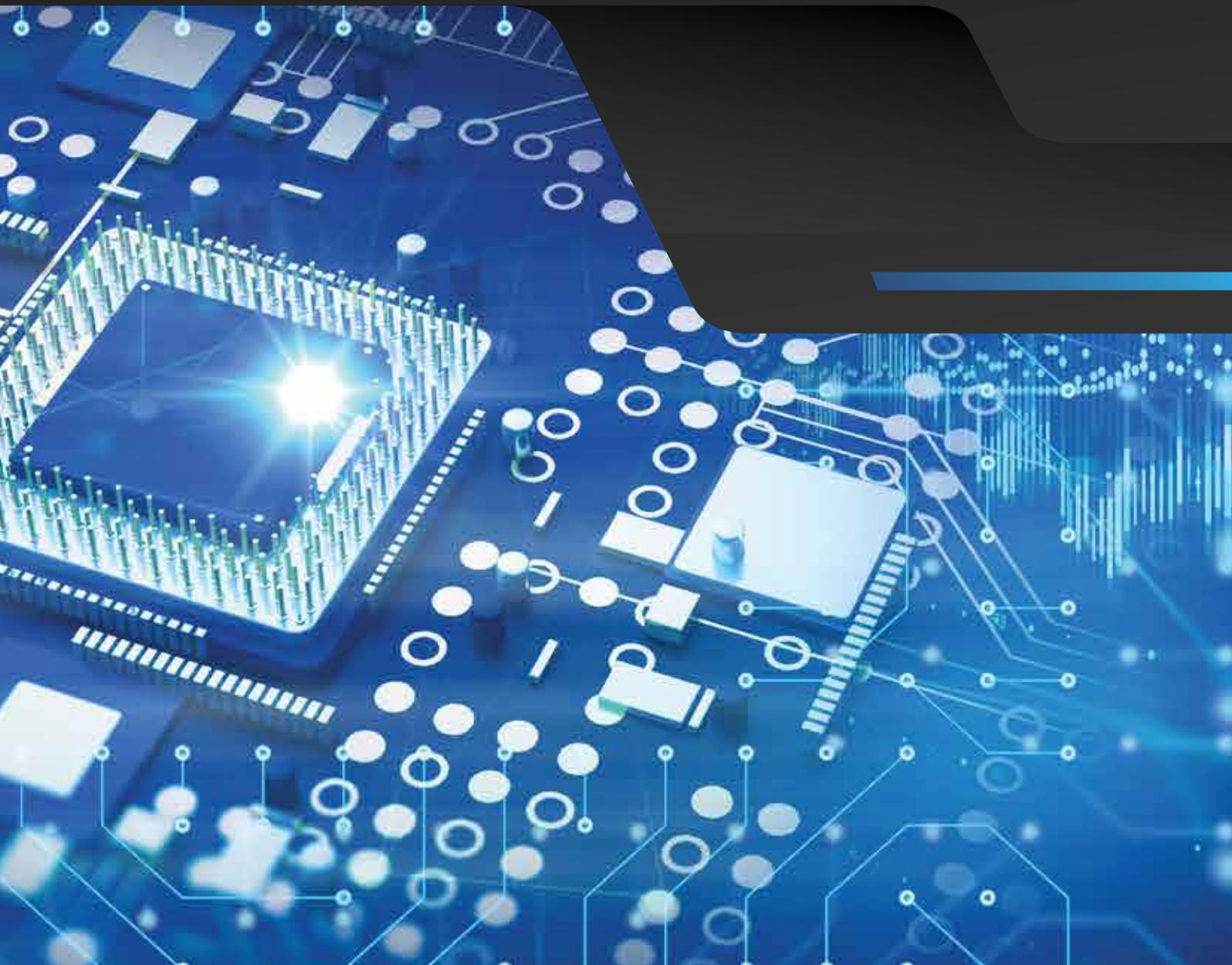




GLOBAL TESTING  
CORPORATION LIMITED

# Serving An Essential Industry

ANNUAL REPORT 2022



# Our Vision

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

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# CORPORATE PROFILE



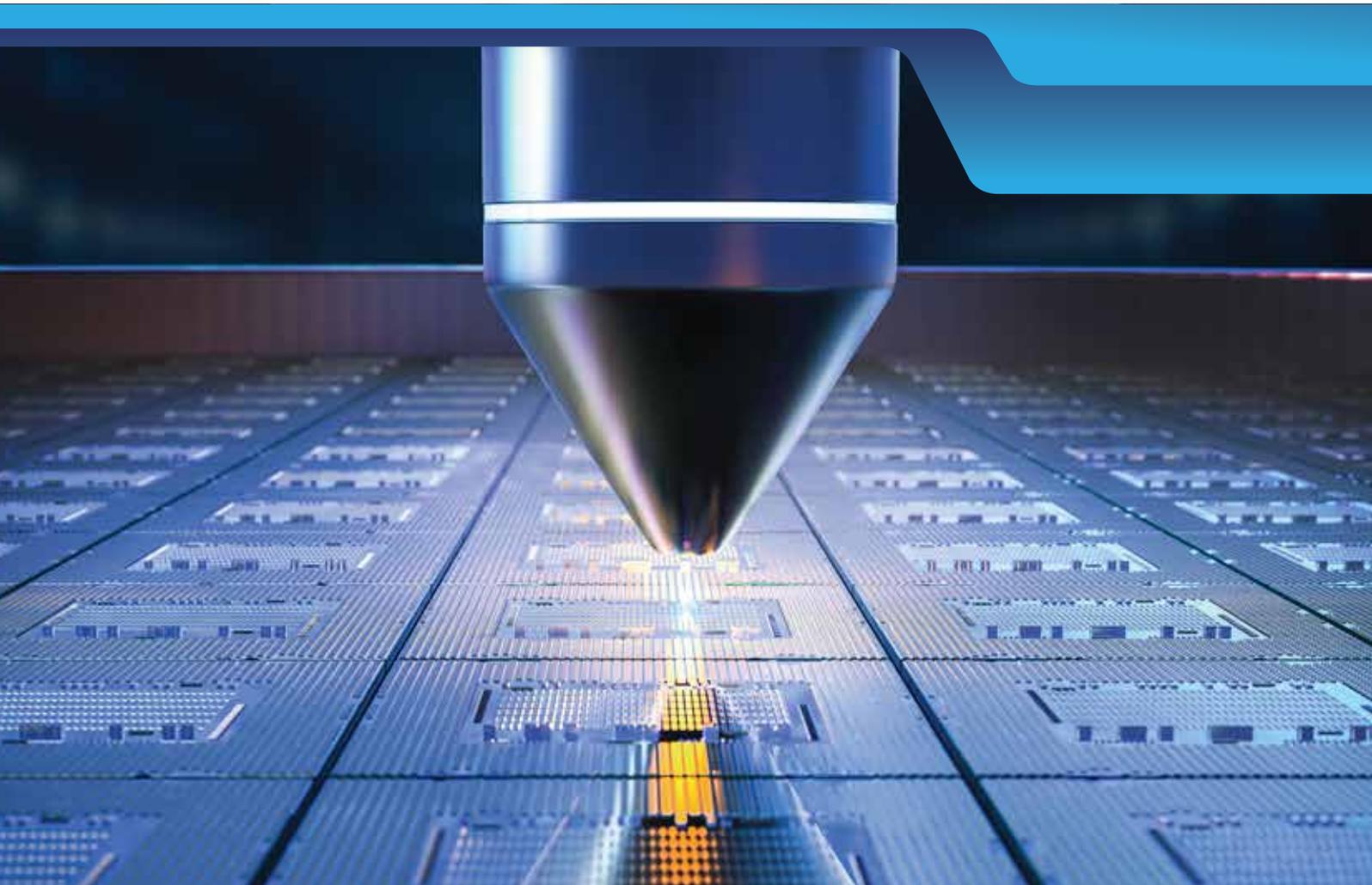
Established in 1998, Global Testing Corporation Limited ("**Global Testing**" or the "**Group**") is an independent testing services companies in the Asia-Pacific region. The Group primarily provides testing services such as wafer sorting and final testing to the semiconductor industry, focusing on logic and mixed signal semiconductors used in consumer electronics and communication devices.

The Group has also extended its testing capability and established its niche in the provision of wafer testing services for automotive applications and for commercial applications. The automotive devices industry 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 2022 (“**FY2022**”).

### Year in Review

The global economy faced multiple challenges in 2022, from the rise in central bank rates to fight inflation, to Russia’s war in Ukraine, which continued to weigh on economic activities. Despite the headwinds, according to the Semiconductor Industry Association, the global semiconductor industry saw a 3.2% year-on-year growth to hit the highest ever annual total sales of US\$573.5 billion in 2022.

During the pandemic, demand for semiconductors grew as consumer demand for electronic equipment and devices surged, driving growth across the majority of product categories. In addition, since the late 2020s, the chip shortage has increased semiconductor prices, which have in turn caused testing costs to increase at the same time.

In light of the above, the Group reported total comprehensive income attributable to equity holders of the Company of US\$11.3 million for FY2022, an increase of 20.6% from US\$9.4 million in the previous financial year (“**FY2021**”). This came on the back of revenue of US\$46.4 million, which saw a 19.7% improvement from US\$38.7 million in FY2021. The favourable conditions in the Taiwanese semiconductor industry, which generates a sizable portion of the world’s semiconductor supply, were substantially responsible for the boost in Global Testing’s topline.

## Outlook

Geographically, the Group saw significant growth in revenue for some of the markets. Our revenue from Japan, Singapore and Thailand saw growth of 72.7%, 60.4% and 64.8% respectively. Meanwhile, revenue from Taiwan, Republic of China and United States of America, declined 21.4% and 37.2% respectively.

The Board of Directors is pleased to propose a capital reduction of 10 Singapore cents per Share to allow the Group to have a more efficient capital structure. The proposed capital reduction is subject to approval at the upcoming Extraordinary General Meeting.

Looking ahead, the World Semiconductor Trade Statistics is forecasting the Worldwide Semiconductor Market to face a slight decline in 2023. This is largely due to rising inflation and end markets seeing weaker demand, especially those exposed to consumer spending. Apart from that, global monetary policy is also expected to tighten further, to contain headline inflation rates. On this backdrop, the Group is forecasting a muted outlook for the financial year ending 31 December 2023.

Having expanded our niche in recent years to include testing for automotive applications and for commercial applications, Global Testing's core business also encompasses testing mixed signals, logic in our key markets. GTC expects to see some rebalancing in terms of revenue contribution from its consumer and commercial segments in FY2023. Backed by our strong engineering capability and established partnerships with suppliers and customers, Global Testing remains focused on delivering quality testing services to all clients and maintaining our orderbook. We will also continue to exercise financial prudence to maximise long-term shareholders' value.

**Global Testing remains focused on delivering quality testing services, exercising financial prudence, and maximising long-term shareholders' value.**



**Global Testing prioritises sustainability and safety, implementing measures such as water conservation and ISO14064 greenhouse gases surveys.**

#### **Corporate Governance and Sustainability**

Environmental, social and governance issues are central to our business. Since the beginning of the Covid-19 pandemic, Global Testing has made every effort to ensure the health and safety of every member of our team.

We are committed to ensuring a sustainable future for our stakeholders and society at large, and we have implemented sustainability across all our business operations to the greatest extent possible. We are constantly looking for ways to improve our sustainability performance throughout all of Global Testing's operations in order to build a truly sustainable business for the future. Our sustainability report, detailing the Group's sustainability efforts in FY2022, can be found on SGXNet.

To mitigate the impact of droughts on operations and ensure that operations are not disrupted, the Group will enhance water conservation efforts, increase the water recycling rate of operating processes, expand the use of recycled water, and prepare water trucks for water shortage.

The Group aims to implement ISO14064 greenhouse gases surveys at all factories and operating sites in 2024, and thereafter commence implementation of the Group's greenhouse gases and carbon reduction project.

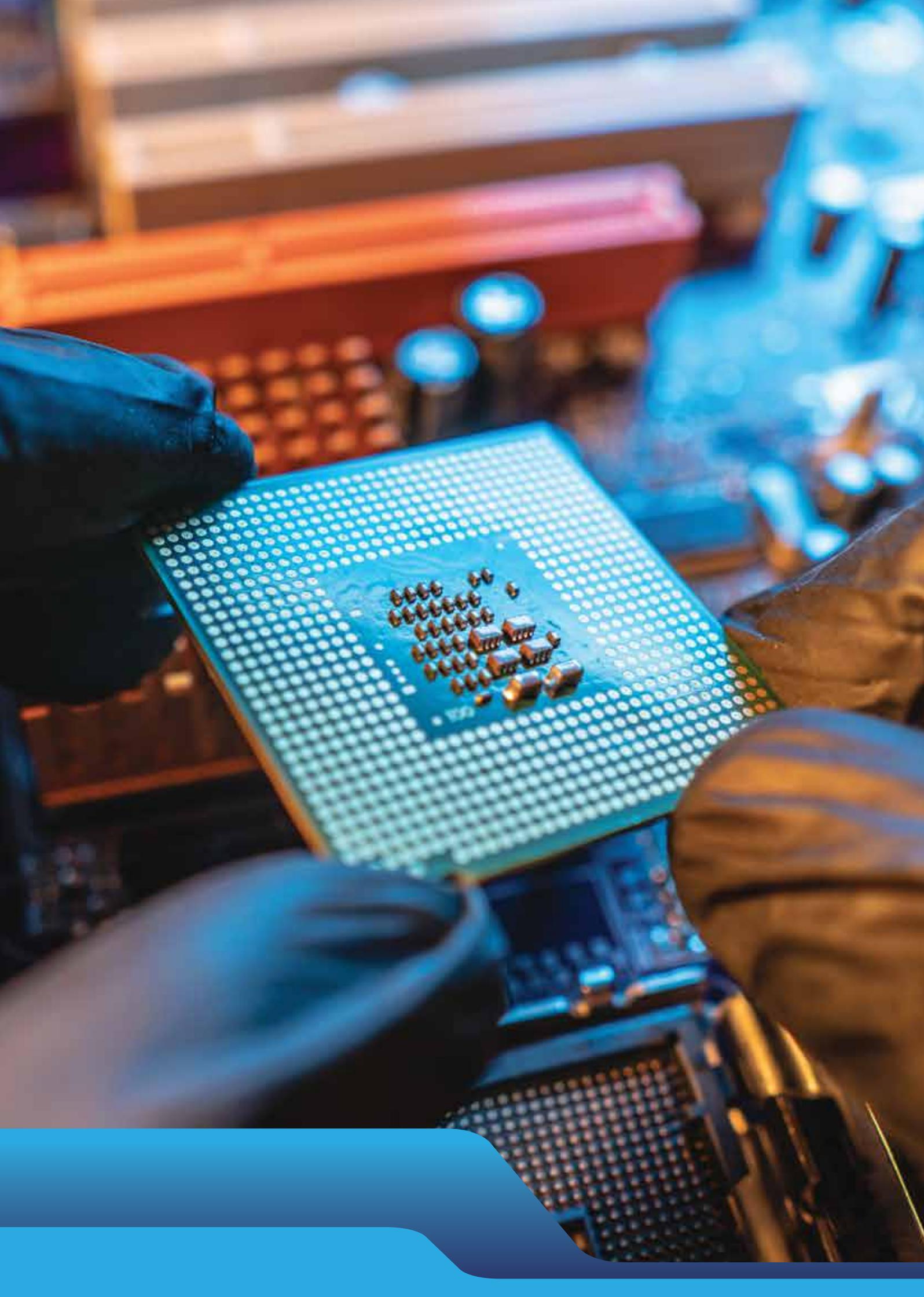
#### **Acknowledgement**

On behalf of the Board, we would like to thank the staff of Global Testing for their dedication and diligence. We also want to express our gratitude to the top management team and our fellow directors for their support, especially in face of the current challenging business environment. Finally, we would like to convey our gratitude to our shareholders, clients, and business partners for their ongoing support.

Yours sincerely,

**Mr Chia Soon Loi**

*Non-Executive and Non-Independent Chairman*



## BOARD OF DIRECTORS

### **Mr Chia Soon Loi**

*Non-Executive and Non-Independent Chairman  
Chairman of Remuneration Committee  
Member of Audit Committee  
Member of Nominating Committee*

Mr Chia Soon Loi was appointed as Non-Executive Chairman of Global Testing Corporation Limited on 2 January 2018 and last re-elected to the Board on 29 June 2020. He has been re-designated to Non-Executive and Non-Independent Director, effective 27 February 2019.

He has more than 35 years' experience in the electronics industry as the Founder and Director of Cony Electronics (S) Pte Ltd, as well as in the food and beverage industry. Mr Chia also serves on the Board of several other companies in Singapore and overseas, in both the electronics and non-electronics industries.

### **Mr Law Ambrose Tiang Beng**

*Lead Independent Director  
Chairman of Audit Committee  
Member of Nominating Committee  
Member of Remuneration Committee*

Mr Law Ambrose Tiang Beng was appointed Lead Independent Director of Global Testing Corporation Limited on 31 December 2021.

Since 2011, Mr Law has been a Senior Advisor at Stamford Advisory Corporation Pte. Ltd. Prior to this, he held positions of Global Chief Financial Officer of Bank of Singapore, and Chief Financial Officer, Global Wealth Management Group, Merrill Lynch. Mr Law holds a Bachelor of Commerce from Victoria University of Wellington, New Zealand, and is a Chartered Accountant (New Zealand) and Certified Public Accountant (Singapore).

### **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 29 June 2020. 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 Tong Hsing Electronic Industries, Ltd., both TWSE-listed companies in Taiwan. Mr Chen holds a Bachelor of Engineering Science degree from the National Cheng Kung University, Taiwan.

### **Mr Wang, Han-Min**

*Independent Director  
Chairman of Nominating Committee  
Member of Audit Committee  
Member of Remuneration Committee*

Mr Wang, Han-Min was appointed Independent Director of Global Testing Corporation Limited on 31 December 2021.

Mr Wang has been a Professor in the Department of Accounting at Feng Chia University, Taiwan since 2008, during which, he also held several other roles. He was also the Supervisor, Board of Directors at Footwear & Recreation Technology Research Institute, Taiwan, as well as Member of Review Commission at Over-the-Counter Securities Exchange, Taiwan. Mr Wang holds a Ph.D. in Accounting & Finance from the University of Essex, UK, M.B.A from Catholic University of Leuven, Belgium, and M.A in Accounting from National Chengchi 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 Global Testing Corporation Limited'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 13-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 of Global Testing Corporation Limited 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 25 years' experience, Mr Wang was also 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 Global Testing Corporation Limited in November 2017 as the Associate Vice President, Operations, and was subsequently appointed Vice President, Operations in January 2019, where he is responsible for the operations of the Group, including manufacturing, engineering, product development and facility.

Prior to joining the Group, 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 Engineering 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 Corporation Limited 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 and Non-Independent Chairman*

Mr Chen, Tie-Min  
*Senior Executive Director*

Mr Law Ambrose Tiang Beng  
*Lead Independent Director*

Mr Wang, Han-Min  
*Independent Director*

## AUDIT COMMITTEE

Mr Law Ambrose Tiang Beng (*Chairman*)  
Mr Wang, Han-Min  
Mr Chia Soon Loi

## NOMINATING COMMITTEE

Mr Wang, Han-Min (*Chairman*)  
Mr Law Ambrose Tiang Beng  
Mr Chia Soon Loi  
Mr Chen, Tie-Min

## REMUNERATION COMMITTEE

Mr Chia Soon Loi (*Chairman*)  
Mr Law Ambrose Tiang Beng  
Mr Wang, Han-Min

## COMPANY SECRETARIES

Mr Abdul Jabbar Bin Karam Din, LLB (Hons)  
Ms Toh Li Ping, Angela (ACIS)

## REGISTERED OFFICE

9 Straits View  
#06-07 Marina One West Tower  
Singapore 018937  
Telephone number: +65 6535 3600

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

## SOLICITORS

Rajah & Tann Singapore LLP  
9 Straits View  
#06-07 Marina One West Tower  
Singapore 018937

## AUDITORS

Deloitte & Touche LLP (Singapore)  
6 Shenton Way  
#33-00 OUE Downtown 2  
Singapore 068809  
Partner-in-charge: Ms Mao Meijiao  
*(Appointed since the financial year ended 31 December 2022)*

## PRINCIPAL BANKERS

Shin Kong Commercial Bank of Taiwan  
Hsinchu Branch  
No. 84 Zhongshan Road  
Hsinchu City  
Taiwan

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

## INVESTOR RELATIONS ADVISOR

Citigate Dewe Rogerson Singapore Pte Ltd  
158 Cecil Street  
#05-01  
Singapore 069545

# Corporate Governance Report

Global Testing Corporation Limited (the “**Company**”, and together with its subsidiary, the “**Group**”) 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 Group for the financial year ended 31 December 2022 (“**FY2022**”) with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”). Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, instead of being read separately under each principle of the Code.

## **BOARD MATTERS**

### **The Board’s Conduct of Affairs**

***Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

The Board of Directors (the “**Board**”) assumes responsibility for stewardship of 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. approving the business strategies including significant acquisition and disposal of subsidiaries or assets and liabilities;
- b. approving the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- c. approving the release of the Group’s half-year and full year’s financial results and interested person transactions;
- d. overseeing the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls, as may be recommended by the Audit Committee;
- e. reviewing the performance of the Management, approving the nominations to the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- f. reviewing and endorsing the framework of remuneration for the Board and key executives, as may be recommended by the Remuneration Committee; and
- g. reviewing 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 half-yearly basis and will keep shareholders updated on material developments relating to the Group on a timely basis, as and when appropriate.

### **Provision 1.1 - Director’s conflicts of interest**

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a conflict of interest, in relation to any matter, he is required to declare his interest at a meeting of the Directors or send a written notice to the Company containing details of his interest and the conflict or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors’ Resolutions in writing.

# Corporate Governance Report

## Provision 1.2 - Induction and training of Directors

All directors have many years of corporate experience and are familiar with their duties and responsibilities as directors. Directors (including newly appointed Directors, if any) are also provided with 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.

The Company will provide newly appointed directors with formal letter of appointment setting out their duties and obligations. The newly appointed directors will also be given briefings by the Non-Executive and Non-Independent Chairman and/or the Management of the Company on the business activities of the Group and its strategic directions and corporate governance practices. Arrangements will also be made for new Directors, if any, to meet the Management for a better understanding of the Group's business and operations.

At the quarterly Board meetings, the Acting Chief Executive Officer ("**CEO**") and/or the Chief Financial Officer ("**CFO**") provides the Board with regular updates on the Group's business performance and plans. 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, if any, who has no prior experience as a director of a listed company will undergo the mandatory training, Listed Entity Directors Programme, conducted by Singapore Institute of Directors within one year from the date of his appointment to the Board.

No new Directors or first-time Directors were appointed during FY2022.

Pursuant to Rule 720(7) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the Nominating Committee ("**NC**") is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for FY2022 that all its Directors have attended the mandatory training on sustainability. In view of the above, all Directors have completed the mandatory training on sustainability organised by Singapore Institute of Directors ("**SID**") in FY2022 as prescribed by the SGX-ST.

## Provision 1.3 – Matters requiring Board's approval

The matters reserved for the Board's decision and the types of material transactions that are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business, are as follows:

- Half-year and full year results;
- Long term strategic and financial plan;
- Annual budget;
- Potential joint venture, merger, acquisition, divestment, or other changes in the Company's assets, if any;
- Changes in the Management or changes in effective control of the Company, if any;
- Declaration or omission of dividends, if any;
- Firm evidence of significant improvement or deterioration in near term earnings prospects, if any;
- Subdivision of shares or stock dividends, if any;
- Acquisition or loss of significant contract, if any;
- Public or private sale of significant amount of additional securities of the Company, if any;
- Changes in chief executive officer, directors and substantial shareholdings' interests, if any;
- Share buyback, if any;

# Corporate Governance Report

- Share option or share schemes, if any;
- Scrip Dividend scheme, if any;
- Interested person transactions, if any;
- Call of securities for redemption;
- Borrowing of a significant amount of funds;
- Occurrence of an event of default under debt or other securities or financing or sale agreements;
- Significant litigation;
- Significant change in capital investment plans;
- Significant dispute(s) with sub-contractors, customers or suppliers, or with any parties;
- Appointment and removal of Secretary;
- Tender offer for another company's securities, if any;
- Valuation of the Group's real assets that has a significant impact on its financial position, if any;
- Involuntary striking-off of the Company's subsidiaries;
- Investigation on a Director or an Executive Officer (as defined in the SGX-ST Listing Manual of the) of the Company, if any;
- Loss of a major customer or a significant reduction of business with major customer, if any; and
- Major disruption to supply of critical goods or services.

## Provision 1.4 - Delegation by the Board

To assist the Board in the execution of its responsibilities, the Board has established various Board committees (collectively, "**Board Committees**"), namely the Audit Committee ("**AC**"), the NC and the Remuneration Committee ("**RC**"). Each of these Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The Company will periodically review the composition to ensure compliance with the Code. Board approval is required for any changes to the terms of reference for any Board Committee.

The Board accepts that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The composition of the Board and the Board Committees of the Company as at 31 December 2022 are as follows:

Name of Director	Position	Board Committees' membership		
		AC	RC	NC
Chia Soon Loi	Non-Executive and Non-Independent Chairman	Member	Chairman	Member
Chen, Tie-Min	Senior Executive Director	-	-	Member
Law Ambrose Tiang Beng (" <b>Ambrose Law</b> ")	Lead Independent Director	Chairman	Member	Member
Wang, Han-Min	Independent Director	Member	Member	Chairman

No alternate Director was appointed to the Board in FY2022 or appointed to the Board currently.

## Provision 1.5 - Board processes, including the Directors' attendance at Board and Board Committees' meetings, and general meetings

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. The Company's Constitution and written terms of reference allows Board and Board Committees' meetings to be conducted by way of telephone or video conference or other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. Decisions of the Board and Board Committees may also be obtained through circulating resolutions.

# Corporate Governance Report

All Directors had accorded sufficient time and attention to the affairs of the Company. The details of the number of Board and Board Committees' meetings, annual general meeting ("AGM") held from 1 January 2022 to 31 December 2022 as well as the Directors' attendance at those meetings are disclosed below:

Name of Directors	AGM		Board		AC		RC		NC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended								
Chia Soon Loi	1	1	4	4	2	2	2	2	1	1
Chen, Tie-Min	1	1	4	4	-	-	-	-	1	1
Ambrose Law	1	1	4	4	2	2	2	2	1	1
Wang, Han-Min	1	1	4	4	2	2	2	2	1	1

There was no extraordinary general meeting held during the period from 1 January 2022 to 31 December 2022.

## Provision 1.6 - Complete, adequate and timely information

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 and on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. All directors have separate and independent access to the Management, including the Company Secretaries at all times.

In order to ensure that the Board is able to discharge its responsibilities effectively, the Management provides the Directors with regular updates on the operational and financial performance of the Group and on material developments relating to the Group. To allow Directors sufficient time to prepare for meetings, Board and Board Committees' papers are required to be distributed to the relevant Directors at least three working days prior to the meeting, save in the case of any ad hoc or urgent meeting. Any additional material or information requested by the Directors is promptly furnished. Key members of the Management who are in a position to provide additional insight on the matters to be discussed will be present at the relevant time during the Board and Board Committees' meetings.

## Provision 1.7 - Company Secretaries and independent professional advice

The Company Secretaries (or their representative(s)) attend all Board meetings and ensure that Board procedures and all other applicable rules and regulations applicable to the Company are complied with. The Company Secretaries' responsibilities also include advising the Board on all governance matters, and ensuring good information flow within the Board and its Board committees and between the Management and non-executive directors ("NEDs").

Directors have separate and independent access to Management and the Company Secretaries. The Company Secretaries are responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Companies Act 1967 and SGX-ST Listing Manual, are complied with. They also assist the Board to implement corporate governance practices and processes.

The appointment and removal of the Company Secretaries is a decision of the Board as a whole.

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

# Corporate Governance Report

## **Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

### Provision 2.1 - Directors' independence

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to provision 2.1 of the Code and Rules 210(5)(d)(i) and 210(5)(d)(ii) of the SGX-ST Listing Manual ("**Declaration of Independence**").

### Provisions 2.2 and 2.3 – Composition of (i) Independent Directors and (ii) NEDs on the Board

Currently, the Independent Directors make up half of the Board which comprises four (4) Directors, of whom one (1) is Executive Director, two (2) are Independent Directors and one (1) is Non-Executive and Non-Independent Director.

While the Independent Directors do not make up a majority of the Board where the Chairman is not independent, being a variation from provision 2.2 of the Code, the NEDs make up a majority of the Board and the Independent Directors make up at least half of the Board. As such, no individual or select group of individuals dominates the Board's decision-making process. Accordingly, there is a strong and independent element on the Board and consistent with the intent of principle 2 of the Code, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

### Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives, for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the 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 skillset, knowledge, expertise and experience.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy (the "**Policy**"). Having regard the guidelines in the Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors, including but not limited to age, nationality, cultural background, educational background, experience, skills, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds.

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board is made up of Non-Executive Directors, with at least half of the Board making up of Independent Directors.

# Corporate Governance Report

The NC and the Board review the size of the Board and the Board Committees, including the skills and core competencies of its members on an annual basis to ensure that the Board and the Board Committees are of an appropriate size, an appropriate balance and mix of skillset, knowledge, experience, expertise and gender, with a strong element of independent, which facilitates effective decision making. The Directors' credentials including working experience, academic and professional qualifications are presented at the Board of Directors section of the annual report.

Taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the NC, with the concurrence of the Board, is satisfied that the current Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

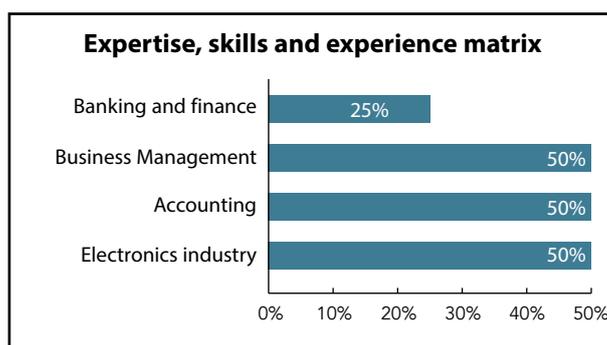
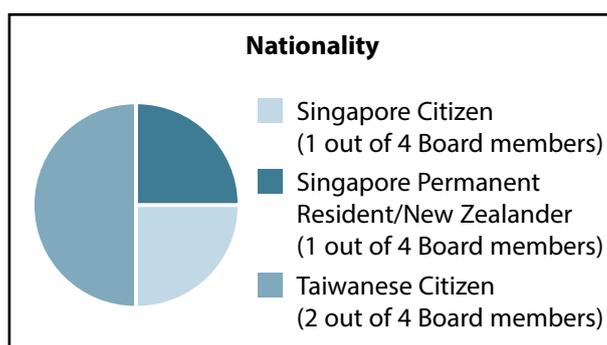
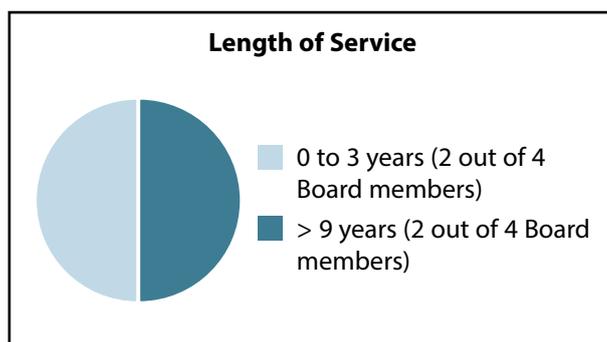
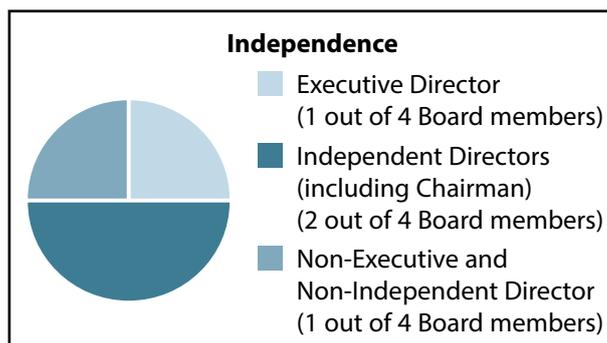
Each Director has been appointed based on his strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience and knowledge, which includes accounting, business and management, finance and risk management, to the Company. They also bring with themselves a wide range of core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the Directors' background allows for the useful exchange of ideas and views.

Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversified to serve the needs and plans of the Group, and to ensure the effective oversight of the Group's affairs. To ensure that the composition of the Board remains diverse, the Board aims to maintain at least half of its Board members to be made up of Independent Directors and to work towards having female director(s) for future board renewal, if opportunity arises. The Board is committed to surveying female candidates from different background and to appoint female director(s) on the Board. Nonetheless, no specific target is set for the gender diversity as the decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

Based on the current Board composition, the Company has met its independence target and is working towards achieving gender diversity when it progressively refreshes its Board.

In evaluating the diversity of the Board, the following Board Skills Matrix and diversity criteria were noted:

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge. As a group, the members of the Board bring with them an appropriate balance and diversity of skills, experience and knowledge of the Group. Their core competencies include accounting, finance, business, industry and management experience, strategic planning experience and are familiar with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views.



# Corporate Governance Report

Should there be any proposed new appointment(s) of member(s) to the Board, new Director(s), if any, will continue to be selected based on the Board Diversity Policy as part of the process for appointment of new Directors. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of this Policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

## Provision 2.5 - Role of the NEDs

The NEDs participate actively in the Board meetings. Backed by their professional expertise, experience and knowledge, NEDs provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The NEDs also constructively challenge and advise on the development of strategies as well as review the performance of the Management in achieving targeted goals and objectives. In addition, the NEDs monitor the reporting of the Group's business and financial performance.

The two (2) Independent Directors (which includes the Lead Independent Director) met at least annually without the presence of the Senior Executive Director, the Non-Executive and Non-Independent Chairman and Management to discuss matters of significance which are then reported to the Non-Executive and Non-Independent Chairman accordingly.

The NEDs and/or Independent Directors are also in frequent contact with one another outside the Board and Board Committees' meetings and hold constant informal discussions amongst themselves. Any feedback would be provided to the Board and/or Chairman as appropriate.

## **Chairman and Chief Executive Officer**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.***

## Provisions 3.1 and 3.2 – Chairman and Chief Executive Officer

The roles and responsibilities between the Non-Executive and Non-Independent Chairman and Acting CEO are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

The Non-Executive and Non-Independent Chairman of the Board is Mr Chia Soon Loi. As the Non-Executive and Non-Independent Chairman of the Board, Mr Chia Soon Loi leads the Board to ensure its effectiveness on all aspects of its role and takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management. He approves the agendas for Board meetings, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board level. He also ensures that Board matters are effectively organised to enable Directors to receive complete, adequate and timely information in order to make sound decisions, promotes constructive relations within the Board and between the Board and Management, and ensures effective communication with shareholders. He also facilitates effective contribution from NEDs. In addition, the Non-Executive and Non-Independent Chairman also ensures that the Board and the Management work well together with integrity and competency.

The Acting CEO, Mr Hu I-Lung, manages and supervises the day-to-day business operations of the Group in accordance with the strategies, policies and business plans approved by the Board. He is assisted by Mr Chen Tie-Min, the Senior Executive Director and the Management comprising the subsidiary's general managers and key senior managers, to oversee the day-to-day operations of the Group and execution of strategies and plans.

Mr Chia Soon Loi and Mr Hu I-Lung do not have any familial relationship.

# Corporate Governance Report

## Provision 3.3 – Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. The Board appointed Mr Ambrose Law to act as the Lead Independent Director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Non-Executive and Non-Independent Chairman, the Acting CEO or the CFO has failed to provide satisfactory resolution, or which such contact is inappropriate.

## **Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

## Provisions 4.1 and 4.2 – NC’s duties and composition

All Board members, including the Lead Independent Director, are members of the NC. At least half of the NC members, including the NC Chairman, are independent directors:

Wang, Han-Min (Chairman)  
Ambrose Law  
Chen, Tie-Min  
Chia Soon Loi

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 (which were amended in line with the Code) are as follows:

- identifying candidates and review all nominations for the appointment or re-appointment of members of the Board and to determine the selection criteria;
- reviewing succession plans for Directors, in particular the Chairman and the Acting CEO;
- ensuring that all Board appointees undergo an appropriate induction programme;
- reviewing regularly the Board structure, size and composition and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- identifying gaps in the mix of skills, experience and other qualities required in an effective Board and nominating or recommending suitable candidates to fill these gaps;
- deciding 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;
- reviewing the independence of each director annually;
- deciding how the Board’s performance, Board Committees and directors may be evaluated and propose objective performance criteria for the Board’s approval; and
- evaluating the effectiveness of the Board as a whole and assessing the contribution by each individual director, to the effectiveness of the Board.

# Corporate Governance Report

The NC held one meeting and the principal activities of the NC during FY2022 are summarised below:

- a. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM;
- b. reviewed other directorships and principal commitments held by each Director and decided whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;
- c. reviewed the findings of the assessments on the effectiveness of the Board as a whole, the Board Committees and the individual Directors;
- d. reviewed the size and composition of the Board and each Board Committee; and
- e. reviewed and assessed the independence of each Independent Director.

## Provision 4.1(a) – Succession Planning

The NC regards succession planning as an important part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, key management personnel and other senior members of Management.

In reviewing succession plans, the NC considers the Company's strategic priorities and the factors affecting the long-term success of the Company.

In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Company, reviewing the skills needed, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for key management personnel, the NC takes an active interest in how key talent is managed within the Group and reviews the mechanisms for identifying strong candidates and developing them to take on senior positions in the future.

The NC also considers different time horizons for succession planning as follows: (1) long-term planning, to identify competencies needed for the Company's strategy and objectives, (2) medium-term planning, for the orderly replacement of Board members and key management personnel, and (3) contingency planning, for preparedness against sudden and unforeseen changes.

## Provision 4.3 - Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors. The NC leads the process as follows:

- The NC evaluates the balance of skills, knowledge and experience of the existing Board and the requirements of the Group, taking into consideration the requirements in the Board Diversity Policy. Following such evaluation, the NC determines the role and the key attributes that an incoming Director should have.
- After endorsement by the Board of the key attributes, the NC, in its search and nomination process for new directors, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates, taking into consideration diversity requirements. The NC also taps on resources such as Directors' personal contacts and recommendations for potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed in the search process. No external search consultant was engaged in FY2022.
- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The NC recommends the most suitable candidate to the Board for appointment as Director.

# Corporate Governance Report

The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Company.

## Provision 4.3 – Process for re-election/re-appointment of Directors

The NC is responsible for making recommendations for the re-election/re-appointment of Directors. In its deliberations on the re-election of existing Directors, the NC takes into consideration the Director's contribution and performance.

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 record, level of preparedness, participation and candour at the meetings of the Board and Board Committees, as well as the quality of participation and contribution.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Article 115 of the Company's Constitution provides that at least 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 and be subject to re-election at the Company's AGM.

In addition, Article 119 of the Company's Constitution provides that a Director appointed by the Board, to fill a casual vacancy or as an additional Director during the year, must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he or she is subject to re-election at least once every three years. Any Director retiring pursuant to Article 119 shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Pursuant to Article 115 of the Company's Constitution, Mr Chia Soon Loi and Mr Chen, Tie-Min will retire at the forthcoming AGM by rotation at the forthcoming AGM.

The NC is satisfied that Mr Chia Soon Loi and Mr Chen, Tie-Min, who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skillset and experience, and their contribution in terms of guidance and time to the Board. Accordingly, the NC has recommended to the Board the re-election of these two Directors.

Mr Chia Soon Loi, upon re-election as a Director of the Company, will remain as Non-Executive and Non-Independent Chairman of the Company, Chairman of the RC and a member of the AC and the NC and will be considered non-independent.

Mr Chen, Tie-Min, upon re-election as a Director of the Company, will remain as Senior Executive Director of the Company, a member of the NC and will be considered non-independent.

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.

Mr Chia Soon Loi and Mr Chen, Tie-Min have respectively given their consent to continue in office.

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out below:

<b>Name of Person</b>	<b>Chia Soon Loi ("Mr Chia")</b>	<b>Chen, Tie-Min ("Mr Chen")</b>
Date of Appointment	17 November 2004	30 August 2004
Date of last re-election / re-appointment (if applicable)	29 June 2020	29 April 2022
Age	67	66
Country of principal residence	Singapore	Taiwan, Republic of China

# Corporate Governance Report

Name of Person	Chia Soon Loi ("Mr Chia")	Chen, Tie-Min ("Mr Chen")
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Nominating Committee ("NC"), having considered the attendance and participation of Mr Chia at Board and Board Committees' meetings, and taking into account Mr Chia's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr Chia who will be retiring pursuant to Article 115 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr Chia had abstained from voting on any resolution and making any recommendation and/or participating in the deliberation in respect of his own re-election.</p>	<p>The NC, having considered the attendance and participation of Mr Chen at Board and Board Committees' meetings, in particular, Mr Chen's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Chen who will be retiring pursuant to Article 115 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr Chen had abstained from voting on any resolution and making any recommendation and/or participating in any discussions in respect of his own re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive, Mr Chen is responsible for overseeing the strategic direction of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Chairman, Chairman of the Remuneration Committee ("RC") and a member of the Audit Committee ("AC") and the Nominating Committee ("NC")	Senior Executive Director and a member of the NC
Professional qualifications	Please refer to the Directors' profile as set out on page 6 of this Annual Report.	
Working experience and occupation(s) during the past 10 years		
Shareholding in the listed issuer and its subsidiaries	Direct interest of 2,524,250 ordinary shares in the Company	Direct interest of 3,785,549 ordinary shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Chairman of Yageo Corporation, a substantial shareholder of the Company
Conflict of interests (including any competing business)	No	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments*	Please refer to the Directors' profile as set out on page 6 of this Annual Report.	

# Corporate Governance Report

Name of Person	Chia Soon Loi ("Mr Chia")	Chen, Tie-Min ("Mr Chen")
Directorships		
Past (for the last 5 years)	No	Chilisin Corporation
Present	Director of:- <ul style="list-style-type: none"> <li>• The Oaks Cellars Pte Ltd</li> <li>• Cony Electronics (S) Pte Ltd</li> <li>• Led Electronics (S) Pte. Ltd.</li> </ul>	Chairman of Yageo Corporation and Tong Hsing Electronic Industries, Ltd.

*\*The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

Mr Chia and Mr Chen confirm that their responses to declaration items (a) to (k) of Appendix 7.4.1 are a "no".

## Provision 4.4 – Review of Directors' independence

The NC determines the independence of each Director annually. For the purpose of determining Directors' independence, every Independent Director has completed and submitted a Declaration for FY2022 or during their appointment as Independent Directors, which is deliberated upon by the NC and the Board.

The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationship or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

After taking into account the views of the NC, the Board considers that Mr Ambrose Law and Mr Wang, Han-Min are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect the Directors' judgement.

Each Independent Director had recused himself from the NC's and Board's deliberations on his own independence.

All Independent Directors have also confirmed their independence in accordance with the Declaration of Independence for FY2022 or during their appointment as Independent Directors. The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationship or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. None of the Independent Directors have served on the Board beyond nine (9) years from the date of their first appointment.

## Provision 4.5 - Directors' time 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 listed company board representations.

A summary of the multiple board representations of each Director will be tabled at the NC meeting annually. Each Director is also required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director.

In respect of FY2022, the NC was 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 listed company board representations and that each director has discharged his duties adequately.

# Corporate Governance Report

Key information on the Directors as at 31 December 2022 is set out below:

Name of Director <sup>(1)</sup>	Position	Date of first appointment as a Director	Date of last re-election as a Director	Present directorships or chairmanships in other listed companies	Past directorships or chairmanships held over the preceding three years in other listed companies	Due for re-election at the forthcoming AGM
Chia Soon Loi	Non-Independent and Non-Executive Chairman	17 November 2004	29 June 2020	Nil	Nil	Retirement by rotation (Article 115)
Chen, Tie-Min	Senior Executive Director	30 August 2004	29 April 2022	Yageo Corporation <sup>(2)</sup>  Tong Hsing Electronic Industries, Ltd. <sup>(2)</sup>	Chilisin Corporation	Retirement by rotation (Article 115)
Ambrose Law	Lead Independent Director	31 December 2021	29 April 2022	Nil	Nil	N.A.
Wang, Han-Min	Independent Director	31 December 2021	29 April 2022	Nil	Nil	N.A.

Notes:

(1) The details of the Directors' principal commitment and credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and Directors' Statement sections of this Annual Report.

(2) Listed on the Taiwan Stock Exchange.

## Board Performance

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.***

### Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and that each of its Board Committees and individual Directors on an annual basis.

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 the Management and standards of conduct of the directors.

In the course of the year, the NC has conducted the assessments on the effectiveness of the Board as a whole, the Board Committees and the individual Directors by preparing questionnaires are required to be completed by each director or the members of the respective Board Committees, which were collated and the findings analysed and discussed, with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

# Corporate Governance Report

The Chairman of the Board would act on the results and recommendations from these performance evaluations, if required.

The NC is generally satisfied with the performance of the Board, the individual Directors and the Board Committees for FY2022. No significant problems were identified.

No external facilitator has been engaged.

## REMUNERATION MATTERS

### **Procedures for Developing Remuneration Policies**

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

### Provisions 6.1 and 6.2 – RC’s duties and composition

The RC comprises the following three members, majority of whom are independent directors:

Chia Soon Loi (Chairman)  
Ambrose Law  
Wang, Han-Min

The members of the RC carried out their duties in accordance with the terms of reference (which were amended in line with the Code) which include the following:

- reviewing directors’ fees to ensure that they are at sufficiently competitive levels;
- to review and approve any proposal relating to and administer the Company’s Performance Share Plan (the “Plan”) for directors of the Company and employees of the Group;
- reviewing and advising the Board on the general framework of the terms of appointment and remuneration of its members, the Acting CEO, key executive officers of the Group and all managerial staff who are related to any of the directors or the Acting CEO;
- reviewing the terms of the employment arrangements with the Management so as to develop consistent group wide employment practices subject to regional differences;
- reviewing 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;
- recommending to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme; and
- reviewing and approving any proposals or recommendations relating to key executive officers’ remuneration.

The RC had met twice and the principal activities of the RC during FY2022 are summarised below:

- a. reviewed and recommended to the Board the year-end bonus to key management personnel;
- b. reviewed and recommended to the Board the remuneration of the Acting CEO, Senior Executive Director, key management personnel and employees who are related to the Acting CEO;

# Corporate Governance Report

- c. reviewed the terms of contracts of service that were due for renewal during FY2022 (if any);
- d. reviewed and recommended to the Board the Directors' fees; and
- e. reviewed proposed special bonus.

Mr Chia Soon Loi is considered as non-independent by virtue of his shareholding interest in the Company. As disclosed under provisions 6.3 and 6.4 below, the RC's recommendations in respect of developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel were made in consultation with the Chairman of the Board. None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him. In addition, each member of the RC will abstain from making any recommendation and/or participating in any deliberations of the RC, and voting on any resolutions, in respect of his own remuneration.

Notwithstanding provision 6.2 of the Code and the RC Terms of Reference, the NC and the Board are satisfied that the RC will be able to discharge its duties effectively and objectively as Mr Chia Soon Loi shall abstain from voting on any resolutions and making any recommendation and/or participating in deliberation in respect of matters which he has interest in and taking into account that majority of the members of the RC are independent directors, which is consistent with the intent of principle 6 of the Code.

## Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The Company has a framework of remuneration for Executive Director, staff related to Directors (if any) and other key management personnel.

The remuneration framework seeks to ensure that the Group is able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out in the Code. The following shows the three main thrusts of the Group's remuneration strategy and how they are implemented within the Group:

Main thrusts	Details
Pay for performance	<ul style="list-style-type: none"><li>• Instill and drive a pay-for-performance culture</li><li>• Ensure close linkage between total compensation and annual and long-term business objectives</li><li>• Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to the Group's values, taking into account qualitative and quantitative factors</li></ul>
Competitive market pay	<ul style="list-style-type: none"><li>• Benchmarking total compensation against other organisations of similar size and standing in the markets that the Group operates in</li></ul>
Guarding against excessive risk-taking	<ul style="list-style-type: none"><li>• Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes</li><li>• Design payout structure to align incentive payments with the long-term performance of the Group, for instance, certain components of the incentive payments will be paid over the course of a specified period of time, and providing for clawback arrangements in the service contract of the relevant personnel, if necessary</li></ul>

Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary and fixed allowances.

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and with comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

# Corporate Governance Report

The variable component comprises non-contractual performance bonus that are linked to corporate and individual performance with respect to that payment. All year-end bonus and special bonus, if any, are subject to the RC's review and recommendation to the Board.

The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from the Senior Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. In the event of a misstatement of financial results or of misconduct resulting in financial loss to the Company, the RC may, in its absolute discretion, reclaim incentive components of remuneration from the Executive Directors or key management personnel, to the extent that such incentive has not been released or disbursed. The Company should also be able to avail itself to remedies against its Senior Executive Director or key management personnel in the event of such breach of fiduciary duties.

There are also no termination, retirement and post-employment benefits that may be granted to Directors, the Acting CEO and the top three key management personnel (who are not Directors or the Acting CEO) for FY2022.

## Framework for NEDs' fees

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation is commensurate with the responsibilities of, and the time and effort expended by, the NEDs.

Having regard to the scope and extent of the responsibilities and obligations of the NEDs, prevailing market conditions, and taking reference from fees against comparable benchmarks, the RC had recommended to the Board an amount of S\$260,000 as Directors' fees for the year ending 31 December 2023, payable quarterly in arrears. This recommendation had been agreed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

The RC did not engage the services of an external remuneration advisor during the financial year under review. Nevertheless, the RC has access to expert professional advice on remuneration matters as and when necessary.

Each member of the RC will abstain from making any recommendation and/or participating in any deliberations of the RC, and voting on any resolutions, in respect of his own remuneration.

## **Level and Mix of Remuneration**

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

### Provisions 7.1 to 7.3, and provision 8.3 – Level and mix of remuneration

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 NEDs to ensure that the remuneration commensurate 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 AGM.

NEDs are not subjected to service agreements whilst the Senior Executive Director has entered into a service agreement with the Company.

Each member of the RC will abstain on any resolutions and making any recommendation and/or participating in any deliberations of the RC in respect of his own remuneration.

# Corporate Governance Report

## Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

### Provision 8.1 – Remuneration of Directors and Acting CEO and top five key management personnel

A breakdown of the remuneration of the directors and the top three key management personnel (who are not directors or the CEO) for FY2022 are set out below:

#### Remuneration of the Directors and the Acting CEO

Name	Based/fixed salary <sup>(1)</sup>	Variable or performance related income/bonus <sup>(1)</sup>	Director's fee <sup>(2)</sup>	Total Remuneration
<b>Above S\$250,000 to S\$500,000</b>				
<b>Acting CEO</b>				
Hu, I-Lung	22%	78%	-	100%
<b>Senior Executive Director</b>				
Chen, Tie-Min	42%	29%	29%	100%
<b>S\$250,000 and below</b>				
<b>Non-Executive and Non-Independent Director</b>				
Chia Soon Loi	-	-	100%	100%
<b>Independent Directors</b>				
Ambrose Law	-	-	100%	100%
Wang, Han-Min	-	-	100%	100%

#### Remuneration of the top three key management personnel (who are not Directors or the Acting CEO)

Remuneration band and names of the key management personnel (who are not directors or the Acting CEO)	Based/fixed salary <sup>(1)</sup>	Variable or performance related income/bonus <sup>(1)</sup>	Benefits in Kind	Total Remuneration
<b>Between S\$150,000 to S\$300,000</b>				
George Wang, Tsai-Wei	42%	58%	-	100%
Warren Yu	27%	73%	-	100%
Chiden Cheng	27%	73%	-	100%
<b>Total:</b>				<b>S\$764,160<sup>(3)</sup></b>

#### Notes:

- (1) These are under the service agreements and/or employment contracts.
- (2) The directors' fees had been approved at the Company's AGM held in year 2022.
- (3) The total aggregate remuneration paid to the top 3 key management personnel (who are not directors or the Acting CEO) for FY2022 was S\$764,160.

# Corporate Governance Report

The remuneration of the directors and the Acting CEO is not disclosed in dollar terms as the Company considers information pertaining to the remuneration of its Directors and Acting CEO commercially sensitive, given the highly competitive environment the Group operates in. Instead, the disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, variable or performance-related income/bonus and/or benefits in kind. Despite having varied from provision 8.1(a) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

As there were only three key management personnel during the financial year under review, disclosure was only made in respect of the remuneration of these three key management personnel of the Group in the band of S\$150,000 to S\$300,000, with a breakdown in percentage of the remuneration earned through fees, variable or performance-related income/bonus and/or benefits in kind.

There were no employees who are substantial shareholders or immediate family members of a Director, the Acting CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 for FY2022.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Control

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

#### Provision 9.1 – Maintenance of a sound system of risk management internal controls

The Board, with the support from the AC, is responsible for ensuring that the Management maintains a sound system of risk management and internal controls to safeguard the assets and interests of the Group and that of the Company's stakeholders.

In particular, the Board, with support from the AC, is responsible to ensure that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks, including sanctions-related risks. The Board and the AC will be responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related law or regulation ("**Sanctions Law**"); and (b) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities. The AC shall also have the duty to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and the SGX-ST.

The Board and the AC, with the assistance of Messrs Crowe Taiwan ("**Crowe Taiwan**" or "**Internal Auditors**"), have reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**").

The Company's Internal Auditors conduct an annual review of the effectiveness of the key subsidiary's Internal Control and Risk Management Systems 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 Auditors and external auditors and the effectiveness of the actions taken by the 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 CFO had assessed the summary and found the internal controls adequate.

Financial risks relating to the Group set out in Note 4 to the Financial Statements of this Annual Report on pages 60 to 66.

# Corporate Governance Report

## Provision 9.1 – Risks relating to Sanctions Law

The Board confirms that as at the date of this Annual Report, the Group is not at risk of being subject to any Sanctions Law.

## Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group's risk management and internal control systems

The Board has written received assurance from the Acting CEO and the CFO that as at 31 December 2022:

- (a) nothing has come to their attention which would render the financial statements to be false or misleading in any material aspects;
- (b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;
- (c) the Group's Internal Control and Risk Management Systems in place are adequate and effective in addressing its material risks in the Group's current business environment; and
- (d) there are no known significant deficiencies or lapses in the Group's Internal Control and Risk Management Systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves the Management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

The Board has also received written assurance from other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:

- (a) the Group's Internal Control and Risk Management Systems in place are adequate and effective in addressing its material risks in the Group's current business environment; and
- (b) there are no known significant deficiencies or lapses in the Group's Internal Control and Risk Management Systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves the Management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

## Rule 1207(10) of the SGX-ST Listing Manual

Based on the internal controls established and maintained by the Group, reviews conducted by Management and work performed by the Internal Auditors, as well as the assurance pursuant to provision 9.2 of the Code received from (i) the Acting CEO and the CFO and (ii) key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems (including those relating to sanctions related risks) were adequate and effective as at 31 December 2022.

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.

## **Audit Committee**

### ***Principle 10: The Board has an AC which discharges its duties objectively.***

#### Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The AC comprises the following three members who are NEDs, majority of whom are Independent Directors:-

Ambrose Law (Chairman)  
Wang, Han-Min  
Chia Soon Loi

# Corporate Governance Report

The members of the AC carried out their duties in accordance with the terms of reference (which were amended in line with the Code) which include the following:

- investigating, with explicit authority, any matter within its terms of reference, with full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly
- reviewing and reporting to the Board at least once a year the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems;
- recommending to the Board the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company;
- reviewing interested person transactions (if any) falling within the requirements of the SGX-ST Listing Manual; and
- reviewing policies and arrangements by which staff of the Company and any other persons may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The AC and Board are in the midst of reviewing its AC TOR to include the review of sanction-related risks, which will be updated to include the assessment on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and the SGX-ST as a duty of the AC.

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. None of the members of the AC are former partners or directors of the Company's existing external auditing firm or auditing corporation, Messrs Deloitte & Touche LLP (the "**External Auditors**"), within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case, for as long as they have any financial interest in the Company's existing auditing firm or auditing corporation.

During the year, the AC held two meetings to review the following, amongst other things:

- 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 co-operation 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 half-yearly and annual announcement of the results of the Group before submission to the Board for approval;
- the adequacy and effectiveness 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;
- independence, effectiveness and adequacy of the resources 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 External and Internal 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.

The external auditors and Internal Auditors have unrestricted access to the AC. During FY2022, the AC met with External and Internal Auditors separately, without the presence of the Management. These meetings enable the External and Internal Auditors to raise issues encountered in the course of their work directly to the AC.

# Corporate Governance Report

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 23 to the financial statement.

The Company is in compliance with Rule 712 and 715 (read with Rule 716) of the SGX-ST Listing Manual.

The key audit matters considered by the AC in relation to this Annual Report is outlined below.

The issues were discussed with the external auditors during the year and, where appropriate, it has been addressed as key audit matters as outlined in the Independent Auditor's Report from pages 39 to 40:

Key audit matters	How AC responded to the Issue
Impairment assessment of property, plant and equipment ("PPE") and investment in a subsidiary	<p>The External Auditors have included the impairment assessment of PPE and investment in subsidiary as a key audit matter in its audit report for FY2022.</p> <p>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 investment in subsidiary. 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.</p>
Recognition of deferred tax assets	<p>The External Auditors have included the recognition of deferred tax assets from unutilised tax losses as a key audit matter in its audit report for FY2022.</p> <p>The AC reviewed and challenged management's assumptions and judgement on the level of expected profitability in future years, including non-taxable incomes and non-deductible expenses used in the model, and the Group's ability to utilise tax losses in its Taiwanese subsidiary in the foreseeable future.</p>

## Whistle blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Company has a whistle blowing policy which provides well-defined and accessible channels in the Group for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers.

The AC has also reviewed the adequacy of the whistle blowing arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach towards fraud and other misconduct.

To ensure that the identity of any whistle blower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

Furthermore, the Company is committed to protect the interests of any whistle blower against detrimental or unfair treatment. A key aim of the Company's whistle blowing policy as stated therein is to reassure employees that if they raise any concerns in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation, to the extent where the situation allows.

The AC is responsible for the oversight and monitoring of whistle blowing. The Company has designated the AC to be the independent function to investigate whistleblowing reports made in good faith where the AC Chairman shall initiate an investigation of any complaint received. Following the investigation of the complaint, the AC Chairman or such other appropriate officer shall promptly provide detailed information about the investigation to the AC and the Board.

# Corporate Governance Report

Reports of suspected fraud, corruption, dishonest practices or other forms of misconduct can be lodged by contacting the AC Chairman or his designate directly:

- (i) by post to the Company's registered office address with the envelope to be clearly labelled "To be opened by the Chairman of the Audit Committee or his designate only"; or
- (ii) by electronic mail to [auditcommittee@gttw.com.tw](mailto:auditcommittee@gttw.com.tw).

## Provision 10.4 - Internal Audit

Crowe Taiwan, a professional accounting firm has been appointed to carry out the internal audit functions. Crowe 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.

The Internal Auditors are guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Crowe Taiwan reports to the AC Chairman on audit matters and have unrestricted access to the AC. Crowe Taiwan also has unfettered access to all the Group's documents, records, properties and personnel.

The AC also reviews annually and approves the annual internal audit plans and resources to ensure that Crowe Taiwan has the necessary resources to adequately perform its functions effectively.

For FY2022, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

## Interested Person Transactions

No interested person transactions (within the meaning of the SGX-ST Listing Manual) of S\$100,000 or more in value were entered into in FY2022.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

## **SHAREHOLDERS RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Group recognises 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. In addition, shareholders are given a balanced and understandable assessment of its performance position and prospects.

### **Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders**

The Group strongly encourages shareholder participation during the general meetings 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.

Save for the past three AGMs and the forthcoming AGM for FY2022 to be held on 26 April 2023, the notices will be published in the local newspapers and the annual reports or circulars will be despatched to shareholders.

# Corporate Governance Report

Notwithstanding the above and pursuant to the Alternative Arrangements Order (as defined below), the notice of general meetings together with its explanatory notes, annual reports or circulars for the past three AGMs were and for the FY2022 AGM to be held on 26 April 2023 will be made available to all shareholders via SGXNet and its corporate website.

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

The Company's Constitution permits shareholders to participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and members (or their proxy or in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. However, in practice, as the authentication of shareholder identity and other related security and integrity issues remain a concern, the Company has yet to implement such absentia voting at its general meetings.

Nonetheless, a member, who is not a relevant intermediary (as defined in Section 181 of the Companies Act), is entitled to appoint one or two proxies to attend and vote at the general meeting. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. The duly completed and signed proxy forms are required to be submitted to the Company's share registrar's registered office address not less than 72 hours before the general meeting.

The Chairman of the Board and the respective Chairman of the AC, the NC and the RC are usually present and available at the AGM to address shareholders' queries. Appropriate senior management personnel are also present at the meeting to address operational questions from shareholders. The External Auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Directors' attendance at the general meetings of the Company held in 2022 is disclosed under provision 1.5 above.

The Company Secretaries prepare minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings. Save for the past three AGMs and the forthcoming AGM for FY2022, the Company does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request. Despite having varied from provision 11.5 of the Code, the Board believes that consistent with the intent of principle 11 of the Code, the Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

## Poll voting at general meetings

All resolutions tabled by the Company at a general meeting are usually put to the vote by poll. Where physical meetings are held, poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the AGMs for the financial years ended 31 December 2019 ("**FY2019**"), 31 December 2020 ("**FY2020**") and 31 December 2021 ("**FY2021**")), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements under the Alternative Arrangements Order (as defined below).

Subsequent to the FY2021 AGM held on 29 April 2022, pursuant to the SGX Regulator's Column dated 23 May 2022 ("**Regulator's Column dated 23 May 2022**"), all AGMs held for financial years ending 30 June 2022 or after and any other general meeting held on or after 1 October 2022 must take into account the expectations set out in the Regulator's Column, in particular, issuers must utilise both (i) real-time remote electronic voting; and (ii) real-time electronic communication if it holds fully virtual general meetings. As such, with respect to the forthcoming AGM for FY2022 to be held on 26 April 2023, the Company would utilise both (i) real-time remote electronic voting; and (ii) real-time electronic communication.

# Corporate Governance Report

Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The independent scrutineer briefs the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, the voting results at the general meetings and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

## Alternative arrangements for the conduct of general meetings by electronic means

In 2020, due to the COVID-19 pandemic, Singapore entered into a circuit breaker period during which physical meetings were not allowed to be held. Hence, the AGMs for FY2019, FY2020 and FY2021 were held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**") (as amended from time to time) and the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the ACRA, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX RegCo**") on 13 April 2020 ("**Joint Checklist**"), and accordingly, the Shareholders were not allowed to attend the AGM in person.

The Alternative Arrangements Order allowed entities to hold general meetings via electronic means up to 30 June 2023, even where entities are permitted under safe distancing regulations to hold physical meetings. Compliance with the Alternative Arrangements Order will be deemed to be compliant with the relevant provisions of written law or legal instrument in respect of which the alternative arrangements are made. The Alternative Arrangements Order is permissive, not mandatory. General meetings can still be held in accordance with existing law or legal instrument, if doing so would not breach prevailing safe management measures contained in the Act and the Regulations (and any subsequent advisories or regulations as may be issued).

Notwithstanding that shareholders of the Company were not allowed to attend the last three AGMs in person, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via "live" audio-visual webcast or by "live" audio-only stream. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in its notice of AGM released by the Company on SGXNET and its corporate website.

The Company also addressed the substantial and relevant questions, if any, received from shareholders at least 72 hours before the AGM, at the AGM proceedings. In addition, with respect to the FY2021 AGM, the Company had taken steps to ensure that the requirements in the Alternative Arrangements Order, the requirements issued by the SGX-ST in its regulator's column of 16 December 2021 and its joint statement of 4 February 2022 are complied with. In particular, shareholders will have at least 7 calendar days to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

Separate resolutions were tabled at the AGMs on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the last AGM, together with the External Auditors and other key management personnel via the "live" webcast. The Directors' attendance at the general meetings of the Company held in 2022 is disclosed under provision 1.5 above.

# Corporate Governance Report

In accordance with the requirements under the Alternative Arrangements Order, the Company had published its minutes of the last AGM on SGXNET and its corporate website within one month after the meeting.

Pursuant to the Alternative Arrangements Order and the Regulator's Column dated 23 May 2022, the Company will be conducting its forthcoming AGM to be held on 26 April 2023 via electronic means and will utilise both (i) real-time electronic voting and (ii) real-time electronic communications.

## Provision 11.6 - Dividend policy

The Group does not have a fixed dividend policy at present. In the event that the Board decides not to declare or recommend a dividend, the Company would disclose the reason(s) for the decision together with the announcement of the financial statements. For FY2022, no dividend was declared as the Group is conserving its cash for business development and growth.

## **ENGAGEMENT WITH SHAREHOLDERS**

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

## Provisions 12.1 to 12.3 – Interaction/engagement with shareholders

The Company 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 Company adopts the practice of regularly communicating major developments in its businesses and operations through news releases and announcements via the SGXNet.

Although the Group does not have a written investor relations policy currently, it values dialogue sessions with its shareholders. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Other than communicating with members of the Board and key management personnel at general meetings, shareholders may also contact the Company at [ir@gttw.com.tw](mailto:ir@gttw.com.tw) on any investor relations matters.

Shareholders should however be cognisant that the Company has to consider the interests of all shareholders and its other stakeholders as a whole and the Company cannot respond to questions involving price sensitive or trade sensitive information on a selective basis. In so far as there is any information known to the Company concerning it or any of its subsidiaries or associated company which is necessary to avoid the establishment of a false market in the Company's securities or would be likely to materially affect the price or value of the Company's securities, the Company will make a timely announcement on SGXNET.

Please also refer to provision 13.3 below for information relating to the Company's corporate website, which contains investor-related information.

# Corporate Governance Report

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and identified its key stakeholders which include customers, employees, investors, shareholders, contractors, suppliers, government and regulators.

The Group has regularly engaged with its stakeholders through various channels during the financial year. The Group believes that such two-way communication is paramount for stakeholders to be kept abreast of our sustainability initiatives, as well as to gather feedback and concerns. Currently, workshops, surveys, and external audits are carried out to assess our business operations better and ensure their compliance with rules and regulations. The Group is confident that this approach will serve to align stakeholder concerns into its operational, reporting and organisational objectives.

The key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual sustainability report.

Provision 13.3 - Corporate website

The Group maintains a current and updated corporate website.

All materials on the half-year and full year financial results, as well as the latest annual report of the Company, are available on the Company's website at <http://www.gttw.com.tw/>. The website also contains various other investor-related information about the Company which serves as an important resource for its Shareholders and all other stakeholders.

## MATERIAL CONTRACTS

There are no material contracts entered by the Company and its subsidiaries involving the interest of the Acting CEO, each Director or controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## DEALINGS IN SECURITIES

The Company has adopted an internal compliance practice to provide guidance to its directors and officers of the Group with regard to dealings in the Company's securities.

In line with Rule 1207(19) of the SGX-ST 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 (including share buy-back of its own securities) during the period commencing one month before the announcement of the Company's half-year and full-year results until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

In view of the processes that are in place, in the opinion of the Directors, the Company has complied with the best practices on dealings in the Company's securities pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

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# Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

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 43 to 82 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group and 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  
Ambrose Law Tiang Beng  
Wang, Han-Min

## 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.

## 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 1967 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	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company - Ordinary shares				
Chen, Tie-Min	3,785,549	3,785,549	-	-
Chia Soon Loi	2,524,250	2,524,250	-	-

The directors' interests in the shares and options of the Company at 21 January 2023 were the same at 31 December 2022.

## DIRECTORS' STATEMENT

### 4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(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 Ambrose Law Tiang Beng, the Lead Independent Director, and includes Mr Chia Soon Loi, who is a non-executive and non-independent director and Mr Wang, Han-Min, who is an independent director. The Audit Committee has met twice since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive director 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 audit plans of the external auditors;
- d) 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;
- e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- f) the co-operation and assistance given by management to the Group's external auditors; and
- g) the re-appointment of the external auditors of the Group.

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.



# Directors' Statement

## 6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....  
Chia Soon Loi

.....  
Chen, Tie-Min

Singapore

30 March 2023

# 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 subsidiary (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 2022, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 82.

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 Singapore Companies Act 1967 ("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 2022, 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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 year. 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.

# Independent Auditor's Report

To the members of Global Testing Corporation Limited

## Key Audit Matters (cont'd)

Key audit matters	How the matter was addressed in the audit
<p><b><u>Impairment assessment of property, plant and equipment and investment in a subsidiary</u></b></p> <p>The carrying value of property, plant and equipment (Note 10) constitutes 47.8% of the Group's total assets as at 31 December 2022 and the carrying value of investment in subsidiary (Note 9) constitutes 99.0% of the Company's total assets as at 31 December 2022.</p> <p>Management carried out a review of the recoverable amount of the Group's property, plant and equipment, which was determined on the basis of their value-in-use.</p> <p>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.</p> <p>The recoverable amount of the Company's investment in subsidiary was also based on the value-in-use exercise explained above.</p>	<p>Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment assessment. These procedures included:</p> <ul style="list-style-type: none"><li>• comparing the key assumptions used in the impairment assessment, in particular the revenue growth rate and discount rate to available market information for reasonableness;</li><li>• challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations;</li><li>• reviewing the valuation report by an independent valuer engaged by the Group to value the land and buildings, including their independence and competency; and</li><li>• 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.</li></ul>
<p><b><u>Recognition of deferred tax assets</u></b></p> <p>During the financial year ended 31 December 2022, the Group recognised deferred tax assets of US\$1,393,000 arising on unutilised tax losses (Note 11). The Group has recognised deferred tax assets on the basis of the Group's performance in the current year and management expects the Group to continue to generate sufficient taxable profits in the foreseeable future to utilise the tax losses.</p> <p>The amount of deferred tax assets to be recognised involved management's judgement and estimates in respect of the time frame and quantum of the forecasted future taxable profits and the ability of the Group to offset any of its unutilised tax losses against the forecasted taxable profits.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• challenging the key assumptions used in forecasted future taxable profits with comparison to recent performance, trend analysis and market expectations;</li><li>• comparing the non-taxable income and non-deductible expenses that were included to determine the forecasted future taxable profits to prior year's tax assessments;</li><li>• challenging the time frame applied to determine the quantum of forecasted future taxable profits; and</li><li>• assessing the adequacy of the Group's disclosure in Notes 3 and 11 about the recognition of deferred tax assets.</li></ul>

# 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.

# Independent Auditor's Report

To the members of Global Testing Corporation Limited

## **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- 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 or 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 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 Mao Meijiao.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

30 March 2023

# Statements of Financial Position

31 December 2022

	Note	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	17,783	11,706	400	121
Trade receivables	7	8,027	9,542	-	-
Other receivables and prepayments	8	537	760	12	33
Total current assets		26,347	22,008	412	154
<b>Non-current assets</b>					
Investment in subsidiary	9	-	-	40,978	46,471
Property, plant and equipment	10	25,880	24,256	-	-
Other receivables and prepayments	8	490	471	-	-
Deferred tax assets	11	1,393	2,031	-	-
Total non-current assets		27,763	26,758	40,978	46,471
<b>Total assets</b>		<b>54,110</b>	<b>48,766</b>	<b>41,390</b>	<b>46,625</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables	12	2,412	2,228	-	-
Other payables	13	6,543	6,934	4,584	3,793
Lease liabilities	14	137	686	-	-
Income tax payable		607	364	-	-
Total current liabilities		9,699	10,212	4,584	3,793
<b>Non-current liabilities</b>					
Lease liabilities	14	28	86	-	-
Deferred tax liabilities	11	24	6	-	-
Total non-current liabilities		52	92	-	-
<b>Capital and reserves</b>					
Share capital	15	33,644	33,644	33,644	33,644
Treasury shares	16	(257)	-	(257)	-
Legal reserve	17	2,157	1,194	-	-
Merger reserve	18	(764)	(764)	-	-
Contributed surplus	18	-	-	2,295	2,295
Accumulated profits		9,579	4,388	1,124	6,893
Total equity		44,359	38,462	36,806	42,832
<b>Total liabilities and shareholders' equity</b>		<b>54,110</b>	<b>48,766</b>	<b>41,390</b>	<b>46,625</b>

See accompanying notes to financial statements.

# Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended 31 December 2022

	Note	Group	
		2022 US\$'000	2021 US\$'000
<b>Revenue</b>	19	46,370	38,729
Cost of sales		(30,125)	(26,715)
<b>Gross profit</b>		16,245	12,014
Other operating income	20	167	145
Distribution costs		(763)	(600)
Decrease (Increase) in allowance for expected credit loss		105	(31)
Administrative expenses		(2,553)	(2,694)
Other operating expenses		(1,080)	(1,029)
Finance costs	21	(8)	(65)
<b>Profit before income tax</b>		12,113	7,740
Income tax (expense) benefit	22	(895)	1,656
<b>Profit for the year</b>	23	11,218	9,396
<b>Other comprehensive income (loss) :</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligation		90	(31)
Income tax expense related to items that will not be reclassified subsequently		(15)	-
<b>Other comprehensive income (loss) for the year, net of tax</b>		75	(31)
<b>Total comprehensive income for the year</b>		11,293	9,365
Earnings per share (US cents)			
- Basic and diluted	24	32.01	26.69

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year ended 31 December 2022

	Note	Share capital US\$'000	Treasury shares US\$'000	Legal reserve US\$'000	Merger reserve US\$'000	Accumulated (losses) profits US\$'000	Total US\$'000
<b>Group</b>							
<b>Balance at 1 January 2021</b>		33,644	-	1,194	(764)	(4,977)	29,097
<i>Total comprehensive income for the year:</i>							
Profit for the year		-	-	-	-	9,396	9,396
Other comprehensive loss for the year		-	-	-	-	(31)	(31)
Total		-	-	-	-	9,365	9,365
<b>Balance at 31 December 2021</b>		33,644	-	1,194	(764)	4,388	38,462
<i>Total comprehensive income for the year:</i>							
Profit for the year		-	-	-	-	11,218	11,218
Other comprehensive income for the year		-	-	-	-	75	75
Total		-	-	-	-	11,293	11,293
<i>Transactions with owners, recognised directly in equity</i>							
Repurchase of shares	16	-	(257)	-	-	-	(257)
Dividends paid	25	-	-	-	-	(5,139)	(5,139)
Appropriation to legal reserve		-	-	963	-	(963)	-
Total		-	(257)	963	-	(6,102)	(5,396)
<b>Balance at 31 December 2022</b>		33,644	(257)	2,157	(764)	9,579	44,359
<b>Company</b>							
<b>Balance at 1 January 2021</b>		33,644	-	2,295	(10,140)		25,799
Profit for the year, representing total comprehensive income for the year		-	-	-	-	17,033	17,033
<b>Balance at 31 December 2021</b>		33,644	-	2,295		6,893	42,832
Loss for the year, representing total comprehensive loss for the year		-	-	-	-	(630)	(630)
<i>Transactions with owners, recognised directly in equity</i>							
Repurchase of shares	16	-	(257)	-	-	-	(257)
Dividends paid	25	-	-	-	-	(5,139)	(5,139)
Total		-	(257)	-	-	(5,139)	(5,396)
<b>Balance at 31 December 2022</b>		33,644	(257)	2,295		1,124	36,806

See accompanying notes to financial statements.

# Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Group	
	2022 US\$'000	2021 US\$'000
<b>Operating activities</b>		
Profit before income tax	12,113	7,740
Adjustments for:		
Depreciation of property, plant and equipment	6,313	7,258
(Decrease) Increase in allowance for expected credit loss	(105)	31
Interest income	(132)	(3)
Interest expense	8	65
Gain on disposal of property, plant and equipment	-	(108)
Operating profit before working capital changes	18,197	14,983
Trade receivables	1,620	(4,733)
Other receivables and prepayments	343	(352)
Trade payables	184	1,619
Other payables	(449)	1,975
Cash generated from operations	19,895	13,492
Withholding tax paid	(19)	(10)
Interest received	91	3
Net cash from operating activities	19,967	13,485
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	108
Purchase of property, plant and equipment (Note A)	(7,842)	(5,515)
Net cash used in investing activities	(7,842)	(5,407)
<b>Financing activities</b>		
Proceeds from bank loan	-	1,612
Repayment of bank loan	-	(1,612)
Repayment of lease liabilities (Note B)	(644)	(1,990)
Purchase of treasury shares (Note 16)	(257)	-
Interest paid	(8)	(65)
Dividend paid (Note 25)	(5,139)	-
Net cash used in financing activities	(6,048)	(2,055)
Net increase in cash and cash equivalents	6,077	6,023
Cash and cash equivalents at beginning of year	11,706	5,683
<b>Cash and cash equivalents at the end of the year</b>	<b>17,783</b>	<b>11,706</b>

Note A: During the year, the Group purchased property, plant and equipment with an aggregated cost of US\$7,900,000 (2021 : US\$5,541,000), of which US\$432,000 (2021 : US\$374,000) (Note 13) remained unpaid at year end.

Note B: During the year, the Group entered into lease arrangements for certain plant and equipment amounting to US\$37,000 (2021 : US\$895,000). Cash payments of US\$644,000 (2021 : US\$1,990,000) was made for repayment of the lease obligations during the year.

See accompanying notes to financial statements.

## 1 GENERAL

The Company (Registration number 200409582R) is incorporated in Singapore with its registered office at 9 Straits View #06-07 Marina One West Tower Singapore 018937 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 subsidiary 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 2022 were authorised for issue by the Board of Directors on 30 March 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared on 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 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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 if market participants would take those characteristics 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) 16 *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.

**ADOPTION OF NEW AND REVISED STANDARDS** - On 1 January 2022, the Group and Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company. 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, the results of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Changes in the Group's interests in a subsidiary that do not result in a loss of control 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 interest in the subsidiary. 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, the gain or loss on disposal recognised in profit or loss is 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), less 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) Accounting Standards). 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 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investment in a subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Financial assets and financial liabilities are initially measured at fair value, except or trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **Financial assets**

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost of FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### 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.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. 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.

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

### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on bank balances and trade and other receivables with customers. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for its trade receivables. 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 financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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.

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, default and write-off policies

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 asset 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Despite the foregoing, 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 asset is determined to have low credit risk if i) the asset 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.

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.

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. 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 based on the nature of financial instruments. The Group's trade receivables with customers are each assessed as a separate group. Other receivables, including bank balances are assessed for expected credit losses on an individual basis. 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, except for assets for which the simplified approach was used.

The Group recognises changes in expected credit loss for its financial assets in profit or loss, with a corresponding adjustment to their carrying amount through a loss allowance account.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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 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.

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**

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised 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.

#### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

#### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### Derecognition of financial liabilities

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Offsetting arrangements

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

### LEASES

#### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the lessee.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease receivables;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss immediately in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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

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

Buildings	-	32 to 40 years
Plant and equipment	-	1 to 5 years
Motor vehicles	-	4 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 the end of each reporting period, 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** - At each reporting date, the Group reviews the carrying amounts of the non-financial 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 (or 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**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 reporting date, 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, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

### Rendering of services

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 at the point in time when the testing services are completed according to the customers' service order specification. Estimated customers' claims based on established historical trend are recognised as a reduction from revenue.

### Lease of equipment

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

### Interest income

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

**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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are recognised 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 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 asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. 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 split into three categories:

- Service costs, which include current service cost, past service cost and 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.

The retirement benefit obligation/assets recognised in the statement of financial position represents the 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** - The 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 net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and its subsidiary operate by the end of reporting period.

Deferred tax is the tax expected to be payable or recoverable 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, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# Notes to Financial Statements

31 December 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 each reporting date 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 laws and rates that have been enacted or substantively enacted at the reporting date.

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 offset 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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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 subsidiary and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 EQUIVALENT** - In the statement of financial position, cash and cash equivalents 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

In applying 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 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.

#### **Critical judgements in applying the entity's accounting policies**

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

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### (i) Impairment assessment 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 indicators have been established, management estimates the recoverable amounts based on the higher of fair value less costs to sell or the value-in-use of the assets.

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 recoverable amount of property, plant and equipment and is satisfied that no impairment loss is necessary. The carrying amount of the property, plant and equipment is disclosed in Note 10.

##### (ii) Impairment assessment of investment in subsidiary

Management reviews the investment in the subsidiary periodically to assess whether there is any indication of impairment. To determine whether the investment in the subsidiary is impaired, management exercises judgment and makes estimation of the recoverable amount of the investment considering the nature of the underlying net 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 recoverable amount of the investment in subsidiary and has reversed the full amount of impairment loss US\$17,717,000 during 2021. Management has determined that there is no impairment loss as at 31 December 2022. The carrying value of investment in subsidiary is disclosed in Note 9.

# Notes to Financial Statements

31 December 2022

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### (iii) Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the carryforward of unused tax losses and unused capital allowances can be utilised. Management has assessed the time frame and quantum of the future taxable profit streams, expiry dates of unused tax losses and unused capital allowances. Based on the assessment, management has recognised deferred tax assets of US\$1,393,000 (2021 :US\$2,031,000) at year end.

The details of the amounts of unutilised tax losses and unutilised capital allowances and related qualifying periods are disclosed in Note 11.

### (iv) 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 placed with financial institutions). The carrying values of these financial assets are disclosed in Note 6, 7 and 8.

## 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	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Financial assets</b>				
At amortised cost:				
- Trade receivables	8,027	9,542	-	-
- Other receivables	87	97	12	33
- Cash and cash equivalents	17,783	11,706	400	121
<b>Total</b>	<b>25,897</b>	<b>21,345</b>	<b>412</b>	<b>154</b>
<b>Financial liabilities</b>				
At amortised cost:				
- Trade payables	2,412	2,228	-	-
- Other payables	6,135	6,547	4,584	3,793
<b>Total</b>	<b>8,547</b>	<b>8,775</b>	<b>4,584</b>	<b>3,793</b>
Lease liabilities	165	772	-	-

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)****(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

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

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

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

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

**(i) Foreign exchange risk management**

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

At the end of the reporting date, the significant 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	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Taiwan dollars	2,093	2,673	7,748	8,500
Singapore dollars	259	7	169	94
	<hr/>			
	Company			
	Assets		Liabilities	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Taiwan dollars	-	-	17	8
Singapore dollars	257	5	111	91
	<hr/>			

# Notes to Financial Statements

31 December 2022

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### *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	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<u>Group</u>				
Profit or loss	(283)	(291)	5	(4)
<u>Company</u>				
Profit or loss	(1)	*	7	(4)

\* Less than US\$1,000.

### (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 lease liabilities which bear fixed interest rates. The interest rates of bank balances and fixed deposits, and lease liabilities are disclosed in Note 6 and Note 14 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) 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.

The Group's five largest customers collectively accounted for approximately 72.75% (2021 : 67.78%) of trade receivables as at year end. 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.

# Notes to Financial Statements

31 December 2022

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

The tables below detail the credit quality of the Group's and Company's financial assets at amortised cost (excluding cash and cash equivalents placed with financial institutions), 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
<u>Group</u>					
<u>2022</u>					
Trade receivables	7	Lifetime ECL (simplified approach)	8,139	(112)	8,027
Other receivables	8	12-month ECL	87	-	87
Total				<u>(112)</u>	
<u>2021</u>					
Trade receivables	7	Lifetime ECL (simplified approach)	9,759	(217)	9,542
Other receivables	8	12-month ECL	97	-	97
Total				<u>(217)</u>	
<u>Company</u>					
<u>2022</u>					
Other receivables	8	12-month ECL	12	-	12
<u>2021</u>					
Other receivables	8	12-month ECL	33	-	33

For trade receivables, 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 Note 7.

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.

# Notes to Financial Statements

31 December 2022

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (iv) 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 2022, the Company has net current liabilities of US\$4,172,000 (31 December 2021 : US\$3,639,000). 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 year end, the Group's non-derivative financial liabilities, except for lease liabilities, are non-interest bearing and are due on demand or within 1 year. Further details on the maturity analysis and interest rate of the lease liabilities are disclosed in Note 14.

As at year end, the Company's non-derivative financial liabilities, except for amount due to subsidiary, are non-interest bearing and are due on demand or within 1 year. The amount due to subsidiary bears fixed interest of 2% (2021 : 2%) per annum and are due on demand or within 1 year (Note 13).

#### 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.

	Financing cash flows		Non-cash changes		
	1 January 2022	31 December 2022	New leases	1 January 2022	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans	-	-	-	-	-
Lease liabilities	772	-	(644)	37	165
<b>Total</b>	<b>772</b>	<b>-</b>	<b>(644)</b>	<b>37</b>	<b>165</b>

	Financing cash flows		Non-cash changes		
	1 January 2021	31 December 2021	New leases	1 January 2021	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans	-	1,612	(1,612)	-	-
Lease liabilities	1,867	-	(1,990)	895	772
<b>Total</b>	<b>1,867</b>	<b>1,612</b>	<b>(3,602)</b>	<b>895</b>	<b>772</b>

# Notes to Financial Statements

31 December 2022

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. 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
<u>Group</u>					
<u>2022</u>					
Non-interest bearing	-	8,113	33	-	8,146
Variable interest rate instruments	0.97	8,836	-	(85)	8,751
Fixed interest rate deposits	4.60	9,098	-	(98)	9,000
<b>Total</b>		<b>26,047</b>	<b>33</b>	<b>(183)</b>	<b>25,897</b>
<u>2021</u>					
Non-interest bearing	-	9,606	63	-	9,669
Variable interest rate instruments	0.03	9,679	-	(3)	9,676
Fixed interest rate deposits	0.26	2,001	-	(1)	2,000
<b>Total</b>		<b>21,286</b>	<b>63</b>	<b>(4)</b>	<b>21,345</b>
<u>Company</u>					
<u>2022</u>					
Non-interest bearing	-	12	-	-	12
Variable interest rate instruments	0.31	401	-	(1)	400
<b>Total</b>		<b>413</b>	<b>-</b>	<b>(1)</b>	<b>412</b>
<u>2021</u>					
Non-interest bearing	-	33	-	-	33
Variable interest rate instruments	0.03	121	-	*	121
<b>Total</b>		<b>154</b>	<b>-</b>	<b>*</b>	<b>154</b>

\* Less than US\$1,000.

# Notes to Financial Statements

31 December 2022

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

### (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.

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 <sup>(a)</sup>

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Director's fees	189	216	189	216
Salaries and other short-term benefits	578	603	142	147
Total	767	819	331	363

<sup>(a)</sup> Other key management personnel refers to the Group's Acting Chief Executive Officer and Chief Financial Officer.

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.

## 6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Cash and bank balances	8,783	9,706	400	121
Fixed deposits	9,000	2,000	-	-
Total	17,783	11,706	400	121

As at 31 December 2022, cash and cash equivalents of the Group included short-term deposits of US\$9,000,000 (31 December 2021 : US\$2,000,000) with interest rate of 4.15% to 5.10% (2021 : 0.22% to 0.29%) per annum, which pertained to guaranteed principal placed with banks for earning short-term interest. Cash and cash equivalents have maturity periods of less than three months.

# Notes to Financial Statements

31 December 2022

## 7 TRADE RECEIVABLES

	Group	
	2022 US\$'000	2021 US\$'000
Outside parties	8,139	9,759
Allowance for doubtful receivables	(112)	(217)
Net	<u>8,027</u>	<u>9,542</u>

The credit period given to customers ranges from 30 to 90 days (2021 : 30 to 90 days) from invoice date. 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.

	Group							Total
	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	
<b>2022</b>								
Expected credit loss rate	1.01%	5.46%	7.50%	15.00%	25.00%	50.00%	100.00%	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Estimated total gross carrying amount at default	7,483	656	-	-	-	-	-	8,139
Lifetime ECL	(76)	(36)	-	-	-	-	-	(112)
Net								<u>8,027</u>
<b>2021</b>								
Expected credit loss rate	1.62%	6.35%	7.50%	15.00%	25.00%	50.00%	100.00%	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Estimated total gross carrying amount at default	8,522	1,237	-	-	-	-	-	9,759
Lifetime ECL	(138)	(79)	-	-	-	-	-	(217)
Net								<u>9,542</u>

# Notes to Financial Statements

31 December 2022

## 7 TRADE RECEIVABLES (cont'd)

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		Lifetime ECL - credit- impaired	Total US\$'000
	Collectively assessed	Individually assessed	US\$'000	
	US\$'000	US\$'000	US\$'000	
Balance as at 1 January 2021	186	-	-	186
Changes in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	31	-	-	31
Balance as at 31 December 2021	217	-	-	217
Changes in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(105)	-	-	(105)
Balance as at 31 December 2022	112	-	-	112

## 8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Prepayments (Note i)	418	726	-	-
Deposits	33	63	-	-
Retirement benefit (Note ii)	457	408	-	-
Other receivables	119	34	12	33
Total	1,027	1,231	12	33
Current	537	760	12	33
Non-current	490	471	-	-
Total	1,027	1,231	12	33

Note i: These relate to purchases of consumptive materials and testing tools, software and equipment maintenance services and insurance.

**8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)**

Note ii: 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.

There is no asset ceiling requirement and the plan assets comprise fixed income instruments subject to minimum financial risks and are held with reputable financial institutions.

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.

The principal assumptions used for the purpose of the actuarial valuations are the discount rate of 1.25% (2021 : 0.75%), expected rate of salary increase of 2.50% (2021 : 2.50%) and actuarial long term funding rate of -0.80% (2021 : -0.40%).

The amount included in the consolidated statement of financial position arising from the defined benefit plan is as follows:

	Group	
	2022 US\$'000	2021 US\$'000
Present value of defined benefit obligations	(368)	(436)
Fair value of plan assets	825	844
Net	457	408

Management has assessed and determined no further disclosure required under SFRS(I) 1-19 *Employee Benefits* as the movements in the retirement benefit plan is not material and any changes to the principal assumptions would not have significant impact on the carrying value of the defined benefit plan.

# Notes to Financial Statements

31 December 2022

## 9 INVESTMENT IN SUBSIDIARY

	Company	
	2022 US\$'000	2021 US\$'000
<i>Equity shares, at cost</i>		
At the beginning of the year	46,471	46,471
Capital reduction	(5,493)	-
At the end of the year	40,978	46,471

In 2022, a capital reduction of US\$5,493,000 was carried out by way of cash distribution.

	Company	
	2022 US\$'000	2021 US\$'000
<i>Movement in the impairment allowance</i>		
At the beginning of the year	-	17,717
Reversal of impairment loss	-	(17,717)
At the end of the year	-	-

The improved performance and industry outlook for the subsidiary provided clear indicators that the previous impairment loss can be reversed. Management performed an updated assessment of the recoverable amount which is based on value-in-use, reflecting changes to estimates determined based on the conditions prevailing at the year end.

Based on the estimated recoverable amount of the investment in the subsidiary which include consideration of the nature of the underlying net assets of the subsidiary, management has reversed an impairment loss of US\$17,717,000 in 2021. Management has determined that there is no impairment loss as at 31 December 2022.

The recoverable amount calculation requires management to estimate the future cash flows expected from the cash-generating unit, which are subject to similar key assumptions applied in the impairment assessment for the subsidiary's property, plant and equipment as disclosed in Note 10.

Details of the Company's subsidiary at the end of the reporting period is as follow:

Subsidiary	Country of incorporation	Proportion of ownership interest and voting power held		Principal Activities
		2022	2021	
		%	%	
<b>Held by the Company</b>				
Global Testing Corporation <sup>(1)</sup>	Taiwan, Republic of China	100	100	Provision of testing services.

<sup>(1)</sup> Audited by Deloitte & Touche, Taiwan, Republic of China.

# Notes to Financial Statements

31 December 2022

## 10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US\$'000	Buildings US\$'000	Plant and equipment US\$'000	Motor vehicles US\$'000	Furniture and fittings US\$'000	Computer software US\$'000	Capital projects under assembly US\$'000	Total US\$'000
<b>Cost:</b>								
At 1 January 2021	7,799	3,512	245,064	260	24,880	537	317	282,369
Additions	-	-	2,821	-	709	333	2,573	6,436
Disposal	-	-	(1,556)	-	-	(62)	-	(1,618)
Reclassification	-	-	2,265	-	239	22	(2,526)	-
At 31 December 2021	7,799	3,512	248,594	260	25,828	830	364	287,187
Additions	-	-	2,299	7	875	88	4,668	7,937
Disposal	-	-	(3,217)	-	(5)	(32)	-	(3,254)
Reclassification	-	-	4,371	338	-	9	(4,718)	-
At 31 December 2022	7,799	3,512	252,047	605	26,698	895	314	291,870
<b>Accumulated depreciation and impairment:</b>								
At 1 January 2021	-	1,484	234,362	218	21,145	82	-	257,291
Depreciation for the year	-	97	5,868	24	1,104	165	-	7,258
Disposal	-	-	(1,556)	-	-	(62)	-	(1,618)
At 31 December 2021	-	1,581	238,674	242	22,249	185	-	262,931
Depreciation for the year	-	97	4,862	59	1,098	197	-	6,313
Disposal	-	-	(3,217)	-	(5)	(32)	-	(3,254)
At 31 December 2022	-	1,678	240,319	301	23,342	350	-	265,990
<b>Carrying amount:</b>								
At 31 December 2022	7,799	1,834	11,728	304	3,356	545	314	25,880
At 31 December 2021	7,799	1,931	9,920	18	3,579	645	364	24,256

# Notes to Financial Statements

31 December 2022

## 10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 review of recoverable amount reflects the changes to estimates determined based on conditions prevailing at current year end.

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 based on the industry growth forecast and customer base, factoring in raised uncertainties where necessary. 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 13.63% (2021 : 14.81%).

Management has performed certain sensitivity analysis on the value-in-use calculations to assess whether any reasonably possible change to the key assumptions applied is likely to cause the recoverable amount of the property, plant and equipment to be materially below the carrying amount. Revenue growth rates and discount rates are the key assumptions most likely to be subject to changes in the current economic environment.

- For the current year's analysis, assuming all other variables are held constant, a reasonably possible unfavorable change of 10% made to the annual revenue growth rates over the next five financial years, or a 5% increase in discount rate, would not cause the estimated recoverable amount to become materially lower than the carrying amount.
- For the prior year's analysis, assuming all other variables are held constant, a reasonably possible 10% reduction in the annual growth rates over the next five financial years, or an increase in discount rate of 5%, may cause the estimated recoverable amount to become materially lower than the carrying amount.

Impairment loss previously recognised in prior years relate to items that would have been fully depreciated, and are therefore not reversed.

Certain property, plant and equipment of the Group with a total carrying value of approximately US\$11,257,000 (2021 : US\$12,180,000) are pledged as security for the banking facilities in Note 4(c)(iv).

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.

### Right-of-use assets from leases classified within property, plant and equipment

Certain of the Group's equipment are acquired under lease arrangement with average lease term of 3 to 5 years.

The Group has options to purchase certain equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessor's title to the leased assets.

**10 PROPERTY, PLANT AND EQUIPMENT (cont'd)**

The carrying amount and movement analysis are as follows:

<u>Group</u>	Plant and equipment US\$'000
<b>Cost:</b>	
At 1 January 2021	5,065
Additions	895
Expired	(226)
Reclassification	(2,077)
At 31 December 2021	<u>3,657</u>
Additions	37
Expired	(2,641)
At 31 December 2022	<u>1,053</u>
<b>Accumulated depreciation:</b>	
At 1 January 2021	2,837
Depreciation for the year	1,585
Expired	(226)
Reclassification	(1,052)
At 31 December 2021	<u>3,144</u>
Depreciation for the year	440
Expired	(2,641)
At 31 December 2022	<u>943</u>
<b>Carrying amount:</b>	
At 31 December 2022	<u>110</u>
At 31 December 2021	<u>513</u>

# Notes to Financial Statements

31 December 2022

## 11 DEFERRED TAX

The following are the deferred tax assets (liabilities) recognised by the Group and movement thereon during the year:

Group	Tax losses	Retirement benefit obligations	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021	-	(5)	-	(5)
Credited (Charged) to profit or loss (Note 22)	2,031	(1)	-	2,030
At 31 December 2021	2,031	(6)	-	2,025
Charged to profit or loss (Note 22)	(638)	-	(3)	(641)
Charged to other comprehensive income	-	(15)	-	(15)
At 31 December 2022	1,393	(21)	(3)	1,369

In assessing the probable future taxable profits to determine the amount of deferred tax assets, management considered the current year's performance, indications of forecasted demand from key customers, and observable industry and market conditions prevailing as at year end. Weightage is placed on estimates within a reasonably foreseeable period from the reporting date. If the estimated future taxable profits in the reasonably foreseeable period is lower by 10%, deferred tax assets and related tax expense recognised in current year would reduce by approximately US\$139,000 (2021 : US\$203,000).

### Group

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

	Group		Expiry	
	2022	2021	2022	2021
	US\$'000	US\$'000	Year	Year
Unutilised tax losses	17,303	34,446	2023 to 2030	2022 to 2030
Unutilised capital allowance	1,419	1,685	*	*

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

The Group has not recognised deferred tax assets of US\$2,351,000 (2021 : US\$5,195,000) due to higher unpredictability of future profit streams beyond a reasonably foreseeable period.

At the end of the reporting period, the amount of taxable temporary differences associated with investment in subsidiary for which deferred tax liabilities have not been recognised is US\$24,902,000 (2021 : US\$13,710,000). 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, taking into account management's intended manner of distribution by the subsidiary.

# Notes to Financial Statements

31 December 2022

## 12 TRADE PAYABLES

Group	
2022	2021
US\$'000	US\$'000
2,412	2,228

Third parties

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods and services ranges from 30 to 90 days (2021 : 30 to 90 days). No interest is charged on the outstanding trade payables.

## 13 OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts due to a subsidiary (Note 9)	-	-	4,147	3,353
Accrued operating expenses	5,569	5,686	387	386
Advances from a customer	-	387	-	-
Payable for plant and equipment	432	374	-	-
Allowance for customers' claims	381	240	-	-
Others	161	247	50	54
<b>Total</b>	<b>6,543</b>	<b>6,934</b>	<b>4,584</b>	<b>3,793</b>

The amounts due to a subsidiary bears interest of 2% (2021 : 2%) per annum, is unsecured and repayable on demand.

Advances from a customer relates to an upfront payment received for testing related services and recognised as contract liability as at year end. Revenue has been recognised at a point in time when the services were completed during 2022.

### Movement in allowance for customers' claims

	Group	
	2022	2021
	US\$'000	US\$'000
At the beginning of the year	240	111
Allowance made during the year	194	183
Utilised during the year	(53)	(54)
<b>At the end of the year</b>	<b>381</b>	<b>240</b>

# Notes to Financial Statements

31 December 2022

## 14 LEASES LIABILITIES

	Group 2022 US\$'000	Group 2021 US\$'000
Maturity analysis:		
Year 1	139	693
Year 2	22	76
Year 3	6	11
	<hr/> 167	<hr/> 780
Less: Unearned interest	(2)	(8)
Net	<hr/> 165	<hr/> 772
Analysed as:		
Current	137	686
Non-current	28	86
Total	<hr/> 165	<hr/> 772

The Group's lease liabilities were secured over certain plant and equipment of the Group (Note 10), and bears average effective interest rate of approximately 2.59% (2021 : 2.52%).

The fair value of the Group's lease obligations approximated their carrying amount as at year end.

## 15 SHARE CAPITAL

	Group and Company			
	2022 '000	2021 '000	2022 US\$'000	2021 US\$'000
Number of ordinary shares				
Issued and paid up:				
At the beginning and end of the year	<hr/> 35,204	<hr/> 35,204	<hr/> 33,644	<hr/> 33,644

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.

**16 TREASURY SHARES**

	Group and Company			
	2022 '000	2021 '000	2022 US\$'000	2021 US\$'000
Number of ordinary shares				
At beginning of the year	-	-	-	-
Repurchased during the year	292	-	257	-
At end of the year	292	-	257	-

The Company acquired 291,800 of its own shares through purchase on the Singapore Exchange Securities Trading Limited during the year. The total amount paid to acquire the shares was US\$257,000 and has been deducted from shareholders' equity. The shares are held as treasury shares.

**17 LEGAL RESERVE**

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

The legal reserve relates to that of the subsidiary in Taiwan. Transfers from accumulated profits to the legal reserve would be made upon approval at the annual general meeting of the subsidiary.

**18 MERGER RESERVE AND CONTRIBUTED SURPLUS**(i) Merger reserve

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

# Notes to Financial Statements

31 December 2022

## 19 REVENUE

	Group	
	2022	2021
	US\$'000	US\$'000
Rendering of services	46,316	38,364
Lease of equipment	54	365
Total	46,370	38,729

Revenue from the rendering of services pertain to testing services rendered to third parties, of which the related performance obligation is fulfilled at the point in time when the testing services are completed according to the customers' service order specification. Each service order with customers is negotiated and priced separately, with credit terms granted to customers generally between 30 to 90 days, invoiced after services are completed.

## 20 OTHER OPERATING INCOME

	Group	
	2022	2021
	US\$'000	US\$'000
Interest income	132	3
Gain on disposal of property, plant and equipment	-	108
Others	35	34
Total	167	145

## 21 FINANCE COSTS

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

	Group	
	2022	2021
	US\$'000	US\$'000
Interest on bank loans	-	1
Interest on lease liabilities	8	64
Total	8	65

**22 INCOME TAX (EXPENSE) BENEFIT**

Group	
2022	2021
US\$'000	US\$'000

Income tax (expense) benefit recognised in profit or loss

Current tax expense	(242)	(364)
Deferred tax (Note 11)	(641)	2,030
Withholding tax	(12)	(10)
Net	<u>(895)</u>	<u>1,656</u>

Income tax expense recognised in other comprehensive income

Deferred tax (Note 11)	<u>(15)</u>	<u>-</u>
------------------------	-------------	----------

Current tax expense relates to tax on undistributed earnings of a subsidiary.

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

The income tax (expense) benefit 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	
2022	2021
US\$'000	US\$'000

Profit before income tax	<u>12,113</u>	<u>7,740</u>
Income tax expense at statutory rate of 17% (2021 : 17%)	(2,059)	(1,316)
Effect of expenses that are not deductible in determining taxable profit	(4)	(4)
Effect of income not taxable in determining taxable profit	14	26
Effect of unutilised tax losses and capital allowance not previously recognized	943	1,525
Effect of previously unrecognised and unused tax losses now recognised as deferred tax assets	1,393	2,031
Effect of different tax rate of a subsidiary operating in other jurisdiction	(928)	(232)
Tax on undistributed earnings of a subsidiary	(242)	(364)
Withholding tax	(12)	(10)
Income tax (expense) benefit recognised in profit or loss	<u>(895)</u>	<u>1,656</u>

# Notes to Financial Statements

31 December 2022

## 23 PROFIT FOR THE YEAR

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

	Group	
	2022 US\$'000	2021 US\$'000
Depreciation of property, plant and equipment	6,313	7,258
Expenses relating to short-term equipment leases	9,256	5,160
Foreign exchange loss	66	113
(Decrease) Increase in credit loss allowance	(105)	31
Employee benefits expense (including directors' remuneration):		
- Staff costs	10,510	9,458
- Cost of defined contribution plan	426	385
- Defined benefit plan	(3)	(4)
Total	10,933	9,839
Audit fees:		
- Paid to auditors of the Company	53	53
- Paid to member firms of the auditors of the Company	47	47
Total	100	100
Non-audit fees:		
- Paid to auditors of the Company	3	22
- Paid to member firms of the auditors of the Company	11	10
Total	14	32

## 24 EARNINGS PER SHARE

	Group	
	2022	2021
Profit for the year (US\$'000)	11,218	9,396
Weighted average number of ordinary shares in issue during the year ('000)	35,050	35,204
Basic earnings per share (US cents)	32.01	26.69

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

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

**25 DIVIDENDS**

During the year, the Company declared and paid a final tax-exempt (one-tier) ordinary dividend of S\$0.20 per share for financial year ended 31 December 2021. The total dividends paid amounted to US\$5,139,000.

**26 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 Japan, Taiwan, Republic of China, Singapore, United States of America and Thailand. 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	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Japan	19,105	11,060	-	-
Taiwan, Republic of China	11,568	14,712	25,913	24,320
Singapore	8,550	5,331	-	-
United States of America	2,559	4,072	-	-
Thailand	2,211	1,342	-	-
Others	2,377	2,212	-	-
<b>Total</b>	<b>46,370</b>	<b>38,729</b>	<b>25,913</b>	<b>24,320</b>

*Information about major customers*

During the year, there are 3 (2021 : 3) customers which each contributed to 10% or more of the Group's total revenue:

	2022 US\$'000	2021 US\$'000
<b>Revenue</b>		
Customer A	13,933	7,246
Customer B	8,542	5,331
Customer C	4,835	6,601

# Notes to Financial Statements

31 December 2022

## 27 OPERATING LEASE ARRANGEMENTS

### The Group as lessee

As at 31 December 2022, the Group is committed to US\$4,810,000 (2021 : US\$2,207,000) for short-term equipment rentals, with terms ranging from 6 to 12 months, on non-renewal basis and without purchase options. Certain of these arrangements are also with variable payments based on usage. During the year, variable lease payments recognised as expense amounted to US\$2,187,000 (2021 : US\$649,000).

### The Group as lessor

The Group leases equipment to the customers on short-term basis cancellable by giving 1 to 6 months' notice.

## 28 COMMITMENTS

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

	Group	
	2022	2021
	US\$'000	US\$'000
Property, plant and equipment	814	809

## 29 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, management has considered that the SFRS(I) pronouncements issued but not yet effective are not expected to have material impact in the year of their initial application.

## 30 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\$2,601,000, subject to approval by shareholders and has not been included as a liability in these financial statements.

# Statistics of Shareholders

AS AT 17 MARCH 2023

Issued and fully paid-up capital	:	S\$39,091,475.49
Number of shares issued	:	35,203,627
Number of shares issued (excluding treasury shares and subsidiary holdings)	:	34,911,827
Number of treasury shares held	:	291,800 (0.83%*)
Number of subsidiary holdings	:	-
Class of shares	:	Ordinary
Voting rights	:	One vote per share

\* Percentage is calculated based on the total number of issued shares, excluding treasury shares

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding		Number of Shareholders	%	Number of Shares	%
1	- 99	81	3.18	3,875	0.01
100	- 1,000	1,205	47.33	707,736	2.03
1,001	- 10,000	1,085	42.62	3,779,438	10.83
10,001	- 1,000,000	172	6.75	10,442,738	29.91
1,000,001	and above	3	0.12	19,978,040	57.22
		<b>2,546</b>	<b>100.00</b>	<b>34,911,827</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

Name of Shareholder	DIRECT INTEREST		DEEMED INTEREST	
	Number of Shares	%	Number of Shares	%
Chen, Tie-Min	3,785,549	10.84	0	0
Chia Soon Loi	2,524,250	7.23	0	0
Yageo Corporation	8,232,388	23.58	1,838,954 <sup>(i)</sup>	5.27
Kuo Shin Investment Corporation	1,838,954	5.27	0	0

Notes:

- (i) 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**”). Yageo is deemed interested in the shares held by Kuo Shin.

# Statistics of Shareholders

AS AT 17 MARCH 2023

## SHAREHOLDERS' INFORMATION (CONT'D)

### TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2023

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE.) LIMITED	11,657,202	33.39
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	7,199,913	20.62
3.	DBS NOMINEES (PRIVATE) LIMITED	1,120,925	3.21
4.	UOB KAY HIAN PRIVATE LIMITED	963,250	2.76
5.	LIM MONG HOO	845,650	2.42
6.	MAYBANK SECURITIES PTE. LTD.	834,426	2.39
7.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	519,700	1.49
8.	PHILLIP SECURITIES PTE LTD	424,440	1.22
9.	LIM GEK SUAN	328,200	0.94
10.	TAN KOK CHING	300,000	0.86
11.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	294,855	0.84
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	281,890	0.81
13.	ABN AMRO CLEARING BANK N.V.	239,800	0.69
14.	IFAST FINANCIAL PTE. LTD.	227,650	0.65
15.	OCBC SECURITIES PRIVATE LIMITED	176,293	0.50
16.	CHOW KAR WAH	154,500	0.44
17.	HSBC (SINGAPORE) NOMINEES PTE LTD	146,711	0.42
18.	YEE LAT SHING	120,000	0.34
19.	ONG KOK HUA	117,100	0.34
20.	LIM HUI TIAN	111,500	0.32

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

53.08% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# Notice of Annual General Meeting

This Notice has been made available on the Company's corporate website (<http://www.gttw.com.tw/>) and SGXNET. A printed copy of this Notice will **not** be despatched to members of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of GLOBAL TESTING CORPORATION LIMITED (the "**Company**") will be held by way of electronic means on Wednesday, 26 April 2023 at 10.00 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 2022 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 115 of the Company's Constitution:  
  
Mr Chia Soon Loi **(Resolution 2)**  
Mr Chen, Tie-Min **(Resolution 3)**  
[See Explanatory Note (i)]
3. To approve the payment of Directors' fees of S\$260,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears. (FY2022: S\$260,000) **(Resolution 4)**
4. To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. 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 Resolutions, with or without modifications:

### 6. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Listing Manual 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 ("**shares**"), 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 (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

# Notice of Annual General Meeting

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments 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 the 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 (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) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (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 which were issued and outstanding or subsisting at the time of the passing of this Resolution;
    - (2) new shares arising from exercise of share options or vesting of share awards which were issued and 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 (ii)] **(Resolution 6)**

## 7. RENEWAL OF SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of 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 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

# Notice of Annual General Meeting

- (ii) off-market purchases (each an “**Off-Market Purchase**”) under an equal access scheme (as defined in Section 76C of the Act) for the purchase 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**”);

- (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 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, commission, 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 date 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 during the relevant five (5) day period and the day on which the Market Purchase or Off-Market Purchase is made;

# Notice of Annual General Meeting

**“date of the making of the offer”** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of 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 (iii)]

**(Resolution 7)**

By Order of the Board

Toh Li Ping, Angela  
Company Secretary

4 April 2023

## Explanatory Notes:

- (i) Resolution 2 proposed in item 2. above is to re-elect Mr Chia Soon Loi (**“Mr Chia”**) as a Director of the Company. Mr Chia, upon re-election as a Director of the Company, will remain as Non-Executive and Non-Independent Chairman of the Company, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee and will be considered non-independent.

Resolution 3 proposed in item 2, above is to re-elect Mr Chen, Tie-Min (**“Mr Chen”**) as a Director of the Company. Mr Chen, upon re-election as a Director of the Company, will remain as Senior Executive Director of the Company, a member of the Nominating Committee and will be considered non-independent.

The information relating to Mr Chia and Mr Chen as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out from pages 18 to 20 of the Annual Report.

- (ii) Resolution 6 proposed in item 6. 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. 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 which were issued and outstanding or subsisting at the time of the passing of Resolution 6; (ii) new shares arising from exercise of share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were

# Notice of Annual General Meeting

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.

- (iii) Resolution 7 proposed in item 7. above, if passed, will empower the Directors of the Company effective 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, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of SGX-ST) and treasury shares of the Company at the Maximum Price as defined in Resolution 7. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 December 2022 are set out in greater detail in the Appendix in relation to the Proposed Renewal of the Share Purchase Mandate accompanying the Notice of AGM.

## Notes:

### General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.
2. There will be no despatch of printed copies and this Notice of AGM together with the following documents are made available to members on 4 April 2023 via SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <http://www.gttw.com.tw/>:
  - (a) Annual Report;
  - (b) Appendix in relation to the proposed renewal of the Share Purchase Mandate; and
  - (c) Proxy Form in relation to the AGM.
3. Alternative arrangements are instead put in place to allow members/proxies to participate in the AGM by:
  - (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Members/proxies who wish to participate as such will have to pre-register in the matter outlined in Notes 4 to 8 below;
  - (b) submitting questions ahead of or "live" at the AGM. Please refer to the Notes 9 to 11 below for further details; and
  - (c) voting (i) "live" by the members or by their duly appointed proxy(ies) (other than the Chairman of the AGM); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to Notes 12 to 19 below for further details.

### Participation in AGM proceedings via "live webcast"

4. A member of the Company, their proxy(ies) or their corporate representative(s) (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member/proxy(ies) must pre-register by 10.00 a.m. on 24 April 2023, being forty-eight (48) hours before the time appointed for the AGM ("**Registration Cut-Off Time**"), at the following URL: <https://conveneagm.sg/GlobalTestingAGM2023> (the "**Pre-Registration Website**"), to create an account.

# Notice of Annual General Meeting

5. Following authentication of his/her/its status as a member or proxy(ies) of the member of the Company, such member/proxy(ies) will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
6. Members/proxies who have registered by the Registration Cut-Off Time in accordance with paragraph (4) above but do not receive an email response by 10.00 a.m. on 25 April 2023 may contact the Company's live webcast provider by 3.00 p.m. on 25 April 2023 for assistance at the following email address: [support@conveneagm.com](mailto:support@conveneagm.com), with the following details included:
  - (a) the member's/proxy's full name;
  - (b) his/her/its identification/company registration number; and
  - (c) the manner in which the shares are held (e.g. via The Central Depositor (Pte) Limited ("CDP"), Central Provident Fund ("CPF") Investment Scheme, or Supplementary Retirement Scheme ("SRS")).
7. Non-CPF/SRS holders whose shares are registered under Depository Agents ("DAs") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.
8. Corporate shareholders must also submit the Corporate Representative Certificate to Share Registrar at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com), in addition to the registration procedures as set out in paragraph (4) above, by the Registration Cut-Off Time, for verification purpose.

## Submission of questions ahead of the AGM

9. Members (including CPF and SRS Investors) may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations ahead of the AGM. To do so, all questions must be submitted by 10.00 a.m. on 12 April 2023 through any of the following means:
  - (a) in physical copy by depositing the same at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
  - (b) by email to [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com).

If the questions are submitted by post, be deposited at the registered office of the Company or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

10. The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations by publishing its responses to such questions, if any, on the Company's corporate website at the following URL: <http://www.gttw.com.tw/> and on SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the deadline for submission of Proxy Forms. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions prior to the AGM through publication on SGXNet, or at the AGM.

## Submission of questions "live" at the AGM

11. Members (including CPF and SRS Investors) may submit textual questions "live" at the AGM in the following manner:
  - (a) Members (including CPF and SRS Investors) or where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the webcast platform during the AGM.

# Notice of Annual General Meeting

- (b) Members who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions “live” at the AGM on their behalf must, in addition to completing and submitting a Proxy Form, ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email upon verification of the Proxy Form(s).
- (c) Members (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the “live” webcast platform in order to ask questions “live” at the AGM.
- (d) The Company will, during the AGM itself, address the substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received “live” at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

## Submission of Proxy Form, or voting “live” at the AGM

12. Members who wish to exercise their voting rights at the AGM may:

- (a) (where such members are individuals) vote “live” via electronic means at the AGM or (where such members are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)\* to vote “live” via electronic means at the AGM on their behalf; or

\*For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote “live” at the AGM on their behalf.

- (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

A proxy need not be a member of the Company.

13. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

14. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 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 under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 (the “**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under the CPF 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

# Notice of Annual General Meeting

15. Subject to Note 18 below, completion and return of Proxy Form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
16. The completed and signed Proxy Form must be submitted to the Company in the following manner:
  - (a) by depositing a hard copy (whether in person or by post) at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
  - (b) by sending a scanned PDF copy by email to [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com).

in either case **by no later than 10.00 a.m. on 24 April 2023, being forty-eight (48) hours before the time appointed for the AGM.**

A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

17. The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
18. Investor who holds shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. 17 April 2023 at 5.00 p.m.).
19. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the Proxy Form (including any related attachment) (such as in the case where the appointer submits more than one Proxy Form). In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointer, 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, 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 or service providers) for the purpose of the processing, administration and analysis and facilitation by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy 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)This Proxy Form has been made available on the Company's corporate website (<http://www.gttw.com.tw/>) and SGXNET. A printed copy of this Proxy Form will not be despatched to members of the Company.**PROXY FORM****IMPORTANT:**

- The Annual General Meeting ("AGM" or "Meeting") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture) Order 2020.
- A member will not be able to attend the AGM in person. Alternative arrangements relating to the attendance of the AGM through electronic means, as well as conduct of the AGM and relevant guidance with full details are set out in the Notice of AGM dated 4 April 2023 which has been uploaded on SGXNET at the URL at: <https://www.sgx.com/securities/company-announcements> on the same day. The announcement and the Notice of Annual General Meeting can also be accessed at the Company's corporate website (<http://www.gttw.com.tw/>). **Printed copies of this Proxy Form and the Notice of AGM will not be sent to members.**
- An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM (i.e. 17 April 2023 at 5.00 p.m.).
- This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

I/We\*, \_\_\_\_\_ (Name) of \_\_\_\_\_ (NRIC/Passport No./Co. Reg No.)  
of \_\_\_\_\_ (Address)  
being a member/members of Global Testing Corporation Limited (the "Company"), hereby appoint(s):

Name	Email Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Email Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Wednesday, 26 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions	For**	Against**	Abstain**
<b>ORDINARY BUSINESS</b>				
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2.	Re-election of Mr Chia Soon Loi as a Director			
3.	Re-election of Mr Chen, Tie-Min as a Director			
4.	Payment of Directors' fees of S\$260,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears			
5.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company			
<b>SPECIAL BUSINESS</b>				
6.	Approval of the Share Issue Mandate			
7.	Approval of the renewal of Share Purchase Mandate			

\*Delete where inapplicable

\*\*Voting will be conducted by poll. If you wish the Chairman of the Meeting, as your proxy, to cast all your votes for or against a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against"

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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

\_\_\_\_\_  
Signature(s) of member(s)  
or Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ OVERLEAF**

## 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 2001), 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 instrument appointing a proxy or proxies shall be deemed to relate all the Shares held by you.
2. Members will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
  - (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM)\*\*\* to vote "live" via electronic means at the AGM on his/her/its behalf; or  
  
\*\*\*For the avoidance of doubt, CPF Investors and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
  - (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

A proxy need not be a member of the Company.

3. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead.
4. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 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;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.
6. Subject to paragraph 9 below, completion and return of this Proxy Form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
  7. The completed and signed Proxy Form must be submitted to the Company in the following manner:
    - a. by depositing a hard copy (whether in person or by post) at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or
    - b. by sending a scanned PDF copy by email to [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com),

in either case **by no later than 10.00 a.m. on 24 April 2023, being forty-eight (48) hours before the time appointed for the AGM.**

A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
9. Investor who holds shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. 17 April 2023 at 5.00 p.m.).

## PERSONAL DATA PRIVACY:

By submitting a Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2023.

## GENERAL:

The Company shall be entitled to reject the Proxy Form 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 Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.



We are  
**PARTNER**

We are  
**WINNER**

We are **BETTER**  
**TOGETHER**





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