

Issuer: Global Testing Corporation Limited

Security: Global Testing Corporation Limited

Meeting details:

Date: 30 April 2018

Time: 9:00 AM

Venue: Sheraton Towers Singapore, Ballroom 4, Level 2, 39 Scotts Road, Singapore 228230.

Company Description

Global Testing Corporation Limited, an investment holding company, provides integrated circuit testing services in Singapore, the United States, Taiwan, China, Japan, and internationally. It offers 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 company also provides test program development, conversion, and optimization services; and load board and probe card design services, as well as leases its testers for trial and pilot testing purposes on an ad hoc basis. In addition, it offers wafer testing services to the automotive devices industry. The company was founded in 1998 and is headquartered in Hsinchu, Taiwan.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AYN)

1. In the Letter to Shareholders, it was mentioned that the group delivered a set of resilient results in FY2017 and recorded a net profit of US\$2.5 million as the group's efforts in improving its operational and capital efficiency continue to pay off.

In FY2017, the group also made “made some headway in extending our customer base [...] to include chip suppliers to upcoming technological fields, such as artificial intelligence, automotive electronics, as well as advanced imaging and speech recognition technologies”. These state-of-the-art technological fields are expected to be the key growth drivers in the year ahead.

- (i) What were the changes in the 4th quarter of FY2017 that boosted the group’s profitability for the year to US\$2.5 million?**
- (ii) Can management also disclose how much revenue was derived from such “state-of-the-art technological fields”?**
- (iii) What is the group’s value proposition and how does it stand out from its competitors to secure new business?**

2. As seen from the Consolidated statement of cash flow, from FY2014 to FY2017, the group purchased property, plant and equipment with a cost of US\$6.6 million, US\$6.0 million, US\$8.3 million and US\$7.2 million respectively.

- (i) What is the expected level of capital expenditure going forward?**
- (ii) What is the current utilisation rate of the group’s facilities?**
- (iii) Has the board evaluated the level of capital it needs in the business? What is the group’s optimal capital structure?**

3. Mr Geoffrey Yeoh, Mr Kenneth Tai, Chung-Hou and Mr Chia Soon Loi were first appointed to the board on 30 April 2007, 30 August 2004 and 17 November 2004 respectively. As such, as at 31 December 2017, all three independent directors have served on the board for more than nine years.

All three directors, who are to be subject to particularly rigorous review of their independence, sit on the nominating committee (NC).

- (i) Can the NC update shareholders on how effective it has been in discharging its duties?**
- (ii) Was any director involved in the review of his own independence?**
- (iii) How was the particularly rigorous review carried out?**

The NC and the board, after rigorous review, are of the view that all three independent directors are to be considered independent.

Notwithstanding that, Guideline 2.4 of the 2012 Code of Corporate Governance calls for the board to “also take into account the need for progressive refreshing of the Board”.

- (iv) What are the board's near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**

- (v) What is the search and nomination process for directors, especially independent directors?**