



Unaudited Financial Statements for the Year Ended 31 December 2018

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) Statement of profit or loss and other comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

	Group			Group		
	1-Oct-18 to	1-Oct-17 to	(1)	1-Jan-18 to	1-Jan-17 to	(1)
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	6,022	7,017	(14.2)	22,759	28,053	(18.9)
Cost of sales	(5,762)	(4,959)	16.2	(21,663)	(20,013)	8.2
Gross profit	260	2,058	(87.4)	1,096	8,040	(86.4)
Other operating income	86	2	NM	253	52	NM
Distribution costs	(196)	(244)	(19.7)	(728)	(708)	2.8
Administration expenses	(610)	15	NM	(2,989)	(2,798)	6.8
Other operating expenses	(307)	(211)	45.5	(1,226)	(1,150)	6.6
(Loss)/Profit from operations	(767)	1,620	NM	(3,594)	3,436	NM
Finance costs	(78)	(5)	NM	(122)	(23)	NM
(Loss)/Profit before income tax	(845)	1,615	NM	(3,716)	3,413	NM
Income tax expense	(106)	(121)	(12.4)	(1,273)	(567)	124.5
Net (loss)/profit from continuing operations	(951)	1,494	NM	(4,989)	2,846	NM
Loss from discontinued operation	-	231	NM	-	(338)	NM
Net (loss)/profit for the period	A (951)	1,725	NM	(4,989)	2,508	NM
Other comprehensive income :						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit obligation	47	(34)	(238.2)	47	(34)	(238.2)
<i>Items that may be reclassified subsequently to profit or loss</i>						
Fair value (loss)/gain on available for sale financial assets	-	(20)	NM	-	1	NM
Other comprehensive profit/(loss) for the period, net of tax	47	(54)	NM	47	(33)	NM
Total comprehensive (loss)/income attributable to equity holders of the Company	(904)	1,671	NM	(4,942)	2,475	NM
(Loss)/Earnings per share attributable to equity holders of the Company (US cent)						
From continuing and discontinued operations						
- Basic	(2.70)	4.90	NM	(14.17)	7.10	NM
- Diluted	(2.70)	4.90	NM	(14.17)	7.10	NM
From continuing operations						
- Basic	(2.70)	4.24	NM	(14.17)	8.06	NM
- Diluted	(2.70)	4.24	NM	(14.17)	8.06	NM
A. Net (loss)/profit is arrived at after charging (crediting) :						
- Directors' remuneration	157	(66)	NM	540	582	(7.2)
- Interest on borrowings	78	5	NM	122	23	NM
- Depreciation expense	2,066	2,065	0.0	8,436	8,545	(1.3)
- Loss/(Gain) on disposal of property, plant and equipment	-	7	NM	(151)	(62)	142.8
- Foreign currency exchange loss/(gain)	28	(74)	NM	93	65	43.1
- Interest income	(6)	(4)	58.8	(12)	(14)	(15.0)
-Gain on valuation of financial asset	(53)	-	NM	(62)	-	NM
- Provision for tax penalty	-	(1,048)	NM	-	-	NM
- Allowance for doubtful debts	54	44	22.7	72	25	188.0

NM - Not meaningful



**1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.**

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



1 (b) (ii) Aggregate amount of group's borrowing and debt securities

	Group 31-Dec-18 US\$'000	Group 31-Dec-17 US\$'000	Group 1-Jan-17 US\$'000
<b><u>Obligation under finance leases - secured</u></b>			
Amount repayable in one year or less, or on demand	1,209	-	-
Amount repayable after one year	1,555	-	-
	<u>2,764</u>	<u>-</u>	<u>-</u>

**Details of loans, borrowings and collateral**

The Group leased certain plant and equipment under finance leases. The average lease term is 2.8 years and all leases are on a fixed repayment basis with purchase options.

The Group entered into a five-year syndication loan facility agreement for NT\$900 million from a consortium of banks in June 2015. As at 31 December 2018, the Group has available credit facility of US\$29,297,000 (31 Dec 2017: US\$30,242,000, 1 January 2017: US\$27,907,000) with the consortium of banks. The facility is secured against certain property, plant and equipment.

The Group has drawn down an unsecured short-term loan of approximately US\$1.0 million (equivalent to NT\$30,000,000) during Q3FY18 and has been fully repaid on 2 October 2018.

**1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

	Group 1-Oct-18 to 31-Dec-18	Group 1-Oct-17 to 31-Dec-17	Group 1-Jan-18 to 31-Dec-18	Group 1-Jan-17 to 31-Dec-17
Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
(Loss)/Profit before income tax from continuing operations	(845)	1,615	(3,716)	3,413
Profit/(Loss) before income tax from discontinued operation	-	231	-	(338)
(Loss)/Profit before income tax	(845)	1,846	(3,716)	3,075
Adjustments for :				
Provision for tax penalty	-	(1,048)	-	-
Depreciation expense	2,066	2,065	8,436	8,545
Interest income	(6)	(4)	(12)	(14)
Interest expense	78	5	122	23
Gain on disposal of property, plant and equipment	-	7	(151)	(62)
Fair value gain on financial asset	(53)	-	(62)	-
Operating profit before working capital changes	1,240	2,871	4,617	11,567
Trade receivables	158	357	1,273	(46)
Other receivables and prepayments	(169)	31	(154)	382
Trade payables	678	(311)	652	(222)
Other payables	163	486	170	(1,247)
Cash generated from operations	2,070	3,434	6,558	10,434
Income tax paid	-	-	(596)	-
Interest received	6	4	12	14
Net cash generated from operating activities	2,076	3,438	5,974	10,448
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	9	-	170	114
Purchase of property, plant and equipment	A (1,101)	(1,212)	(2,410)	(6,591)
Net cash used in investing activities	(1,092)	(1,212)	(2,240)	(6,477)
<b>Financing activities</b>				
Proceeds from bank loans	-	986	983	986
Repayment of bank loans	(983)	(986)	(983)	(986)
Repayment of finance lease liabilities	(91)	-	(241)	-
Purchase of treasury shares	-	(37)	-	(125)
Interest paid	(78)	(5)	(122)	(23)
Cash distribution from capital reduction	B 3	3	(2,852)	(2,541)
Dividend Paid	-	-	(2,336)	(2,544)
Net cash used in financing activities	(1,149)	(39)	(5,551)	(5,233)
Net (decrease)/increase in cash	(165)	2,187	(1,817)	(1,262)
Cash at the beginning of the period	5,203	4,668	6,855	8,117
<b>Cash at the end of the period</b>	<b>5,038</b>	<b>6,855</b>	<b>5,038</b>	<b>6,855</b>



Note

A. Property, plant and equipment

During the period, the information relating to the Group's acquisition of property, plant and equipment is as follows:

	<u>1-Oct-18 to</u> <u>31-Dec-18</u>	<u>1-Oct-17 to</u> <u>31-Dec-17</u>	<u>1-Jan-18 to</u> <u>31-Dec-18</u>	<u>1-Jan-17 to</u> <u>31-Dec-17</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Total acquisition of property, plant and equipment	1,058	1,582	2,600	7,214
Add: Other payables at beginning of period	895	795	662	653
Less: Other payables at end of period	(852)	(662)	(852)	(662)
Exchange of property, plant and equipment	-	(503)	-	(614)
Cash paid	<u>1,101</u>	<u>1,212</u>	<u>2,410</u>	<u>6,591</u>

Outstanding capital commitment of US\$417,000 as at 31 December 2018.

B. Cash Distribution from Capital Reduction

During the year, the Company returned to the shareholders surplus capital of the Company by way of a cash distribution from capital reduction of US\$2,855,000 (2017: US\$2,544,000), of which US\$56,000 (2017: US\$53,000) remained unpaid at year end.

**1(d)(i)A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.**

Group	Note	Share capital	Treasury shares	Legal reserve	Merger reserve	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 Jan 2017</b>		41,725	-	388	(764)	343	5,741	47,433
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	783	783
Other comprehensive income for the period		-	-	-	-	21	-	21
Total		-	-	-	-	21	783	804
Transactions with owners, recognised directly in equity								
Capital Reduction		(2,544)	-	-	-	-	-	(2,544)
Dividend paid		-	-	-	-	-	(2,544)	(2,544)
Appropriation to legal reserve		-	-	585	-	-	(585)	-
Repurchase of shares		-	(88)	-	-	-	-	(88)
<b>Balance at 30 Sep 2017</b>		<b>39,181</b>	<b>(88)</b>	<b>973</b>	<b>(764)</b>	<b>364</b>	<b>3,395</b>	<b>43,061</b>
<b>Balance at 1 Oct 2017</b>		39,181	(88)	973	(764)	364	3,395	43,061
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	1,725	1,725
Other comprehensive loss for the period		-	-	-	-	(20)	(34)	(54)
Total		-	-	-	-	(20)	1,691	1,671
Transactions with owners, recognised directly in equity								
Repurchase of shares		-	(37)	-	-	-	-	(37)
<b>Balance at 31 Dec 2017</b>		<b>39,181</b>	<b>(125)</b>	<b>973</b>	<b>(764)</b>	<b>344</b>	<b>5,086</b>	<b>44,695</b>
<b>Balance at 31 Dec 2017, previously reported</b>		39,181	(125)	973	(764)	344	5,086	44,695
Effect of application of SFRS(I) 9		-	-	-	-	(344)	344	-
<b>Balance at 1 Jan 2018, restated</b>		<b>39,181</b>	<b>(125)</b>	<b>973</b>	<b>(764)</b>	<b>-</b>	<b>5,430</b>	<b>44,695</b>
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	-	(4,038)	(4,038)
Transactions with owners, recognised directly in equity								
Capital Reduction		(2,855)	-	-	-	-	-	(2,855)
Dividend Paid		-	-	-	-	-	(2,336)	(2,336)
Appropriation to legal reserve		-	-	221	-	-	(221)	-
Cancellation of shares		(125)	125	-	-	-	-	-
<b>Balance at 30 Sep 2018</b>		<b>36,201</b>	<b>-</b>	<b>1,194</b>	<b>(764)</b>	<b>-</b>	<b>(1,165)</b>	<b>35,466</b>
<b>Balance at 1 Oct 2018</b>		36,201	-	1,194	(764)	-	(1,165)	35,466
Total comprehensive loss for the period								
Loss for the period		-	-	-	-	-	(951)	(951)
Other comprehensive income for the period		-	-	-	-	-	47	47
<b>Balance at 31 Dec 2018</b>		<b>36,201</b>	<b>-</b>	<b>1,194</b>	<b>(764)</b>	<b>-</b>	<b>(2,069)</b>	<b>34,562</b>



Company	Note	Share capital	Treasury shares	Contributed surplus	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 Jan 2017</b>		41,725	-	2,295	-	8,002	52,022
Profit for the period, representing total comprehensive loss for the period		-	-	-	-	27	27
Capital Reduction		(2,544)	-	-	-	-	(2,544)
Repurchase of shares		-	(88)	-	-	-	(88)
Dividend Paid		-	-	-	-	(2,544)	(2,544)
<b>Balance at 30 Sep 2017</b>		<b>39,181</b>	<b>(88)</b>	<b>2,295</b>	<b>-</b>	<b>5,485</b>	<b>46,873</b>
<b>Balance at 1 Oct 2017</b>		39,181	(88)	2,295	-	5,485	46,873
Loss for the period		-	-	-	-	(714)	(714)
Other comprehensive loss for the period		-	-	-	(20)	-	(20)
Total		-	-	-	(20)	(714)	(734)
Transactions with owners, recognised directly in equity							
Repurchase of shares		-	(37)	-	-	-	(37)
<b>Balance at 31 Dec 2017</b>		<b>39,181</b>	<b>(125)</b>	<b>2,295</b>	<b>(20)</b>	<b>4,771</b>	<b>46,102</b>
<b>Balance at 31 Dec 2017, previously reported</b>		39,181	(125)	2,295	(20)	4,771	46,102
Effect of application of SFRS(I) 9		-	-	-	20	(20)	-
<b>Balance at 1 Jan 2018, restated</b>		39,181	(125)	2,295	-	4,751	46,102
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(7,169)	(7,169)
Capital Reduction		(2,855)	-	-	-	-	(2,855)
Cancellation of shares		(125)	125	-	-	-	-
Dividend Paid		-	-	-	-	(2,336)	(2,336)
<b>Balance at 30 Sep 2018</b>		<b>36,201</b>	<b>-</b>	<b>2,295</b>	<b>-</b>	<b>(4,754)</b>	<b>33,742</b>
<b>Balance at 1 Oct 2018</b>		36,201	-	2,295	-	(4,754)	33,742
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(511)	(511)
<b>Balance at 31 Dec 2018</b>		<b>36,201</b>	<b>-</b>	<b>2,295</b>	<b>-</b>	<b>(5,265)</b>	<b>33,231</b>



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital	Number of shares ('000)			
	Quarter		Year-to-date	
	Q4 2018	Q4 2017	31-Dec-18	31-Dec-17
Balance at beginning of period	35,204	35,358	35,358	35,358
Cancellation during the period	-	-	(154)	-
Balance at end of period	35,204	35,358	35,204	35,358

Treasury Shares	Number of shares ('000)			
	Quarter		Year-to-date	
	Q4 2018	Q4 2017	31-Dec-18	31-Dec-17
Balance at beginning of period	-	109	154	-
Repurchase during the period	-	45	-	154
Cancellation during the period	-	-	(154)	-
Balance at end of period	-	154	-	154

The Company undertook a capital reduction and cash distribution and declaration of the dividend pursuant to Section 78C of the Companies Act and the shareholders' approval at the annual general meeting held on 30 April 2018.

The Company made two separate payments to the shareholders of (i) S\$0.11 per share for the cash distribution pursuant to the capital reduction and (ii) S\$0.09 per share for the dividend. The sum of US\$5,190,744 (S\$7,040,725 at S\$0.20 per share) was distributed to shareholders on 30 June 2018.

The capital reduction reduced the issued and paid-up share capital of the Company by US\$2,854,909 (S\$3,872,399) from US\$39,180,543 (S\$46,653,231) to US\$36,325,634 (S\$42,780,832).

The Company purchased a total of 154,400 shares through market purchase in 2017. The total amount paid to acquire shares was US\$125,000 and the 154,400 treasury shares has been cancelled on 18 May 2018.





**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at the end of the current financial period is 35,203,627 (31 December 2017 : 35,203,627) shares.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The company cancelled 154,400 treasury shares amounting to US\$125,000 on 18 May 2018.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not Applicable.

**2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter).**

Not Applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and Company have adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first-time for financial year ended 31 December 2018, with 1 January 2017 as the date of transition.

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

The accounting policies applied for the first set of SFRS(I) financial statements for year ended 31 December 2018 are the same as those disclosed in Note 2 of the audited Annual Financial Statements for year ended 31 December 2017, except for the changes to accounting policies in the areas as described in Section 5.



**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The accounting policies to be applied for the first set of SFRS(I) financial statements for year ended 31 December 2018 are the same as those disclosed in Note 2 of the audited Annual Financial Statements for year ended 31 December 2017, except for the changes in accounting policies for the following areas due to the application of SFRS(I) 9 from 1 January 2018, and retrospective application of SFRS(I) 15 from 1 January 2017:

**Financial assets**

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

**Impairment of financial assets at amortised cost**

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

**Revenue recognition**

**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 recognized on a basis to depict the transfer of promised services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the services. The arrangements under each contract with customer are assessed to identify the performance obligations, determine the transaction price allocated to each performance obligation, and the timing of the performance obligations being fulfilled.

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

The judgement and estimates used in the application of SFRS(I) 9 and SFRS 15 accounting policies are not significant.



## 5.1 Effects of transition to SFRS(I) and initial application of SFRS(I) 9 and SFRS(I) 15

Please refer to the effects as disclosed below.

In the SFRS(I) financial information for the full year ended 31 December 2018, and the SFRS(I) comparative information as presented with respect of the application of SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15:

- There is no restatement of line items and/or amounts in the statement of financial position and equity as at 1 January 2017 and 31 December 2017 previously reported;
- There is no restatement to line items and/or amounts in the statement of profit or loss and other comprehensive for the full year ended 31 December 2017 previously reported;
- A reclassification of line item has been made to the statement of financial position as at 1 January 2018 to reflect the new SFRS(I) 9 classification determined for the previously reported “available-for-sale investments” as at 31 December 2017. The exemption from restating comparative information on initial application of SFRS(I) 9 has been applied. See reconciliation and explanatory note in 5.2 below.

## 5.2 Reconciliation and Explanatory Notes

Statement of financial position line items	31 December 2017 US\$'000	Reclassification US\$'000	1 January 2018 US\$'000
<u>Group and Company</u>			
<u>Non-current assets:</u>			
Available-for-sale investments (previously reported)	571	(571)	-
Financial asset at fair value through profit or loss (under SFRS(I) 9)	-	571	571
<u>Group</u>			
<u>Capital and Reserves:</u>			
Fair value reserve	344	(344)	-
Accumulated profits	5,086	344	5,430



Company

Capital and Reserves:

Fair value reserve	(20)	20	-
Accumulated profits	4,771	(20)	4,751

Explanatory notes

The investment fund held by the Company and the Group is determined as a financial asset to be measured at fair value through profit or loss under SFRS(I) 9. Under the previous classification as “available-for-sale investments”, the changes in fair value were accounted for in other comprehensive income and accumulated in the fair value reserve. Further details on the “available-for-sale investments” and its related accounting policies can be found in Note 11 and Note 2 of the Annual Financial Statements for year ended 31 December 2017 respectively.

**6 Loss / earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>1- Jan-18 to 31-Dec-18</b>	<b>1- Jan-17 to 31-Dec-17</b>
From continuing and discontinued operations		
On a basic and fully diluted basis (US cents per share)	(14.17)	7.10
- Weighted average number of shares ('000)	35,204	35,315

	<b>Group</b>	
	<b>1- Jan-18 to 31-Dec-18</b>	<b>1- Jan-17 to 31-Dec-17</b>
From continuing operations		
On a basic and fully diluted basis (US cents per share)	(14.17)	8.06
- Weighted average number of shares ('000)	35,204	35,315

The diluted (loss)/earnings per share is the same as basic (loss)/earning per share as there is no potential dilutive ordinary shares.

**7 Net asset value (for the issuer and group) per ordinary share based on issued share**



capital of the issuer at the end of (a) the current financial period reported on and (b) immediately preceding financial year.

	<u>31-Dec-18</u>	<u>31-Dec-17</u>	<u>1-Jan-17</u>
Net asset value per share (US dollars)			
-The Group	<u>0.98</u>	<u>1.27</u>	<u>1.34</u>
-The Company	<u>0.94</u>	<u>1.31</u>	<u>1.47</u>

Net asset value per ordinary share is calculated based on the share capital of 35,203,627 (31 December 2017 : 35,203,627, 1 January 2017 : 35,358,027) ordinary shares outstanding excluding treasury share as at the end of the relevant financial period.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**

**(a) any significant factors that affected the turnover, costs, and loss of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of Operating Results**

**Revenue**

Revenue for 4Q 2018 decreased by 14.2% to US\$6.0 million, compared to US\$7.0 million in 4Q 2017. Revenue for the year ended 31 December 2018 decreased by 18.9% to US\$22.8 million, compared to US\$28.1 million in the corresponding period of 2017, mainly due to the decrease in customers’ orders.

**Cost of sales**

Cost of sales for 4Q 2018 increased by 16.2% to US\$5.8 million, compared to US\$5.0 million in 4Q 2017. Cost of sales for the year ended 31 December 2018 increased by 8.2% to US\$21.7 million, compared to US\$20 million in the corresponding period of 2017, mainly due to the introduction of new machines to meet customers’ requirements. Also there was a reversal of bonus accruals in the corresponding period of 2017.

**Administration expenses**

The administration expenses for the 4Q 2017 included a reversal of provision for tax penalty as it was deemed unnecessary.

**Other operating income**



Other operating income for the year ended 31 December 2018 increased to US\$0.3 million, compared to US\$0.05 million in the corresponding period of 2017, mainly due to the gain on disposal of property, plant and equipment.

### **Income tax expense**

Income tax expense for the year ended 31 December 2018 increased to US\$1.3 million, compared to US\$0.6 million in the corresponding period of 2017. This is mainly due to the reduction of deferred tax assets as a result of a lowering of projected profitability.

### **Financial position of the Group**

#### **Cash**

Cash decreased by 26.5% to US\$5 million as at 31 December 2018, compared to US\$6.9 million as at 31 December 2017, mainly due to lower net cash inflow from operating activities generated by the Group.

#### **Trade receivables**

Trade receivables decreased by 18.9% to US\$5.5 million as at 31 December 2018, compared to US\$6.7 million as at 31 December 2017, reflecting the lower sales in 2018.

#### **Property, plant and equipment**

Property, plant and equipment decreased by 8.3% to US\$32.4 million as at 31 December 2018, compared to US\$35.4 million as at 31 December 2017, mainly due to depreciation expense charged during the period which was partially offset by additions to property, plant and equipment during the period.

#### **Financial asset at fair value through profit or loss / Available-for-sale investments / Fair value reserve**

Due to the adoption of SFRS(I) 9, the available-for-sale investments is reclassified to financial assets at fair value through profit or loss.

#### **Obligation under finance leases current and non-current**

Obligation under finance leases current and non-current amounted to US\$ 2.8 million as at 31 December 2018, compared to 31 December 2017, mainly due to the finance leases arrangements entered for plant and equipment.

#### **Share capital**

Share capital decreased by 7.6% to US\$36.2 million as at 31 December 2018, compared to US\$39.2 million as at 31 December 2017, as a result of the capital reduction in 2Q 2018.

**9 Where a forecast, or a prospect statement, has been previously disclosed to**



shareholders, any variance between it and the actual results.

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The current global economic markets continue to be challenging amid trade tensions between the United States and China. In the semiconductor industry, analysts are predicting subdued growth for the year.

The Group has been cultivating new areas of business in testing services with its customer base and anticipates improved revenues.

Going forward, the Group will continue to be prudent in managing its operations to tide through the challenges arising from the volatility in the current markets.

**11. Dividend**

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on? None.

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

The Company had paid tax-exempt (one-tier) final ordinary dividend for the financial year ended 31 December 2017 to ordinary shareholders.

Name of Dividend	Final Tax-exempt (one-tier) ordinary dividend
Date of Payment	29 June 2018
Dividend Type	Cash
Dividend Amount (in cents)	9 cents per ordinary share

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend recommended due to the Group's lack of profitability.

**13. If the group has obtained a general mandate from shareholders for Interested Person**

**Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders. The company and its subsidiaries did not enter into any IPT during the financial period ended 31 December 2018.

#### **14. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertaking from all its directors and executive officers as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

#### **15. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

##### **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. As

there is only one principal operating segment, the information regarding its revenues and results, assets and other information is represented by the financial statements as a whole.

##### **Geographical information**

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

##### **Revenue by geographical region based on customers**

	<b>1 Jan 2018 to 31 Dec 2018</b>		<b>1 Jan 2017 to 31 Dec 2017</b>	
	<b>US\$’000</b>	<b>%</b>	<b>US\$’000</b>	<b>%</b>
Continuing Operations				
Asia	14,125	62.1	19,224	66.7
USA	8,299	36.5	8,441	29.3
Others	335	1.4	388	1.3
	<u>22,759</u>	<u>100.0</u>	<u>28,053</u>	<u>97.3</u>
Discontinued Operation				
USA	-	-	777	2.7
	<u>22,759</u>	<u>100.0</u>	<u>28,830</u>	<u>100.0</u>



	1 Oct 2018 to 31 Dec 2018		1 Oct 2017 to 31 Dec 2017	
	US\$'000	%	US\$'000	%
Asia	3,682	61.1	4,542	64.7
USA	2,246	37.3	2,413	34.4
Others	94	1.6	62	0.9
	<u>6,022</u>	<u>100.0</u>	<u>7,017</u>	<u>100.0</u>

### Non-current assets by geographical location

	31-Dec-18	31-Dec-17
	US\$'000	US\$'000
Taiwan	<u>32,504</u>	<u>35,421</u>

## 16. A breakdown of sales

	1-Jan-18 to	1-Jan-17 to	Change
	31-Dec-18	31-Dec-17	
	US\$'000	US\$'000	%
Sales reported for first half year	10,852	14,527	(25.3)
Operating (loss)/profit after tax before deducting minority interests reported for first half year	(2,882)	65	(4,533.8)
Sales reported for second half year	11,907	14,303	(16.8)
Operating (loss)/profit after tax before deducting minority interests reported for second half year	(2,107)	2,443	(186.2)

## 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY 2018	FY 2017
	US\$'000	US\$'000
Final dividend	-	2,437

## 18. Disclosure of person occupying a managerial position in the issuer or any of its principal



subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

**BY ORDER OF THE BOARD**

Chen Tie-Min  
Senior Executive Director  
27 February 2019