

**GLOBAL TESTING CORPORATION LIMITED**  
(Incorporated in Singapore)  
(Registration No. 200409582R)

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**CLARIFICATION TO THE RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS  
FROM SHAREHOLDERS IN RESPECT OF THE ANNUAL GENERAL MEETING TO BE  
HELD ON 29 APRIL 2022**

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The Board of Directors (the "**Board**") of Global Testing Corporation Limited ("**Global Testing**" or the "**Company**" or the "**Group**") refers to the announcement relating to the responses to substantial and relevant questions from shareholders in respect of the annual general meeting to be held on 29 April 2022 which was released on 24 April 2022 (Announcement Reference: SG220414MEETRXXS) and wishes to clarify the clerical errors set out under questions 4, 5 and 6 of **Annex A** in blue font. Save as disclosed, there were no other amendments made.

By order of the Board

Chen Tie-Min  
Senior Executive Director  
26 April 2022

## Annex A

### RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS IN RESPECT OF THE ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022

#### Question 4

<i>Questions from shareholders are reproduced below “as-is”.</i>	
<i>(i)</i>	<i>How much capital expenditure can we expect for the next financial year (approximately the same as FY 2021 or lower/higher)? Does the company encounter difficulty in purchasing new equipment due to the ongoing supply chain disruption and shortages in semiconductor chips? What proportion of the existing company’s testing equipment are on lease arrangement and how does the company decide to whether to lease them instead of purchasing new equipment?</i>
<i>(ii)</i>	<i>What was our utilization rate in FY2021 and do we need to expand our testing capacities in FY2022?</i>
<i>(iii)</i>	<i>Capex. The company is spending more on capex. What is the long term plan for the company in investing in PPE? What is the rate of recovery (to recoup) the investments in capex?</i>
<i>(iv)</i>	<i>At listing, you indicated your <del>utilisation</del> <del>recognized</del> rates, which fluctuated within a range of 40-80% roughly. Can you share what your <del>utilisation</del> <del>recognized</del> rates are for past 5 years?</i>
<i>(v)</i>	<i>Could you share the reasons for declining capex over the years? Is this driven by long lifespan PPE or by a shift towards a more asset-light model?</i>

- a. What was our ~~utilisation~~ ~~recognized~~ rate for the past five years?
- b. Do we need to expand our testing capacities in FY2022? How much capex can we expect for the next financial year; will it be approximately the same, higher or lower as compared to FY2021?
- c. Has the Company encountered difficulties in purchasing new equipment due to the ongoing supply chain disruptions? What is the Company’s long-term plan with regards to investing in property, plant and equipment (“PPE”) and what is the rate of return on such investments?
- d. What is the proportion of the Company’s equipment on lease arrangement?

#### Company’s response

The rate of utilisation for the Group remains healthy. It is not commonplace to disclose the ~~utilisation~~ ~~recognized~~ rate figures in the semiconductor testing industry.

The Company typically sets aside US\$5 million to US\$8 million for capital expenditure (“CAPEX”) requirements. The Group reviews its CAPEX requirements carefully on a quarterly basis and utilises the CAPEX budget prudently in order to meet the ongoing needs and demands of the Company, while taking into account any industry challenges. The Board and management work closely to review market demand and CAPEX requirements prudently to provide capacity with flexibility to meet our customer’s needs and deal with market demand fluctuations.

### **Question 5**

<i>Question from shareholder is reproduced below "as-is".</i>	
<i>(i)</i>	<i>Deferred Tax assets of 2m. Will there be a possibility of more to be <b>recognised</b> in future?</i>

*Regarding the deferred tax assets of US\$2m in FY2021, is there a possibility of more to be recognised in the future?*

### **Company's response**

The Group has recognised deferred tax assets (liabilities) of US\$2.0 million on the basis that the Group's performance has turned around in FY2021, ~~and Management expects the Group to continue generating sufficient taxable profits in the foreseeable future to utilise the tax losses.~~

Deferred tax assets may be recognised in the future as the Group continues to generate sufficient taxable profits.

### **Question 6**

<i>Questions from shareholders are reproduced below "as-is".</i>	
<i>(i)</i>	<i>There are very big players in the testing industry. What is our competitive edge? Is our relative limited size an issue?</i>
<i>(ii)</i>	<i>Referring to page 3 of AR, can the company elaborate a bit more on its strengths e.g. it stated that it is backed by its strong engineering capability. For e.g. isn't global testing using other brand's testing machines? How sustainable is its current testing business? Wouldn't Semicon players (e.g. like TSMC) invest in its own testing capability? Why should they outsource to Global testing?</i>
<i>(iii)</i>	<i>Besides King Yuan, Ardentec, Winstek, who do you see as your competitors?</i>

*Is there a possibility of other semiconductor players investing in its own testing capability? What is Global Testing's competitive advantage compared to peers? Is our relatively limited size an issue?*

### **Company's response**

The Group has a strong commitment to stringent quality controls. It has also built up close working relationships with its customers.

Over the years, the Group has focused its attention on widening its testing capabilities to areas such as security image sensors, as well as high and low temperature processes to leverage the growth in the automotive industry. The Group has been known in the testing industry for its capability in testing high-end IC/Wafers. In order to maintain its competitiveness in the industry, the Group has continued investing and widening its testing capabilities for automotive and commercial applications, in line with specifications provided by customers.

The Group is well-positioned to take on **large-scale** projects and pursue new business opportunities globally.