35,358	35,358	39,181	41,725
Cash distribution from capital reduction	-	-	(2,855)	(2,544)
Treasury shares cancelled during the year	(154)	-	(125)	-
At the end of the year	35,204	35,358	36,201	39,181

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 2017, 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.

During the year, the Company undertook a capital reduction by way of cash distribution of S$0.11 per share pursuant to Section 78C of the Companies Act and shareholders' approval at the extraordinary general meeting held on 30 April 2018. The total cash to be distributed to the shareholders amounted to approximately US$2,855,000.

As of the end of the reporting period, US$56,000 (31 December 2017 : US$53,000, 1 January 2017 : US$50,000) of the capital reduction distribution remained unpaid and is recognised in "other payables".

17 TREASURY SHARES

	Group and Company			
	2018	2017	2018	2017
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
At the beginning of the year	154	-	125	-
Repurchased during the year	-	154	-	125
Cancellation 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 and held as treasury shares as at 31 December 2017. These treasury shares have been cancelled on 18 May 2018.

18 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.

19 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.

20 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.

Since the approval by the shareholders on 28 April 2008 of the Plan, no share award had been granted to date. The Plan was terminated on 28 April 2018.

21 REVENUE

	Group	
	2018	2017
	US$'000	US$'000
Continuing operations:		
- Rendering of services	22,689	27,400
- Lease of equipment	70	653
	22,759	28,053
Discontinued operation (Note 25):		
- Rendering of services	-	777
	22,759	28,830

22 OTHER OPERATING INCOME

	Group 2018 US$'000	Group 2017 US$'000
Continuing operations:		
- Interest income	12	14
- Gain on disposal of property, plant and equipment	151	37
- Fair value gain on financial asset	62	-
- Others	28	1
	253	52
Discontinued operation (Note 25):		
- Gain on disposal of property, plant and equipment	-	25
- Others	-	116
	-	141
Total	253	193

23 FINANCE COSTS

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

	Group 2018 US$'000	Group 2017 US$'000
Interest on bank loans	25	23
Interest on obligations under finance leases	97	-
	122	23

24 INCOME TAX EXPENSE

	Group 2018 US$'000	Group 2017 US$'000
From continuing operations:		
- Current tax expense	-	(199)
- Over (Under) provision for current tax in prior year	16	(33)
- Deferred tax benefits (Note 12)	(1,289)	(335)
- Net	(1,273)	(567)

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

24 INCOME TAX EXPENSE 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	
	2018	2017
	US$'000	US$'000
(Loss) Profit before income tax		
Continuing operations	(3,716)	3,413
Discontinued operation	-	(338)
	(3,716)	3,075
Income tax expense at statutory rate of 17% (2017 : 17%)	632	(523)
Effect of expenses that are not deductible in determing taxable profit	(2)	(162)
Effect of unutilised tax losses and capital allowance not recognised	(2,030)	-
Effect of previously unrecognized and unused tax losses now recognised as deferred tax benefit	-	350
Effect of different tax rate of a subsidiary operating in other jurisdiction	111	-
Tax on distribution of prior year earnings of a subsidiary	16	(33)
Income tax on undistributed earnings of a subsidiary	-	(199)
Income tax expense recognised in profit or loss	(1,273)	(567)

25 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	
	2018	2017
	US$'000	US$'000
Loss of GTC USA operation for the year	-	(338)

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

	Group	
	2018	2017
	US$'000	US$'000
Revenue	-	777
Cost of sales	-	(532)
Distribution costs	-	(10)
Administrative expenses	-	(714)
Other operating income	-	141
Loss before tax	-	(338)
Income tax expense	-	-
Loss for the year	-	(338)

In 2017, GTC USA used US$396,000 of the Group's net operating cash flows, and contributed US$37,000 in respect of investing activities.

26 (LOSS) PROFIT FOR THE YEAR

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

	Group	
	2018	2017
	US$'000	US$'000
Continuing operations:		
Depreciation of property, plant and equipment	8,436	8,449
Employee benefits expense (including directors' remuneration):		
- Staff costs	9,096	8,672
- Cost of defined contribution plan	355	348
- Defined benefit plan income	(5)	(6)
	9,446	9,014
Foreign exchange loss	93	65
Allowance for doubtful receivables	72	19
Audit fees:		
- Paid to auditors of the Company	70	89
- Paid to other auditors	83	101
	153	190
Non-audit fees:		
- Paid to auditors of the Company	24	24
- Paid to other auditors	10	10
	34	34
Discontinued operations:		
Depreciation of property, plant and equipment	-	96
Employee benefits expense (including directors' remuneration):		
- Staff costs	-	650
	-	650
Non-audit fees:		
- Paid to other auditors	-	2
	-	2

27 (LOSS) EARNINGS PER SHARE

	Group	
	2018	2017
From continuing and discontinued operations		
(Loss) Profit for the year (US$'000)	(4,989)	2,508
Weighted average number of ordinary shares in issue during the year ('000)	35,204	35,315
Basic (loss) earnings per share (US cents)	(14.17)	7.10
From continuing operations		
(Loss) Profit for the year (US$'000)	(4,989)	2,846
Weighted average number of ordinary shares in issue during the year ('000)	35,204	35,315
Basic (loss) earnings per share (US cents)	(14.17)	8.06

27 (LOSS) EARNINGS PER SHARE continued

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

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

28 DIVIDENDS

During the year, the Company declared and paid a final tax-exempt (one-tier) ordinary dividend of S$0.09 per share for financial year ended 31 December 2017. The total dividends paid amounted to US$2,336,000.

In 2017, 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.

29 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	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Continuing Operations				
Singapore	4,286	6,745	-	-
United States of America	8,299	8,441	-	-
Taiwan, Republic of China	6,370	6,173	32,504	36,292
People's Republic of China	1,324	4,289	-	-
Japan	2,145	2,017	-	-
Others	335	388	-	-
Total	22,759	28,053	32,504	36,292
Discontinued Operations				
United States of America	-	777	-	-
Total	22,759	28,830	32,504	36,292

29 OPERATING SEGMENT INFORMATION continued

Information about major customers

During the year, there are 2 (2017 : 3) customers which each contributed to 10% or more of the Group's total revenue:

	2018 US$'000	2017 US$'000
Revenue		
Customer A	4,470	4,198
Customer B	4,286	6,745
Customer C	N.A.	3,833

30 OPERATING LEASE COMMITMENTS

The Group as lessee

	Group	
	2018 US$'000	2017 US$'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	562	640

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Within one year	80	24	23
In the second to fifth years inclusive	119	-	-
	199	24	23

Operating lease payments represent rentals payable by the Group for lease of certain plant and equipment. Leases are negotiated for term ranging from 3 months to 3 years and rentals are fixed.

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.

31 COMMITMENTS

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

	Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Available-for-sale investments / Financial assets at fair value through profit or loss (Note 11)	100	100	100
Property, plant and equipment	417	-	-

32 SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, the directors proposed to carry out a capital reduction by way of cash distribution for a total amount of approximately US$2,515,000, subject to approval by shareholders and has not been included as a liability in these financial statements.

33 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018

The Group and Company adopted the Singapore Financial Reporting Standards (International) ("SFRS(I))" for the first-time for financial year ended 31 December 2018, with 1 January 2017 as the date of transition. SFRS(I) 1 requires the application of accounting policies based on each SFRS(I) effective as at 31 December 2018, retrospectively to the date of transition.

SFRS(I) 1 First-time adoption of SFRS(I) was applied for this first set of SFRS(I) financial statements. SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers which are effective from annual periods beginning 1 January 2018, were also applied for the first time for financial year ended 31 December 2018.

The Group and Company has determined there was no adjustment required to the statement of financial position as at 1 January 2017 (the date of transition) and 31 December 2017, the statement of profit or loss and other comprehensive income, and statement of cash flows for the year ended 31 December 2017 previously reported under SFRS.

Management has elected not to restate comparative information upon initial application of SFRS(I) 9 as allowed by SFRS(I) 1. Accordingly, any impact on the initial application of SFRS(I) 9 will be adjusted on 1 January 2018.

The effects of transition to SFRS(I) and the initial application of SFRS(I) 9 are presented and explained below.

Statement of financial position line items	**31 December 2017**	**Reclassification**	**1 January 2018**
	US$'000	**US$'000**	**US$'000**
Group and Company			
Non-current assets:			
Available–for-sale investments (under SFRS)	571	(571)	-
Financial assets at fair value through profit or loss (under SFRS(I))	-	571	571
Group			
Capital and reserves:			
Fair value reserve	344	(344)	-
Accumulated profits	5,086	344	5,430
Company			
Capital and reserves:			
Fair value reserve	(20)	20	-
Accumulated profits	4,771	(20)	4,751

Explanatory note:

The investment fund held by the Company and the Group is determined as financial assets to be measured at fair value through profit or loss under SFRS(I) 9. Under the previous classification as "available-for-sale investments", the changes in fair value were accounted for in other comprehensive income and accumulated in the fair value reserve.

34 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following significant SFRS(I) pronouncement issued but not yet effective is relevant to the Group:

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 Leases

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 are 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.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases exemption. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

As at 31 December 2018, the Group has non-cancellable operating lease commitments as disclosed in Note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have impact on the amounts to be recognised in the Group's financial statements in the year of initial application and management is currently assessing the impact.

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

SHAREHOLDINGS STATISTICS

AS AT MARCH 13, 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	74	2.56	3,565	0.01
100 - 1,000	1,340	46.35	797,968	2.27
1,001 - 10,000	1,291	44.66	4,551,011	12.93
10,001 - 1,000,000	182	6.29	8,619,542	24.48
1,000,001 AND above	4	0.14	21,231,541	60.31
Total :	**2,891**	**100.00**	**35,203,627**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	17,333,496	49.24
2	RAFFLES NOMINEES (PTE) LIMITED	1,620,995	4.60
3	DB NOMINEES (SINGAPORE) PTE LTD	1,150,475	3.27
4	UOB KAY HIAN PRIVATE LIMITED	1,126,575	3.20
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	880,517	2.50
6	DBS NOMINEES (PRIVATE) LIMITED	663,715	1.89
7	LIM MONG HOO	636,150	1.81
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	515,717	1.46
9	OCBC SECURITIES PRIVATE LIMITED	385,793	1.10
10	LIM GEK SUAN	328,200	0.93
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	284,590	0.81
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	284,355	0.81
13	PHILLIP SECURITIES PTE LTD	253,795	0.72
14	LIM HIU TIAN	231,400	0.66
15	ANG CHIN SAN	90,000	0.26
16	LOO HWEE CHOO	82,000	0.23
17	LEE CHEE KIONG DONALD	71,200	0.20
18	NG POH MUI	70,000	0.20
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	66,250	0.19
20	LEE GEOK TIN	60,000	0.17
	TOTAL	**26,135,223**	**74.25**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

53.43% of the Company's shares are held in the hands of the Public as at 13 March 2019. 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 : 35,203,627 ordinary shares
Voting rights : One vote per share

TREASURY SHARES AS AT 13 MARCH 2019

As at 13 March 2019, the Company has no Treasury Shares.

SHAREHOLDINGS STATISTICS

AS AT MARCH 13, 2019

DIRECTORS & SUBSTANTIAL SHAREHOLDINGS AS AT MARCH 13, 2019

	DIRECT INTEREST		DEEMED INTEREST	
Name of Directors	**Number of Shares**	**%**	**Number of Shares**	**%**
Chen, Tie-Min	3,785,549	10.75	-	-
Chia Soon Loi	2,524,250	7.17	-	-
Kenneth Tai, Chung-Hou	12,500	0.04	-	-
Geoffrey Yeoh Seng Huat	-	-	-	-
TOTAL	6,322,299			
Name of Substantial Shareholder (as recorded in the Register of Substantial Shareholders)				
Yageo Corporation [1]	8,232,388	23.39	1,838,954	5.22
Kuo Shin Investment Corporation	1,838,954	5.22	-	-
TOTAL	10,071,342			
TOTAL	16,393,641	46.57		
Public	18,809,986	53.43		

(1) 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.

GLOBAL TESTING CORPORATION LIMITED
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Grand Copthorne Waterfront Hotel, Oriole Room, Level 4, 392 Havelock Road Singapore 169663 on Tuesday, 30 April 2019 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 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Kenneth Tai, Chung-Hou, a Director retiring pursuant to Article 115 of the Company's Constitution. [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Geoffrey Yeoh Seng Huat, a Director retiring pursuant to Article 115 of the Company's Constitution. [See Explanatory Note (ii)] **(Resolution 3)**

4. To approve the payment of Directors' Fees of S$290,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. (2018: S$290,000) **(Resolution 4)**

5. To re-appoint Messrs Deloitte & Touche LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. 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

7. 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 6)**

8. 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**") 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; and/or

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

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**");

NOTICE OF ANNUAL GENERAL MEETING

(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 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 general meeting.

(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 pursuant to equal access scheme, 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 to holders of Shares 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 (iv)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL RESOLUTION:

9. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

*All capitalised terms in the Resolution 8 below and defined in the Letter to Shareholders of the Company dated 8 April 2019 (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$3,520,362.70 from S$42,611,838.19 (as at the Latest Practicable Date) to S$39,091,475.49 and that such reduction be effected by returning the sum of S$3,520,362.70 (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$0.10 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 (v)] **(Resolution 8)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Date: 8 April 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **The Ordinary Resolution 2** proposed in item 2. above is to note the re-election of Mr Kenneth Tai, Chung-Hou as a Director of the Company. Upon re-election as a Director of the Company, Mr Kenneth Tai, Chung-Hou will remain as Chairman of the Nominating Committee and member of the Audit and Remuneration Committee. Mr Kenneth Tai, Chung-Hou is an Independent Director.

(ii) **The Ordinary Resolution 3** proposed in item 3. above is to note the re-election of Mr Geoffrey Yeoh Seng Huat as a Director of the Company. Upon re-election as a Director of the Company, Mr Geoffrey Yeoh Seng Huat will remain as Chairman of the Audit Committee and member of the Remuneration and Nominating Committee. Mr Geoffrey Yeoh Seng Huat is a Lead Independent Director.

(iii) **The Ordinary Resolution 6** proposed in item 7. 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 6 (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 6, 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 6, 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 7** proposed in item 8. 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.

(v) **The Ordinary Resolution 8** proposed in item 9 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.

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

PROXY FORM

– ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall precluded from attending the Meeting. 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 Grand Copthorne Waterfront Hotel, Oriole Room, Level 4, 392 Havelock Road Singapore 169663 on Tuesday, 30 April 2019 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 2018 **(Resolution 1)**		
2.	Re-election of Mr Kenneth Tai, Chung-Hou as a Director **(Resolution 2)**		
3.	Re-election of Mr Geoffrey Yeoh Seng Huat as a Director **(Resolution 3)**		
4.	Payment of Directors' Fees for the financial year ending 31 December 2019, to be paid quarterly in arrears **(Resolution 4)**		
5.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company **(Resolution 5)**		
6.	Any other ordinary business		
	SPECIAL BUSINESS		
7.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 5 **(Resolution 6)**		
8.	Approval of the renewal of Share Purchase Mandate **(Resolution 7)**		
	SPECIAL RESOLUTION		
9.	Approval of the proposed Capital Reduction and Cash Distribution **(Resolution 8)**		

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

Dated this __________ day of __________ 2019

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 8 April 2019.

GLOBAL TESTING CORPORATION LIMITED

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ADDENDUM TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 8 APRIL 2019

The Board of Directors of Global Testing Corporation Limited wishes to set out under Item 7, the revised proposed Resolution 6 to the Notice of Annual General Meeting as follows:

7. 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) 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

(iv) 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 6)**

GLOBAL TESTING
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LIMITED

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