



Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Global Testing Corporation Limited

Stock code: AYN

Meeting details:

Date: 29 Apr 2024

Time: 10.00 a.m.

Venue: Sheraton Towers Singapore, Amethyst & Onyx Room, Level 3, 39 Scotts Road, Singapore 228230

Q1. According to the Semiconductor Industry Association, the global semiconductor industry sales totalled US\$526.8 billion in 2023, a decrease of 8.2% compared to the 2022 total of US\$574.1 billion, which was the industry’s highest-ever annual total.

Not surprisingly, the group’s lower revenue of US\$40.6 million, declining by 12.5% from US\$46.4 million across all the major markets served by the group.

net profit attributable to equity holders of the company declined by 69.7% to US\$3.4 million.

Furthermore, as there are currently no suitable investment opportunities, the directors have recommended the capital reduction to return excess cash to shareholders whilst maintaining sufficient flexibility to position itself to take advantage of business opportunities which may arise in the near or medium term.

- (i) **Can the board or chairman discuss the opportunities presented by the “CHIPS Act” and the “FABS Act” recently passed by the US government to boost domestic research and manufacturing of semiconductors in the United States?**
- (ii) **Did the board evaluate any investment opportunities in the United States and found them unsuitable or unattractive?**
- (iii) **Does the board anticipate a significant growth surge in the US semiconductor industry due to government policies, and is there a possibility of a new semiconductor manufacturing hub emerging in the US, co-existing alongside and compete with the existing hub in Taiwan?**
- (iv) **Are there exciting opportunities in the semiconductor/testing industry in China, particularly as the countries aims for self-sufficiency and seeks to climb up the semiconductor value chain to reduce dependence on imported high-end chips?**

Q2. The emergence of ChatGPT from OpenAI has catalyzed the development of a new technology ecosystem to bolster computing powers required by these large language models (LLMs). It is concerning that the key words such as “artificial intelligence” (or AI) did not make a single appearance in the annual report. Nor did terms like “data center”, GPU, etc.

It is understood that the group focuses on consumer electronics, communication devices and automotive.

- (i) **Is the group keeping up with developments in the semiconductor industry or has the group chosen to focus on niches where it has a competitive advantage, such as wafer testing services for automotive applications and for commercial applications?**
- (ii) **How severe is the risk of technology obsolescence or the group’s services being commoditised?**

The senior management team of the group comprises the acting CEO (Mr Hu I-Lung), the senior executive director (Mr Chen Tie-Min) and the VPs for Operations, Finance and Quality management (namely Mr Chiden Cheng, Mr George Wang, Tsai-Wei and Mr Warren Yu respectively).

- (iii) **What is the depth of the group’s leadership bench strength in core functions like operations, business development, project management, technology/R&D, sales, logistics and safety etc?**
- (iv) **How well-developed are the group’s succession plans for directors as well as senior executives?**

Q3. The asset portion of the group's balance sheet is shown below:

Statements of Financial Position

31 December 2023

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	10,996	17,783	30	400
Investments in financial assets	13	9,016	-	-	-
Trade receivables	14	7,524	8,027	-	-
Other receivables and prepayments	15	683	537	38	12
Total current assets		28,219	26,347	68	412
Non-current assets					
Investment in subsidiary	16	-	-	38,246	40,978
Property, plant and equipment	17	26,396	25,880	-	-
Other receivables and prepayments	15	773	490	-	-
Deferred tax assets	18	786	1,393	-	-
Total non-current assets		27,955	27,763	38,246	40,978
Total assets		56,174	54,110	38,314	41,390

(Source: company annual report)

The US\$9.02 million relates to time deposits that bear interest at a range of 0.35% to 5.4% per annum and for a tenor of approximately more than three months (Note 13 Investments in financial assets).

For the financial year ended 31 December 2023, the company proposed a capital reduction of S\$0.05 per share, totaling US\$1.3 million. The board acknowledges the need to have a more efficient capital structure and has proposed several capital reductions, along with dividends and share buybacks, which achieve this goal.

- (i) **What is the board's rationale to hold on to over US\$10 million in cash and cash equivalents, and to place US\$9 million in time deposits?**
- (ii) **Are the cash and time deposits mostly denominated in US dollars?**
- (iii) **As the board has determined that there are no suitable investment opportunities, did the board consider a one-time exercise to return most of the excess cash to shareholders?**

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



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