Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Global Testing Corporation Limited

Stock code: AYN

Meeting details:
Date: 30 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the year in review, the industry faced the outbreak of COVID-19 and heightened uncertainties at the beginning of the outbreak but demand for automotive and semiconductor-related products soon surged. For the group, FY2020 revenue amounted to US$22.9 million, a 2.3% increase from US$22.4 million in the previous financial year.

The group also benefitted from China's push to increase its national integrated circuits capacity, with revenue from China increasing by 144.5%. The group, with its focus on providing semiconductor testing solutions for mixed signal, logic and contact image sensors used in consumer electronics, and having expanded its testing capability to include the automotive industry a few years ago, is on the right track to benefit from the positive outlook for the semiconductor industry.

While revenue from China grew strongly in FY2020, it is still only 6.6% of the group's total revenue.

(i) **How familiar is the group with the China market and how is the group tapping the opportunities in the China market?**

(ii) **Who are the major customers in China currently served by the group? Was the increase due to new customers or larger orders from the existing customers in China? How does the group intend to acquire new Chinese customers?**

(iii) **Can the group let shareholders know the capacity for its plant in Hsin-chu? What was the utilisation rate in FY2020?**

(iv) The group has invested US$3.6 million and US$3.2 million in property, plant and equipment in FY2019 and FY2020 respectively (page 41 – Consolidated statement of cash flow). **Will the group need to invest more to cater to increased customer demand?**

Q2. The theme for the annual report is "On the right track for growth".

When the company was listed on SGX in 2005, it reported US$45.2 million in FY2004 just prior to its listing and US$53.5 million for FY2005 as a listed company. Revenue was US$53.2 million in FY2010 and US$33.0 million in FY2015. In FY2020, revenue was US$22.9 million. The group's profitability track record has been mixed in the past 15 years. Accumulated losses stand at US$(4.98) million as at 31 December 2020 (page 40 – Statements of changes in equity).

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

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(i) **Can the board/management help shareholders understand if the group has developed into a specialist in the niche of the provision of wafer testing services to the automotive devices industry?**

(ii) **How much of the group's revenue is related to the automotive industry?**

(iii) **What is the strategic vision for the group? How will the group look like in 10 years' time?**

(iv) **What guidance has the board given to management to ensure that growth does not come at the expense of profit and that the group achieves high-quality, profitable growth so as to deliver long term benefits to stakeholders?**

Q3. As shown in the corporate governance report, the board comprises four directors, two of whom are independent, one non-independent director and one executive director.

The board, with the concurrence of the nominating committee (NC), is of the view that the current board size and composition is adequate after considering the nature and scope of the group's operations and the number of board committees.

(i) **What is the basis that the board considers the current board size "adequate"? Has the NC evaluated the "optimal" board size and composition for an effective board that works with management for the long-term success of the company?**

(ii) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

The independent directors, namely Mr Geoffrey Yeoh Seng Huat and Mr Kenneth Tai, Chung-Hou have served on the board beyond 9 years from the date of their first appointment.

Taking into consideration the progressive refreshing of the board, the company is in the midst of identifying suitable candidates who possess the appropriate expertise and experience that best suit the needs of the company to fill the vacancy of the office of Mr Geoffrey Yeoh Seng Huat and Mr Kenneth Tai, Chung-Hou who will be stepping down from the board on or before 31 December 2021.

(iii) **Can the board/NC help shareholders recall if the company had appointed any other non-executive directors since 2007 when Mr Geoffrey Yeoh Seng Huat was appointed?**

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

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)