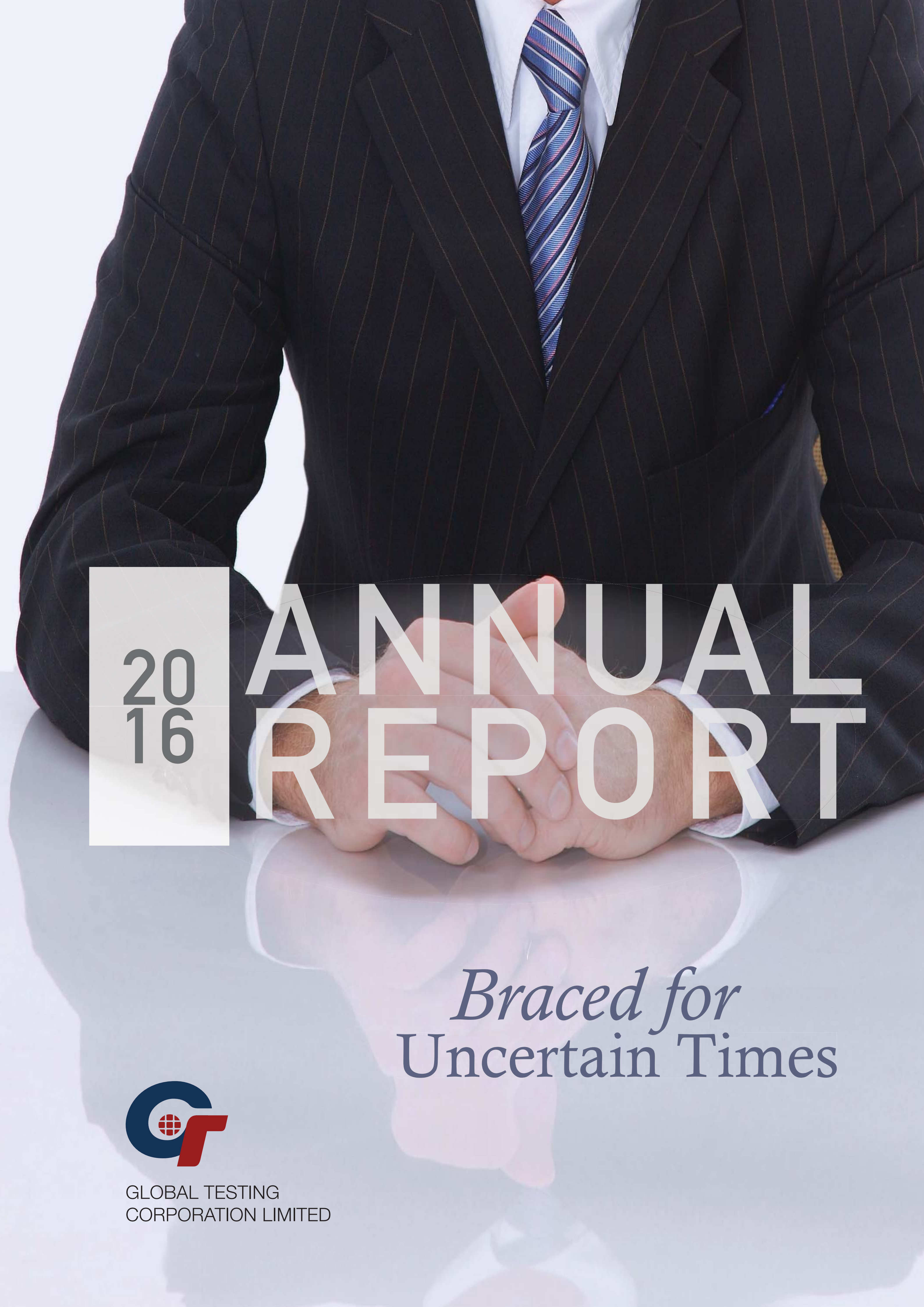

2016 ANNUAL REPORT

Braced for Uncertain Times

GLOBAL TESTING
CORPORATION LIMITED

Our long-term vision
is to build

that is both
resilient and sustainable,

CONTENTS

a world-class
semiconductor testing business

and capable of delivering
long-term benefits

TO ALL OUR STAKEHOLDERS.

Corporate Profile

ESTABLISHED IN 1998,

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

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

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.

one of the
largest independent
testing services companies

in the
ASIA-PACIFIC REGION

Executive Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Global Testing Corporation Limited ("Global Testing" or the "Group"), it is my pleasure to present the audited financial statements for the financial year ended 31 December 2016 ("FY2016").

The past year was marked by heightened global economic uncertainty in light of significant political changes in major economies, such as the US, the European Union and China. This had largely dampened demands for end-user electronics, particularly within the PC and smartphone markets.

Industry data from Gartner showed that worldwide PC shipments declined 6.2% from 2015 on the back of lower product sales across the industry. The Chinese smartphone market also recorded lower sales volume of 3.75 billion units in 2016, compared to 4 billion units in the previous year. This decline in global sales had restrained profitability across the semiconductor industry as a whole.

WEATHERING ON

Against this backdrop, Global Testing continues to weather these ongoing challenges to safeguard our profitability, achieving a marginal growth of 1.2% in net profit for FY2016. This is a clear testament to the successes of our Group's steadfast efforts in improving the efficiency of our capital structure and operations through Capital Reduction and Cash Distribution exercises and the regular maintenance regime for our IC testers.

With these undertakings, we believe that Global Testing is better placed to take advantage of the fast-growing trends and suitable business opportunities within the semiconductor industry with our strengthened financial position and enhanced operational productivity.

BRACED FOR UNCERTAIN TIMES

With economic uncertainty and volatility set to continue in 2017, the year ahead is expected to remain challenging for the maturing semiconductor industry as global revenue for the industry is projected to moderate to a range of 1-5% over the next three years, according to KPMG. Nevertheless, we remain committed to our longstanding vision of building a resilient business capable of enhancing and generating sustainable value for all our stakeholders through all these economic peaks and troughs.

Our Group has always taken a long-term view in the strategic management of our operations. In recent years, we have constantly made provisions to brace ourselves for the uncertain times by continuously refining our processes and taking a prudent approach to capital management.

Even as we maintain a cautious outlook while taking active steps to tackle the industry challenges of today, our Group has never lost sight of the future direction in which we are headed.

As we look forward to continue our journey in building a world-class semiconductor testing business in the year ahead, I would like to thank all of you for your unwavering support through both the good and challenging years.

As an expression of our heartfelt appreciation, the Board is pleased to recommend a final tax-exempt dividend of S$0.10 per share for FY2016.

Chen, Tie-Min
Executive Chairman
17 March 2017

CEO'S MESSAGE

Dear Shareholders,

FY2016 was marked by a record level of global economic uncertainty, which truly tested Global Testing's business resiliency as the resulting macroeconomic challenges weighed on revenue and profitability of the semiconductor industry.

As we look back in the year under review, I am pleased to share that our Group has managed to continue delivering a profitable set of results in spite of these ongoing headwinds and challenges.

PERFORMANCE OVERVIEW

In the course of FY2016, Global Testing has kept its focus on improving our Group's operational structure and financial position by exercising prudence in the areas of cost management and the maintenance of our IC testers. This has enabled us to lower our cost of sales by 9.8% to US$21.13 million, lending support to the overall profitability of our Group.

CAPITAL REDUCTION AND CASH DISTRIBUTION EXERCISE

In FY2016, Global Testing completed another round of Capital Reduction and Cash Distribution exercise in August 2016 with a total cash pay-out of S$0.20 per share to our shareholders which includes an interim dividend of S$0.10 per share. The exercise was carried out to rationalise our Group's balance sheet and enhance shareholders' return on equity, in order to put Global Testing on a better capital and financial footing.

FY2017 PLAN

Looking ahead, demand for semiconductor is projected to remain slow in the first half of 2017 as the global smartphone market, which is a key driver of semiconductor demand, is expected to become increasingly saturated.

Nevertheless, there are some potential bright spots of opportunities across different application markets, which could help drive demand for chips. This is largely a result of the recent development storm of web-connected technology, particularly for automobiles and home appliances, being unveiled at numerous events globally.

Worldwide semiconductor capital spending is expected to increase 2.9% in 2017, according to the latest estimate by Gartner. We believe this may present new opportunities in the maturing semiconductor industry as well as for our Group's testing services, and we will be focusing efforts to uncover suitable business opportunities within this promising segment going forward.

A Note of Appreciation

In closing, I would like to say a heartfelt thank you to all our customers, shareholders and employees for your unwavering support through these difficult times, and we look forward to continue growing Global Testing's business with you in the years to come.

H.C. Ho, Heng-Chun
Executive Director and
Chief Executive Officer
17 March 2017

BOARD OF DIRECTORS

Mr Chen, Tie-Min

EXECUTIVE CHAIRMAN
MEMBER OF NOMINATING COMMITTEE

Mr Chen, Tie-Min was appointed by the Board on 30 August 2004 and was last re-elected to the Board on 28 April 2016. As Executive Chairman, Mr Chen is responsible for the overall strategic direction of the Group. Mr. Chen is the Chairman of Yageo Corporation and Chilisin Corporation, both TWSE public listed companies in Taiwan. Mr Chen holds a Bachelor of Engineering Science degree from the National Cheng Kung University, Taiwan.

Mr H.C. Ho, Heng-Chun

EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mr H.C. Ho was appointed by the Board on 1 March 2010 and was last re-elected to the Board on 29 April 2015. Mr Ho is also the Executive Chairman of the Group's wholly-owned subsidiary, Global Testing Corporation Taiwan. With over 30 years of technology industry experience, he assists in overseeing the overall strategic direction of the Group.

Prior to joining the Group, Mr Ho was the President and CEO of Pontex Group ("Pontex"). Before his tenure at Pontex, Mr Ho helmed the Asia Pacific Region operations of ViewSonic, a global leader in LCD display products. Mr Ho doubled ViewSonic's corporate revenue growth in the three years he served as President of its Global Product Group and Asia Pacific Region from 2005 to 2008.

From 2001 to 2004, Mr Ho was the President and CEO of Sampo Corporation and Sampo Group ("Sampo Group"), one of Taiwan's largest own brand and ODM manufacturers of LCD, PDP, TV, "black" and "white" goods for both domestic and global markets. Under his leadership, Sampo Group was awarded the original design manufacturing of LCD, PDP, and TV, which catered to the US and European markets.

Mr Geoffrey Yeoh Seng Huat

LEAD INDEPENDENT DIRECTOR
CHAIRMAN OF AUDIT COMMITTEE
MEMBER OF REMUNERATION COMMITTEE
MEMBER OF NOMINATING COMMITTEE

Mr Geoffrey Yeoh was appointed Independent Director of Global Testing Corporation Limited on 30 April 2007 and was re-elected to the Board on 28 April 2014. He also serves as Independent Director to Hoe Leong Corporation Ltd.

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

Mr Kenneth Tai, Chung-Hou

INDEPENDENT DIRECTOR
CHAIRMAN OF NOMINATING COMMITTEE
MEMBER OF AUDIT COMMITTEE
MEMBER OF REMUNERATION COMMITTEE

Previously appointed Non-Executive Director of the Group on 30 August 2004, Mr Kenneth Tai, Chung-Hou was re-appointed as Independent Director on 29 April 2015. Mr Tai is the Chairman of InveStar Capital Inc., DigiTimes Inc., Jasper Display Corp., SolidPro Technology Corp., and RichTek Technology Corp.

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

Mr Chia Soon Loi

INDEPENDENT DIRECTOR
CHAIRMAN OF REMUNERATION COMMITTEE
MEMBER OF AUDIT COMMITTEE
MEMBER OF NOMINATING COMMITTEE

Mr Chia Soon Loi was appointed as Independent Director of Global Testing Corporation Limited on 17 November 2004 and was last re-elected to the Board on 28 April 2016.

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

SENIOR MANAGEMENT

Mr George Wang, Tsai-Wei

CHIEF FINANCIAL OFFICER
VICE PRESIDENT, FINANCE

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

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

Mr Richard Hu, Yi-Long

VICE PRESIDENT, SALES AND MARKETING

As Vice President, Sales and Marketing, Mr Richard Hu, Yi-Long is responsible for the Group's business development activities. Mr Hu joined the Group on 28 March 2011 and was appointed to his current position on 1 March 2012.

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

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

Mr Ming Chen

VICE PRESIDENT, OPERATIONS

Mr Ming Chen was appointed Operation Vice President in May 2015. He is responsible for the operations of the Group, including manufacturing, engineering, product development, facility.

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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chen, Tie-Min EXECUTIVE CHAIRMAN

Mr H.C. Ho, Heng-Chun EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Geoffrey Yeoh Seng Huat LEAD INDEPENDENT DIRECTOR

Mr Kenneth Tai, Chung-Hou INDEPENDENT DIRECTOR

Mr Chia Soon Loi INDEPENDENT DIRECTOR

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Abdul Jabbar Bin Karam Din, LLB (Hons)

REGISTERED OFFICE

9 Battery Road
#15-01 MYP Centre
Singapore 049910

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Hsin-Chu Industrial Park
Hsin-Chu County 303
Taiwan

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

SOLICITORS

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

AUDITORS

Deloitte & Touche LLP (Singapore)
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-in-charge: Xu Jun
(Appointed since the financial year ended 31 December 2012)

PRINCIPAL BANKERS

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

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

INVESTOR RELATIONS ADVISOR

Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
Singapore 048941

Corporate Governance Report

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

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

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

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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

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

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

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

Board Committees

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

Board Meetings and Attendance

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

Corporate Governance Report

(A) BOARD MATTERS continued

The Board's Conduct of Affairs continued

Board Meetings and Attendance continued

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

DIRECTORS	***BOARD***		***AC***		***RC***		***NC***	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Chen, Tie-Min	4	4	-	-	-	-	1	1
Heng-Chun Ho	4	4	-	-	-	-	-	-
Kenneth Tai, Chung-Hou	4	2	4	2	2	2	1	1
Chia Soon Loi	4	4	4	4	2	2	1	1
Geoffrey Yeoh Seng Huat	4	4	4	4	2	2	1	1

Induction and Training of Directors

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

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

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

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

Board Composition and Guidance

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

The Board consists of five (5) directors of whom three (3) are independent. The list of directors is as follows:

Executive Directors

Chen, Tie-Min (Executive Chairman)
Heng-Chun Ho (Executive Director and Chief Executive Officer)

(A) BOARD MATTERS continued

Board Composition and Guidance continued

Non-Executive Directors

Geoffrey Yeoh Seng Huat	(Lead Independent Director)
Kenneth Tai, Chung-Hou	(Independent Director)
Chia Soon Loi	(Independent Director)

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision making. The NC is of the view that the current Board size of five (5) directors, of which three (3) are independent directors, is appropriate and effective, taking into account the nature and scope of the Company's operations.

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

Independence of Directors

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

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

Chairman and Chief Executive Officer

Principle 3 : There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

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

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

(A) BOARD MATTERS continued

Chairman and Chief Executive Officer continued

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

Board Membership

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

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

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

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

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

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

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

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

Directors' Principal Commitments and Multiple Directorships

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

Corporate Governance Report

(A) BOARD MATTERS continued

Board Membership continued

Directors' Principal Commitments and Multiple Directorships continued

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

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

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

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

Board Performance

Principle 5 : There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

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

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

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

Access to Information

Principle 6 : In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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

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

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

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

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

For the financial year under review, the RC held two (2) meetings.

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

No director is involved in determining his own remuneration.

Level and Mix of Remuneration

Principle 8 : The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose. A significant proportion of the remuneration, especially that of executive directors, should be linked to performance.

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

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

(B) REMUNERATION MATTERS

Level and Mix of Remuneration continued

Long-Term Incentive Schemes

The Performance Share Plan (the "Plan") was implemented as long-term incentive scheme for more senior level staff based on individual performance. They are administered by the RC. Details of the Plan are set out in the Directors' Statement on pages 26 to 28.

No share has been awarded to date.

Disclosure on Remuneration

Principle 9 : Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the directors and the top 5 key executives (who are not directors or the CEO) for the financial year ended 31 December 2016 are set out below:

Remuneration of the Directors

Name	Based/fixed salary [1] %	Variable or performance related income/bonus [1] %	Director's fee [2] %	Total Remuneration
Executive Directors				
S$1,000,000 to S$1,499,999				
Heng-Chun Ho [1]	44	53	3	100%
S$250,000 to S$499,999				
Chen, Tie-Min [1]	36	37	27	100%

The remuneration of each individual Executive Director is not disclosed in dollar terms as the Company considers information pertaining to the remuneration of its Executive Directors commercially sensitive.

Independent Directors		**S$'000**
Geoffrey Yeoh Seng Huat	100	70
Kenneth Tai, Chung-Hou	100	60
Chia Soon Loi	100	60

Remuneration of top 5 Key Executives (who are not Directors)

Remuneration band and names of key executives (who are not directors or the CEO)	Based/fixed salary [1] %	Variable or performance related income/bonus [1] %	Benefits in Kind %	Total Remuneration
Below S$250,000				
George Wang, Tsai-Wei [1]	36	64		100%
Richard Hu, Yi-Long	53	47		100%
Ming Chen	49	51		100%
Jimmy Lin	48	52		100%
Nick Lee	55	45		100%

(1) These are under the service agreements.
(2) The directors' fees had been approved at the Company's Annual General Meeting held in year 2016.

(B) REMUNERATION MATTERS continued

Disclosure on Remuneration continued

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

Name	Family relationship with any director and/or substantial shareholder	Remuneration band
Employees who are immediate family members of a Director (remuneration exceeding S$50,000)		
Mdm Lee Hwei-Jan	Spouse of Mr Chen, Tie-Min	S$50,001 to S$100,000

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 : The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

Risk Management and Internal Controls

Principle 11 : The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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

The Company's internal auditors conduct an annual review of the effectiveness of the key subsidiary's material internal controls, including financial, operational and compliance controls, and risk assessment at least annually to ensure the adequacy thereof. This review is conducted by the Company's internal auditors which presented their findings to the AC.

As part of the external audit plan, the external auditors also review certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC.

The AC reviews the findings of both the internal and external auditors and the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

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

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

(a) The financial records of the Group have been properly maintained and financial statements for the year ended 31 December 2016 give a true and fair view of the Group's operations and finances; and

(C) ACCOUNTABILITY AND AUDIT continued

Risk Management and Internal Controls continued

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board committees and the Board, the Audit Committee and the Board are of opinion that the Group's internal controls, addressing financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems were adequate as at 31 December 2016.

Financial risks relating to the Group set out in Note 4 to the Financial Statements of this Annual Report on pages 46 to 51.

Audit Committee

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

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

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

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

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

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

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

(C) ACCOUNTABILITY AND AUDIT continued

Audit Committee continued

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

- met once with the external auditors and the internal auditors without the presence of the Management and reviewed the overall scope of the external audit, internal audit and the assistance given by the Management to the auditors;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the Management and full discretion to invite any director or executive officer to attend its meetings.

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

The AC has undertaken a review of the independence and objectivity of the external auditors and the non-audit services provided by the external auditors and are satisfied that the nature and extent of such services do not affect the independence of the external auditors. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are disclosed in Note 24 to the financial statements.

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

The significant areas of focus considered by the AC in relation to the 2016 Annual Report are outlined below. These issues were discussed with the external auditors during the year and, where appropriate, these have been addressed as key audit matters as outlined in the Independent Auditor's Report on pages 29 to 31:

Significant Issues	How AC responded to the Issue
Impairment assessment of Property, Plant & Equipment ("**PPE**") and Investments in Subsidiaries	The AC challenged the approach and methodology applied i.e. discounted cash flow model used for the impairment assessment of PPE as well as the impairment assessment of investments in subsidiaries. The AC reviewed the reasonableness of cash flow projections, capital expenditure requirements, terminal value, revenue growth rates and the discount rate used in the discounted cash flow model. The external auditor has included the impairment assessment of PPE and investments in subsidiaries as a key audit matter in its audit report for the financial year ended 31 December 2016.
Recognition of Deferred Tax Assets	The AC reviewed and challenged management's assumptions and judgement on the level of expected profitability in future years, including non-taxable incomes and non-deductible expenses used in the model, and the Group's ability to utilise tax losses in its Taiwanese subsidiary in the coming financial periods. The external auditor has included the recognition of deferred tax assets arising primarily from unutilsed tax losses as a key audit matter in its audit report for the financial year ended 31 December 2016.

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

Internal Audit

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

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

(C) ACCOUNTABILITY AND AUDIT continued

Internal Audit continued

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

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 : Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

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

Communication with Shareholders

Principle 15 : Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

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

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

The Company does not have a fixed dividend policy.

The Company had undertook a capital reduction exercise to return to shareholders the surplus capital of the Company in excess of its needs by way of a cash distribution and paid an interim tax exempt (one-tier) ordinary dividend for the financial year ended 31 December 2016.

The Company intends to further undertake a capital reduction exercise to return to shareholders the surplus capital of the Company in excess of its needs by way of a cash distribution and declare a final tax exempt (one-tier) ordinary dividend for the financial year ended 31 December 2016 subject to the approval of the shareholders at the Annual General Meeting to be held on 28 April 2017.

Conduct of Shareholder Meetings

Principle 16 : Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES continued

Conduct of Shareholder Meetings continued

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

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

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

(E) DEALINGS IN SECURITIES

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

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

The Board confirms that for the financial year ended 31 December 2016, the Company has complied with Rule 1207(19) of the Listing Manual.

(F) INTERESTED PERSON TRANSACTION

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

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

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

(G) MATERIAL CONTRACTS

There are no material contracts entered into by the Company or its subsidiary companies involving the interests of the Groups's Chief Executive Officer, any Director and/ or Substantial shareholders for the financial year ended 31 December 2016.

Financial Contents

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

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 32 to 65 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Chen, Tie-Min (Chairman)
Geoffrey Yeoh Seng Huat (Lead Independent Director)
Kenneth Tai, Chung-Hou
Chia Soon Loi
Heng-Chun Ho

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

The directors' interests in the shares and options of the Company at 21 January 2017 were the same at 31 December 2016.

Directors' Statement

4 SHARE OPTIONS

(a) Option to take up unissued shares

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

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

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

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

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

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

(b) Options exercised

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

(c) Unissued shares under option

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

5 AUDIT COMMITTEE

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

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

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

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

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

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

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

Directors' Statement

5 AUDIT COMMITTEE continued

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
Heng-Chun Ho

....
Chen, Tie-Min

Singapore
6 April 2017

Independent Auditor's Report

to the Members of Global Testing Corporation Limited

For the financial year ended 31 December 2016

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Testing Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 32 to 65.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and investments in subsidiaries The carrying value of property, plant and equipment (Note 10) constitutes 67.1% of the Group's total assets as at 31 December 2016 and the carrying value of investment in subsidiaries (Note 9) constitutes 86.7% of the Company's total assets as at 31 December 2016. The Group carried out a review of the recoverable amount of property, plant and equipment, which was determined on the basis of their value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. This assessment requires the exercise of significant judgement about future market conditions and the Group's ongoing operations, such as revenue growth rate, capital expenditures, terminal value and discount rate. The recoverable amount of the Company's investments in subsidiaries was also based on the value-in-use exercise explained above.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment assessment. These procedures included: • comparing the key assumptions used in the impairment assessment, in particular the revenue growth rate and discount rate to the available market information for reasonableness; • challenging the cashflow forecasts used, with comparison to recent performance, trend analysis and market expectations; • reviewing the valuation report by an independent valuer engaged by the Group to value the land and buildings including their independence and competency; and • assessing the adequacy of the Group's disclosures in notes 3 and 10 about the assumptions that are most important to the impairment assessment and the sensitivity of changes.

Independent Auditor's Report
to the Members of Global Testing Corporation Limited

Key Audit Matters continued

Key audit matters	How the matter was addressed in the audit
Recognition of Deferred tax assets As at 31 December 2016, the Group recognised deferred tax assets of US$1,653,000 arising primarily on unutilised tax losses (Note 12). The Group has recognised deferred tax assets on the basis that the Group has turned around and become profitable in recent years and management expects the Group to continue to generate sufficient future taxable profits to utilise the tax losses. The amount of deferred tax assets to be recognised involved management's judgement and estimates in respect of the time frame and quantum of the forecasted future taxable profits and the ability of the Group to offset any of its unutilised tax losses against the forecasted future taxable profits.	Our audit procedures included: • challenging the key assumptions used in forecasted future taxable profits with comparison to recent performance, trend analysis and market expectations; • comparing the non-taxable income and non-deductible expenses that were included to determine the forecasted future taxable profits to prior year's tax assessments; • challenging the time frame applied to determine the quantum of forecasted future taxable profits; and • assessing the adequacy of the Group's disclosures in notes 3 and 12 about the recognition of deferred tax assets.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair view 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.

Independent Auditor's Report

to the Members of Global Testing Corporation Limited

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr Xu Jun.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

6 April 2017

Statements of Financial Position

31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	8,117	9,276	599	170
Trade receivables	7	6,694	5,321	-	-
Other receivables and prepayments	8	904	984	6,579	6,446
Total current assets		15,715	15,581	7,178	6,616
Non-current assets					
Investment in subsidiaries	9	-	-	46,853	45,311
Property, plant and equipment	10	37,378	38,322	-	-
Available-for-sale investments	11	570	667	-	-
Other receivables and prepayments	8	404	533	-	-
Deferred tax assets	12	1,653	555	-	-
Total non-current assets		40,005	40,077	46,853	45,311
Total assets		55,720	55,658	54,031	51,927
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	13	715	304	-	-
Other payables	14	7,010	6,286	2,009	1,357
Income tax payable		562	293	-	-
Total current liabilities		8,287	6,883	2,009	1,357
Capital and reserves					
Share capital	15	41,725	44,317	41,725	44,317
Legal reserve	17	388	-	-	-
Merger reserve	18	(764)	(764)	-	-
Contributed surplus	18	-	-	2,295	2,295
Fair value reserve		343	208	-	-
Accumulated profits		5,741	5,014	8,002	3,958
Total equity		47,433	48,775	52,022	50,570
Total liabilities and shareholders' equity		55,720	55,658	54,031	51,927

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended 31 December 2016

	Note	Group 2016 US$'000	Group 2015 US$'000
Revenue	20	30,866	33,047
Cost of sales		(21,128)	(23,431)
Gross profit		9,738	9,616
Other operating income	21	70	1,116
Distribution costs		(649)	(763)
Administrative expenses		(4,490)	(5,131)
Other operating expenses		(1,139)	(1,193)
Finance costs	22	(20)	(56)
Profit before income tax		3,510	3,589
Income tax benefit	23	220	96
Profit for the year	24	3,730	3,685
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(23)	(20)
Items that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investments	11	135	67
Other comprehensive income for the year, net of tax		112	47
Total comprehensive income for the year		3,842	3,732
Earnings per share (cents)			
- Basic and diluted	25	10.55	10.42

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 December 2016

	Note	Share capital US$'000	Treasury shares US$'000	Legal reserve US$'000	Merger reserve US$'000	Fair value reserve US$'000	Accumulated (losses) profits US$'000	Total US$'000
Group								
Balance at 1 January 2015		85,252	(405)	4,875	23,993	141	(28,283)	85,573
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	3,685	3,685
Other comprehensive income (loss) for the year		-	-	-	-	67	(20)	47
Total		-	-	-	-	67	3,665	3,732
Transactions with owners, recognised directly in equity								
Repurchase of shares	16	-	(418)	-	-	-	-	(418)
Capital reduction	15	(40,112)	-	(4,875)	(24,757)	-	29,632	(40,112)
Cancellation of shares	16	(823)	823	-	-	-	-	-
Total		(40,935)	405	(4,875)	(24,757)	-	29,632	(40,530)
Balance at 31 December 2015		44,317	-	-	(764)	208	5,014	48,775
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	3,730	3,730
Other comprehensive income (loss) for the year		-	-	-	-	135	(23)	112
Total		-	-	-	-	135	3,707	3,842
Transactions with owners, recognised directly in equity								
Capital reduction	15	(2,592)	-	-	-	-	-	(2,592)
Dividends paid	26	-	-	-	-	-	(2,592)	(2,592)
Appropriation to legal reserve	17	-	-	388	-	-	(388)	-
Total		(2,592)	-	388	-	-	(2,980)	(5,184)
Balance at 31 December 2016		41,725	-	388	(764)	343	5,741	47,433

	Note	Share capital US$'000	Treasury shares US$'000	Contributed surplus US$'000	Accumulated (losses) profits US$'000	Total US$'000
Company						
Balance at 1 January 2015		85,252	(405)	31,927	(29,632)	87,142
Profit for the year, representing total comprehensive income for the year		-	-	-	3,958	3,958
Transactions with owners, recognised directly in equity						
Repurchase of shares	16	-	(418)	-	-	(418)
Capital reduction	15	(40,112)	-	(29,632)	29,632	(40,112)
Cancellation of shares	16	(823)	823	-	-	-
Total		(40,935)	405	(29,632)	29,632	(40,530)
Balance at 31 December 2015		44,317	-	2,295	3,958	50,570
Profit for the year, representing total comprehensive income for the year		-	-	-	6,636	6,636
Transactions with owners, recognised directly in equity						
Capital reduction	15	(2,592)	-	-	-	(2,592)
Dividends paid	26	-	-	-	(2,592)	(2,592)
Total		(2,592)	-	-	(2,592)	(5,184)
Balance at 31 December 2016		41,725	-	2,295	8,002	52,022

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Group 2016 US$'000	Group 2015 US$'000
Operating activities		
Profit before income tax	3,510	3,589
Adjustments for:		
Depreciation of property, plant and equipment	9,232	10,917
Unrealised foreign exchange loss	-	(148)
Interest income	(23)	(149)
Interest expense	20	56
Loss on disposal of available-for-sale investments	111	118
Gain on disposal of property, plant and equipment	(4)	(22)
Operating profit before working capital changes	12,846	14,361
Trade receivables	(1,373)	780
Other receivables and prepayments	186	989
Trade payables	411	(244)
Other payables (Note A)	182	523
Cash generated from operations	12,252	16,409
Income taxes paid	(609)	-
Interest received	23	420
Net cash from operating activities	11,666	16,829
Investing activities		
Proceeds on disposal of property, plant and equipment	4	39
Proceeds on disposal of available-for-sale investments	121	404
Purchase of property, plant and equipment (Note A)	(7,725)	(5,991)
Net cash used in investing activities	(7,600)	(5,548)
Financing activities		
Interest paid	(20)	(56)
Proceeds from bank loans	-	2,916
Repayment of bank loans	-	(2,916)
Repurchase of treasury shares	-	(498)
Cash distribution to shareholders (Note B)	(2,613)	(40,041)
Dividends paid (Note 26)	(2,592)	-
Net cash used in financing activities	(5,225)	(40,595)
Net decrease in cash and cash equivalents	(1,159)	(29,314)
Cash and cash equivalents at beginning of year	9,276	38,590
Cash and cash equivalents at the end of the year	8,117	9,276

Note A: During the year, the Group purchased property, plant and equipment with an aggregated cost of US$8,288,000 (2015 : US$5,973,000), of which US$653,000 (2015 : US$90,000) (Note 14) remained unpaid at year end.

Note B: During the year, the Company returned to the shareholders surplus capital of the Company in excess of its needs by way of a cash distribution of US$2,592,000 (2015: US$40,112,000) (Note 15), of which US$50,000 (2015: US$71,000) remained unpaid at year end.

See accompanying notes to financial statements.

Notes to Financial Statements

31 December 2016

1 GENERAL

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

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

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

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue by the Board of Directors on 6 April 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

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

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

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

BASIS OF CONSOLIDATION continued

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

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

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Effective interest method

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

Financial assets

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

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

Available-for-sale investments

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

Loans and receivables

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

Impairment of financial assets

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

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Impairment of financial assets continued

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS continued

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting arrangements

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

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

The Group as lessor

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

The Group as lessee

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

LEASES continued

The Group as lessee continued

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

PROVISIONS continued

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

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

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

<u>Rendering of services</u>

Rendering of services relates to revenue from provision of testing and programme development services. Revenue is recognised when the testing services or test program development services are rendered and are completed.

<u>Lease of equipment</u>

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

<u>Interest income</u>

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

<u>Dividend income</u>

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

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

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

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

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

RETIREMENT BENEFIT COSTS continued

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

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

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

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

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to Financial Statements

31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

INCOME TAX continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty

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

(i) Impairment of property, plant and equipment

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

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

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

(ii) Impairment of investment in subsidiaries

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

Management has evaluated the carrying amount of the investments in subsidiaries and has reversed an impairment allowance of US$4,694,000 (2015: US$3,670,000) during the year. Management is confident that the impairment allowance of US$13,336,000 (2015 : US$18,030,000) is adequate. The carrying value of investments in subsidiaries is disclosed in Note 9.

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the carryforward of unused tax losses and unused capital allowances can be utilised. Management has assessed the time frame and quantum of the future taxable profit streams, expiry dates of unused tax losses and unused capital allowances. Based on the assessment, management has recognised deferred tax assets of US$1,653,000 (2015 : US$555,000) at year end.

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty continued

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

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	14,915	14,742	7,173	6,613
Available-for-sale investments	570	667	-	-
Financial liabilities				
Amortised cost	7,725	6,590	2,009	1,357

(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 therefore is exposed to foreign exchange risk.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

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

(i) Foreign exchange risk management continued

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

	Group			
	Assets		Liabilities	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	1,800	1,561	6,565	5,500
Singapore dollars	408	921	104	150

	Company			
	Assets		Liabilities	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Taiwan dollars	-	-	3	10
Singapore dollars	69	147	104	150

Foreign currency sensitivity

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

	Taiwan dollars		Singapore dollars	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Group				
Profit or loss	(238)	(197)	15	39
Company				
Profit or loss	*	*	(2)	*

* Less than US$1,000.

(ii) Interest rate risk management

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

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

Notes to Financial Statements

31 December 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) Financial risk management policies and objectives continued

(ii) Interest rate risk management continued

Interest rate sensitivity

The management has assessed that for a 100 basis point increase or decrease in interest rate at the end of the reporting period, assuming all other variables remain constant, the Group's profit would increase or decrease by US$5,000 (2015 : US$25,000) respectively.

(iii) Equity price risk management

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

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

Equity price sensitivity

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

In respect of available-for-sale equity investments, if the equity price had been 10% higher or lower while all other variables were held constant, the Group's profit for the year ended 31 December 2016 and 2015 respectively would not be affected as the equity investments are classified as available-for-sale investments. However, the Group's fair value reserve would have been higher or lower by US$57,000 (2015 : US$67,000).

(iv) Credit risk management

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

The Group's five largest customers collectively accounted for approximately 73.6 % and 69.9% of trade receivables for the financial years ended 31 December 2016 and 2015 respectively. The Group believes that the concentration of its credit risk in trade receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures.

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

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

(v) Liquidity risk management

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) Financial risk management policies and objectives continued

(v) Liquidity risk management continued

Liquidity and interest risk analyses

Non-derivative financial liabilities

As at the end of the reporting period of 2016 and 2015, the Group's non-derivative financial liabilities are non-interest bearing and are due on demand or within 1 year.

As at the end of the reporting period of 2016 and 2015, the Company's non-derivative financial liabilities except for amount due to subsidiaries are non-interest bearing and are due on demand or within 1 year. The amount due to subsidiaries bears fixed interest of 2% (2015 : 2% per annum) and are due on demand or within 1 year (Note 14).

Non-derivative financial assets

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
Group					
2016					
Non-interest bearing	-	6,766	100	-	6,866
Variable interest rate instruments	0.37	7,569	-	(28)	7,541
Fixed interest rate instruments	0.80	512	-	(4)	508
		14,847	100	(32)	14,915
2015					
Non-interest bearing	-	5,372	124	-	5,496
Variable interest rate instruments	0.14	6,751	-	(9)	6,742
Fixed interest rate instruments	0.70	2,506	-	(2)	2,504
		14,629	124	(11)	14,742

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(c) Financial risk management policies and objectives continued

(v) Liquidity risk management continued

Liquidity and interest risk analyses continued

Non-derivative financial assets continued

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Adjustment US$'000	Total US$'000
Company					
2016					
Non-interest bearing	-	20	-	-	20
Variable interest rate instrument	0.09	599	-	-	599
Fixed interest rate instruments	2.00	6,685	-	(131)	6,554
		7,304	-	(131)	7,173
2015					
Non-interest bearing	-	20	-	-	20
Variable interest rate instrument	0.02	170	-	-	170
Fixed interest rate instruments	2.00	6,551	-	(128)	6,423
		6,741	-	(128)	6,613

(vi) Fair values of financial assets and financial liabilities

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

As disclosed in Note 11, the fair value of available-for-sale investments is determined by reference to the Net Asset Value in the financial statements of the Fund. As at the end of the reporting period, amounts of US$9,000 and US$479,000 (2015 : US$143,000 and US$475,000) are classified as level 2 and 3 of the fair value hierarchy respectively. The fair value for level 2 is determined by the General Partner of the fund with reference to quoted prices available in active market and for level 3 is determined by taking into consideration of the type of security, the purchase cost, subsequent purchases of the same or similar securities by other investors, liquidation preferences of senior securities, estimates of liquidation value, and the issuer's current financial position and operating results. Management has assessed and determined that any changes to the basis used would not have significant impact on the carrying value of the available-for-sale investments.

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

Notes to Financial Statements

31 December 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT continued

(d) Capital management policies and objectives

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

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

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

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

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

5 RELATED PARTY TRANSACTIONS

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

Compensation of directors and key management personnel

The remuneration of directors during the year were as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Director's fees	224	224	224	224
Salaries and other short-term benefits	1,077	1,112	-	36
	1,301	1,336	224	260

The remuneration of directors is determined by the Remuneration Committee having regard to the performance of the individuals and the performance of the Group.

There are no key management other than the directors of the Company.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	7,609	6,772	599	170
Fixed deposits	508	2,504	-	-
Total	8,117	9,276	599	170

Fixed deposits bear interest rates 0.8% (2015 : 0.25 % to 1.0 %) per annum and for a tenure of one year (2015 : 1 to 90 days).

7 TRADE RECEIVABLES

	Group 2016 US$'000	Group 2015 US$'000
Outside parties	6,736	5,359
Allowance for doubtful receivables	(42)	(38)
Net	6,694	5,321

The credit period on the sale of goods ranges from 30 to 90 days (2015 : 30 to 90 days).

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

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

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

The table below is an analysis of trade receivables:

	Group 2016 US$'000	Group 2015 US$'000
Not past due and not impaired (i)	4,865	4,603
Past due but not impaired (ii)	1,829	718
	6,694	5,321
Impaired receivables - individually assessed (iii)	42	38
Less: Allowance for doubtful receivables	(42)	(38)
	-	-
Total trade receivables, net	6,694	5,321

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

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

	Group 2016 US$'000	Group 2015 US$'000
Less than 3 months	1,697	622
More than 3 months	132	96
Total	1,829	718

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

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7 TRADE RECEIVABLES continued

Movement in the allowance for doubtful receivables

	Group	
	2016	2015
	US$'000	US$'000
At the beginning of the year	38	39
Effects of changes in foreign exchange rates	4	(1)
At the end of the year	42	38

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Loan to a subsidiary (Note 1)	-	-	6,554	6,423
Prepayments	458	229	5	3
Deposits (Note 2)	100	124	-	-
Retirement benefit (Note 3)	304	316	-	-
Sales tax receivables	420	712	-	-
Other receivables	26	136	20	20
Total	1,308	1,517	6,579	6,446
Current	904	984	6,579	6,446
Non-current	404	533	-	-
Total	1,308	1,517	6,579	6,446

Note 1: The loan to a subsidiary bear an interest of 2% (2015 : 2%), is unsecured and repayable on demand.

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

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

Actuarial valuation has been performed on the pension liability at the end of the reporting period by an independent valuer, Eureka Consulting Co., Ltd., Taiwan, Republic of China using projected unit credit cost method and the shortfall between the pension asset and present value of the obligation is recognised in the profit or loss.

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

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9 INVESTMENT IN SUBSIDIARIES

	Company 2016 US$'000	Company 2015 US$'000
Equity shares, at cost	60,189	63,341
Less: Impairment allowance	(13,336)	(18,030)
	46,853	45,311

Movement in the impairment allowance

	2016 US$'000	2015 US$'000
At the beginning of the year	18,030	21,700
Reversal of impairment allowance	(4,694)	(3,670)
At the end of the year	13,336	18,030

Management carried out a review of the recoverable amount of investment in subsidiaries at the end of the reporting period. Based on their judgment and estimation of the recoverable amount of the investment in the subsidiaries which include consideration of the nature of the underlying assets of the subsidiaries and due to the subsidiaries' performance improvement, management has reversed an impairment allowance of US$4,694,000 (2015 : US$3,670,000).

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

Subsidiary	Country of incorporation	Proportion of ownership interest and voting power held 2016 %	2015 %	Principal activities
(i) Held by the Company				
Global Testing Corporation [1]	Taiwan, Republic of China	100	100	Provision of testing services
Global Testing International Limited [2]	British Virgin Islands	100	100	Investment holding
(ii) Held by the Global Testing Corporation				
Global Testing Corporation [2]	United States of America	100	100	Provision of marketing and test program development service

(1) Audited by Deloitte & Touche, Taiwan, Republic of China.

(2) Not required to be audited by law in the country of incorporation.

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10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Buildings US$'000	Leasehold improve-ments US$'000	Plant and equipment US$'000	Motor vehicles US$'000	Furniture and fittings US$'000	Computer software US$'000	Capital projects under assembly US$'000	Total US$'000
Group									
Cost:									
At 1 January 2015	7,799	3,512	199	262,161	297	21,732	3,505	2,875	302,080
Additions	-	-	-	536	169	46	180	5,042	5,973
Disposal	-	-	-	(8)	(163)	(64)	-	-	(235)
Reclassification	-	-	-	5,038	-	538	-	(5,576)	-
At 31 December 2015	7,799	3,512	199	267,727	303	22,252	3,685	2,341	307,818
Additions	-	-	-	102	-	157	2	8,027	8,288
Disposal	-	-	-	(800)	(23)	-	-	-	(823)
Reclassification	-	-	-	3,558	-	723	230	(4,511)	-
At 31 December 2016	7,799	3,512	199	270,587	280	23,132	3,917	5,857	315,283
Accumulated depreciation:									
At 1 January 2015	-	903	199	216,628	230	14,647	3,449	-	236,056
Depreciation for the year	-	97	-	9,471	35	1,255	59	-	10,917
Disposal	-	-	-	(8)	(146)	(64)	-	-	(218)
At 31 December 2015	-	1,000	199	226,091	119	15,838	3,508	-	246,755
Depreciation for the year	-	97	-	7,712	37	1,273	113	-	9,232
Disposal	-	-	-	(790)	(23)	-	-	-	(813)
At 31 December 2016	-	1,097	199	233,013	133	17,111	3,621	-	255,174
Allowance for impairment:									
At 31 December 2015	-	-	-	22,741	-	-	-	-	22,741
Dispoal	-	-	-	(10)	-	-	-	-	(10)
At 31 December 2016	-	-	-	22,731	-	-	-	-	22,731
Carrying amount:									
At 31 December 2016	7,799	2,415	-	14,843	147	6,021	296	5,857	37,378
At 31 December 2015	7,799	2,512	-	18,895	184	6,414	177	2,341	38,322

(i) As at 31 December 2016, the Group has available banking facilities of US$27,907,000 (2015 : US$27,414,000) with a consortium of banks. The facility is secured using certain property, plant and equipment of the Group with a total carrying value of approximately US$20,267,000 (2015 : US$23,677,000). The Group has not drawn down any banking facilities (2015 : US$Nil).

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

The key assumptions used for the value-in-use calculation are those regarding the revenue growth rates, expected capital expenditures, terminal value and discount rate. Management prepares cash flow forecasts derived from the most recent financial budgets approved by the Board of Directors for the next five years with growth rate for revenue and expenses based on the industry growth forecast and customer base. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The pre-tax rate used to discount the forecast cash flows of the Group is 9.22% (2015 : 11.33%). Based on the value-in-use estimation, management is of the view that no additional impairment allowance is required as at 31 December 2016.

Management has performed certain sensitivity analysis on the value-in-use calculation and based on the expected range of reasonably possible outcomes within the next financial year, the result will not change.

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

10 PROPERTY, PLANT AND EQUIPMENT continued

Company

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

11 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2016	2015
	US$'000	US$'000
At the beginning of the year	667	1,122
Disposal	(232)	(522)
Fair value gain recognised in other comprehensive income	135	67
At the end of the year	570	667
Represented by:		
Quoted equity shares and convertible bond, at fair value (level 2)	9	143
Privately-held equity, at fair value (level 3)	479	475
Others, at cost	82	49
	570	667

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

The Group's through its subsidiary, Global Testing International Limited, has committed to invest US$2,000,000 (2015 : US$2,000,000) in the Fund. The Fund has not call upon the remaining committed contribution of US$100,000 (2015 : US$100,000) from the Group.

During the year, the Fund disposed of parts of its investments which resulted in a loss on disposal amounting to US$111,000 (2015 : US$118,000). The loss on disposal has been included in the line item "other operating expenses" in profit or loss.

A gain of US$135,000 (2015 : US$67,000) arising from changes in the fair value of available-for-sale investments has been included in other comprehensive income.

12 DEFERRED TAX ASSETS

Group

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

	Group		Expiry	
	2016	2015	2016	2015
	US$'000	US$'000	Year	Year
Unutilised tax losses	51,674	53,838	2019 to 2036	2019 to 2034
Unutilised capital allowance	3,578	4,467	*	*

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

Notes to Financial Statements

31 December 2016

12 DEFERRED TAX ASSETS continued

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

	Group	
	2016	2015
	US$'000	US$'000
Opening balance	555	-
Credited to profit or loss (Note 23)	1,098	555
Ending balance	1,653	555

The Group has not recognised deferred tax assets of US$7,948,000 (2015 : US$9,357,000) due to unpredictability of future profit streams.

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

13 TRADE PAYABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade payables	715	304

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods ranges from 30 to 90 days (2015 : 30 to 90 days). No interest is charged on the outstanding trade payables.

14 OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Amounts due to a subsidiary (Note 9)	-	-	1,782	1,139
Accrued operating expenses	6,308	6,150	227	218
Payable for plant and equipment	653	90	-	-
Others	49	46	-	-
Total	7,010	6,286	2,009	1,357

The amounts due to a subsidiary bear an interest of 2% (2015 : 2%) per annum, is unsecured and repayable on demand.

Notes to Financial Statements

31 December 2016

15 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year	35,358	719,442	44,317	85,252
Capital reduction and cash distribution	-	-	(2,592)	(40,112)
Share consolidation	-	(683,470)	-	-
Treasury shares cancelled	-	(614)	-	(823)
At the end of the year	35,358	35,358	41,725	44,317

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.

2015

In 2015, the Company effected a capital reduction and cash distribution and share consolidation of every twenty existing shares for one new share pursuant to obtaining approval from the shareholders at the annual general meeting held on 29 April 2015. The capital reduction and cash distribution of US$69,744,000 were effected in the following manner:

(a) wrote off accumulated losses of the Company of US$29,632,000 against Contributed surplus; and

(b) returned to the shareholders surplus capital of the Company in excess of its needs by way of a cash distribution by the Company of S$0.075 for each Share held by the shareholders (exclude treasury shares). The total cash to be distributed to the shareholders amounted to approximately US$40,112,000 which was offset against share capital.

Subsequent to the completion of capital reduction and cash distribution, the Company carried out the share consolidation of every twenty existing shares for one new share, resulting approximately 683,470,000 shares to be cancelled in 2015.

2016

During the year, the Company undertook a further capital reduction and cash distribution of S$0.10 per share pursuant to Section 78C of the Companies Act and shareholders' approval at the extraordinary general meeting held on 11 August 2016. The total cash to be distributed to the shareholders amounted to approximately US$2,592,000. As of the end of the reporting period, US$50,000 remained unpaid and is recognised in "other payables".

16 TREASURY SHARES

	Group and Company			
	2016	2015	2016	2015
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
At the beginning of the year	-	6,085	-	405
Repurchased during the year	-	6,196	-	418
Share consolidation (Note 15)	-	(11,667)	-	-
Cancellation during the year	-	(614)	-	(823)
At the end of the year	-	-	-	-

In 2015, the Company purchased a total of 6,196,000 shares through market purchase before share consolidation, cancelled 11,667,000 shares through share consolidation (Note 15) and thereafter, cancelled the remaining 614,000 treasury shares.

Notes to Financial Statements

31 December 2016

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.

In 2015, the subsidiary utilised the legal reserve set up in prior years to write off its accumulated losses as part of the subsidiary's capital reduction exercise.

18 MERGER RESERVE AND CONTRIBUTED SURPLUS

(i) Merger reserve

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

In 2015, the Group utilised the merger reserve to write off its accumulated losses as part of the capital reduction exercise (Note 15).

(ii) Contributed surplus

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

In 2015, the Company utilised the contributed surplus to write off its accumulated losses as part of the capital reduction exercise (Note 15).

19 PERFORMANCE SHARE PLAN

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

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

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

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

20 REVENUE

	Group	
	2016 US$'000	2015 US$'000
Rendering of services	30,478	31,443
Lease of equipment	388	1,604
Total	30,866	33,047

Notes to Financial Statements

31 December 2016

21 OTHER OPERATING INCOME

	Group	
	2016	2015
	US$'000	US$'000
Foreign exchange gain	-	783
Interest income	23	149
Gain on disposal of property, plant and equipment	4	22
Rental income from operating lease	30	66
Government grant	-	9
Others	13	87
Total	70	1,116

22 FINANCE COSTS

	Group	
	2016	2015
	US$'000	US$'000
Interest on bank loans	20	56

23 INCOME TAX BENEFIT

	Group	
	2016	2015
	US$'000	US$'000
Current tax expense	562	459
Underprovision for current tax in prior year	316	-
Deferred tax benefits (Note 12)	(1,098)	(555)
Net	(220)	(96)

Domestic income tax is calculated at 17% (2015 : 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 expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate applicable to each financial year to profit before income tax as a result of the following differences:

	Group	
	2016	2015
	US$'000	US$'000
Profit before income tax	3,510	3,589
Income tax expense at statutory rate of 17% (2015 : 17%)	597	610
Effect of expenses that are not deductible (taxable) in determining taxable profit	248	(244)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	40	147
Effect of utilisation of previously unrecognised tax losses and capital allowance that is used to reduce current tax expense	(330)	(513)
Effect of previously unrecognized and unused tax losses now recognised as deferred tax benefit	(1,653)	(555)
Additional tax on distribution of prior year earnings of a subsidiary	316	-
Income tax on undistributed earnings of a subsidiary	562	459
Income tax credit recognised in profit or loss	(220)	(96)

Notes to Financial Statements

31 December 2016

24 PROFIT FOR THE YEAR

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

	Group	
	2016 US$'000	2015 US$'000
Depreciation of property, plant and equipment	9,232	10,917
Employee benefits expense (including directors' remuneration):		
Staff costs	10,073	10,664
Cost of defined contribution plan	336	349
Defined benefit plan income	(7)	(6)
	10,402	11,007
Foreign exchange loss (gain)	32	(783)
Audit fees:		
Paid to auditors of the Company	70	70
Paid to other auditors	85	91
	155	161
Non-audit fees:		
Paid to auditors of the Company	12	13
Paid to other auditors	16	18
	28	31

25 EARNINGS PER SHARE

	Group	
	2016	2015
Profit for the year (US$'000)	3,730	3,685
Weighted average number of ordinary shares in issue during the year ('000)	35,358	35,370
Basic earnings per share (US cents)	10.55	10.42

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 financial instruments issued during the year or outstanding as at the end of the financial year.

26. DIVIDENDS

During the year, the company has declared and paid an interim tax-exempt (one-tier) ordinary dividend of S$0.10 per share for current year. The total dividends paid amounted to US$2,592,000.

27 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.

Notes to Financial Statements

31 December 2016

27 OPERATING SEGMENT INFORMATION continued

Products and services from which reportable segments derive their revenues continued

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

Geographical information

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

	Revenue from external customers		Non-current assets	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Singapore	9,808	11,178	-	-
United States of America	6,796	5,871	183	503
Taiwan, Republic of China	6,749	6,152	39,822	39,574
Republic of China	5,367	6,001	-	-
Japan	1,844	3,012	-	-
Others	302	833	-	-
Total	30,866	33,047	40,005	40,077

Information about major customers

	2016		2015	
	US$'000	%	US$'000	%
Customer A	9,808	31.8	11,178	33.8
Customer B	4,670	15.1	5,773	17.5
Customer C	4,261	13.8	2,051	6.2
Customer D	1,844	6.0	3,012	9.1
Customer E	-	-	1,122	3.4
Customer F	1,214	3.9	-	-
Others	9,069	29.4	9,911	30.0
Total	30,866	100.0	33,047	100.0

28 OPERATING LEASE COMMITMENTS

The Group as lessor

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

29 COMMITMENTS

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

	Group	
	2016	2015
	US$'000	US$'000
Available-for-sale investments (Note 11)	100	100

30 SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, the directors proposed to carry out a capital reduction and proposed that a final tax-exempt (one-tier) ordinary dividend of S$0.10 each per share to be paid to shareholders. The proposed capital reduction and proposed dividend are subject to approval by shareholders and has not been included as a liability in these financial statements. The total estimated capital reduction is US$2,592,000 and dividend to be paid is US$2,592,000.

31 NEW/REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, the following new FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- FRS 116 *Leases*
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets. FRS 109 will be effective for annual periods beginning on or after 1 January 2018.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt investments 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 investments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under FRS 109, 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.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED continued

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that there is no significant impact on financial statements other than certain accounting policies and additional disclosures relating to the impairment provisions of financial assets and available-for-sale investments on the initial application of FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 which will be effective 1 January 2018 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that there is no significant impact on financial statements other than certain accounting policies and additional disclosures relating to revenue recognition on the initial application of FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance. FRS 116 will be effective for annual periods beginning on or after 1 January 2019.

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

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED continued

FRS 116 *Leases* continued

Management anticipates that there is no significant impact on financial statements other than certain accounting policies and additional disclosures relating to leases on the initial application of FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments applies prospectively to annual periods beginning on or after January 1, 2017, with earlier application permitted.

Management anticipates that there is no significant impact on financial statements on the initial application of the amendments to FRS 7.

IFRS convergence in 2018

Singapore-incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018.

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect significant changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

Shareholdings Statistics

As at March 24, 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	67	2.29	3,182	0.01
100 - 1,000	1,425	48.60	852,936	2.41
1,001 - 10,000	1,284	43.79	4,286,786	12.12
10,001 - 1,000,000	150	5.12	6,574,495	18.60
1,000,001 AND above	6	0.20	23,640,628	66.86
Total :	2,932	100.00	35,358,027	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	15,376,338	43.49
2	RAFFLES NOMINEES (PTE) LIMITED	3,116,895	8.81
3	HL BANK NOMINEES (SINGAPORE) PTE LTD	1,554,250	4.40
4	DBS NOMINEES (PRIVATE) LIMITED	1,308,085	3.70
5	UOB KAY HIAN PRIVATE LIMITED	1,185,285	3.35
6	DB NOMINEES (SINGAPORE) PTE LTD	1,099,775	3.11
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	897,053	2.54
8	CIMB SECURITIES (SINGAPORE) PTE. LTD.	622,814	1.76
9	LIM MONG HOO	337,350	0.96
10	LIM GEK SUAN	310,000	0.88
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	287,190	0.81
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	211,005	0.60
13	OCBC SECURITIES PRIVATE LIMITED	206,859	0.59
14	PHILLIP SECURITIES PTE LTD	177,702	0.50
15	HO CHENG CHEW	104,000	0.29
16	TAN KOK CHING	100,000	0.28
17	ANG CHIN SAN	90,000	0.25
18	HING SHAN SHAN BLOSSOM (XING SHANSHAN, BLOSSOM)	81,945	0.23
19	KGI SECURITIES (SINGAPORE) PTE LTD	78,836	0.22
20	LEE CHEE KIONG DONALD	71,200	0.20
	TOTAL	27,216,582	76.97

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

54.41% of the Company's shares are held in the hands of the Public as at 24 March 2017 (excluding treasury shares). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SHARE CAPITAL

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

Shareholdings Statistics

As at March 24, 2017

SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2017
(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	DIRECT INTEREST Number of Shares	%	DEEMED INTEREST Number of Shares	%
Chen, Tie-Min [(i)]	3,785,549	10.71	774,427	2.19
Yageo Corporation [(ii)]	8,232,388	23.28	1,838,954	5.20
Kuo Shin Investment Corporation	1,838,954	5.20	-	-
Lee Hwei-Jan	148,045	0.42	4,411,931	12.48

Notes:

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

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

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

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

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

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

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

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

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

TREASURY SHARES AS AT 24 MARCH 2017

As at 24 March 2017, the Company has no ordinary shares held as Treasury Shares.

Shareholdings Statistics

As at March 24, 2017

DIRECTORS & SUBSTANTIAL SHAREHOLDINGS AS AT MARCH 24, 2017

	DIRECT INTEREST		DEEMED INTEREST	
Name of Directors	Number of Shares	%	Number of Shares	%
Chen, Tie-Min	3,785,549	10.71	774,427	2.19
Heng-Chun Ho	-	-	-	-
Kenneth Tai, Chung-Hou	12,500	0.04	-	-
Geoffrey Yeoh Seng Huat	-	-	-	-
Chia Soon Loi	1,474,250	4.17	-	-
TOTAL	5,272,299			
Name of Substantial Shareholder				
Yageo Corporation	8,232,388	23.28	1,838,954	5.20
Kuo Shin Investment Corporation	1,838,954	5.20	-	-
Lee Hwei Jan	148,045	0.42	4,411,931	12.48
TOTAL	10,219,387			
Other shareholders of less than 5% who are related to Directors of Substantial shareholders				
Hsu Chang Investment Limited	626,382	1.77		
TOTAL	16,118,068	45.59		
Public	19,239,959	54.41		

* Calculation on the basis of excluding treasury shares (35,358,027)

Notice of Annual General Meeting

Global Testing Corporation Limited
(Incorporated in Singapore)
(Registration No. 200409582R)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Sheraton Towers Singapore, Ballroom 3, Level 2, 39 Scotts Road, Singapore 228230 on Friday, 28 April 2017 at 2.00 p.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 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) ordinary dividend of S$0.10 per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

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

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

5. To approve the payment of Directors' Fees of S$310,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. (2016: S$310,000) **(Resolution 5)**

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

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

AS SPECIAL BUSINESS:

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

8. GENERAL MANDATE TO ISSUE SHARES OR CONVERTIBLE SECURITIES

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

   (a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

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

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

   provided that:

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

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

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

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

9. GLOBAL TESTING PERFORMANCE SHARE PLAN

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

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

10. SHARE PURCHASE MANDATE

That:

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

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

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

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

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

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

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

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the issued Shares of the Company as at the date of passing of this Resolution; and

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

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

where:

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

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company 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;

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

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

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Date: 13 April 2017
Singapore

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NOTICE OF BOOKS CLOSURE AND DATE OF PAYMENT OF THE PROPOSED FINAL DIVIDENDS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 22 May 2017 (i.e. the Books Closure Date) for the purpose of determining members' entitlements to the proposed final dividends.

Shareholders whose Securities Accounts with CDP are credited with Shares at 5.00 p.m. 22 May 2017 will be entitled to S$0.10 per Share held by the Shareholder as at the Books Closure Date.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 22 May 2017 will be registered to determine the Shareholders' entitlements to the proposed final dividends.

The proposed final dividends, if approved at the Annual General Meeting to be held on 28 April 2017, will be paid on 30 June 2017.

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Explanatory Notes:

(i) Mr Geoffrey Yeoh Seng Huat, upon re-election as a Director of the Company, will remain as Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee. Mr Geoffrey Yeoh Seng Huat is the Lead Independent Director.

(ii) Mr Kenneth Tai, Chung-Hou, upon re-election as a Director of the Company, will remain as Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. Mr Kenneth Tai, Chung-Hou is an Independent Director.

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

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

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

NOTES:

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

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

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

• A Relevant Intermediary is:

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

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

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

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

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

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Sheraton Towers Singapore, Ballroom 3, Level 2, 39 Scotts Road, Singapore 228230 on Friday, 28 April 2017 at 2.00 p.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 **(Resolution 1)**		
2.	Approval of the proposed final tax exempt (one-tier) ordinary dividend of S$0.10 per share for the financial year ended 31 December 2016 **(Resolution 2)**		
3.	Re-election of Mr Geoffrey Yeoh Seng Huat as a Director **(Resolution 3)**		
4.	Re-election of Mr Kenneth Tai, Chung-Hou as a Director **(Resolution 4)**		
5.	Payment of Directors' Fees for the financial year ending 31 December 2017, to be paid quarterly in arrears **(Resolution 5)**		
6.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company **(Resolution 6)**		
7.	Any other ordinary business		
	SPECIAL BUSINESS		
8.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 **(Resolution 7)**		
9.	Authority for Directors to allot and issue shares on the vesting of awards under the Global Testing Performance Share Plan **(Resolution 8)**		
10.	Approval of the renewal of Share Purchase Mandate **(Resolution 9)**		

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

Dated this ____________ day of ____________ 2017

Total Number of Shares held	
CDP Register	
Register of Members	

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

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

IMPORTANT (PLEASE READ THE NOTES)

Notes:

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

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

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

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

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

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

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

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

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

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

- A Relevant Intermediary is:

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

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

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

General:

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

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.

2016

ANNUAL REPORT

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Uncertain Times

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