



Half Year Financial Statements for the Period Ended 30 June 2020

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Statement of profit or loss and other comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Note	Group		(1) Change
		1-Jan-20 to 30-Jun-20	1-Jan-19 to 30-Jun-19	
		US\$'000	US\$'000	%
Revenue		11,553	11,262	2.6
Cost of sales		(9,588)	(10,814)	(11.3)
Gross profit		1,965	448	NM
Other operating income		473	186	154.3
Distribution costs		(291)	(345)	(15.7)
Administration expenses		(1,090)	(1,085)	0.5
Other operating expenses		(480)	(746)	(35.7)
Profit/(Loss) from operations		577	(1,542)	NM
Finance costs		(109)	(146)	(25.3)
Profit/(Loss) before income tax		468	(1,688)	NM
Income tax benefit		-	154	NM
Net profit/(loss) for the period and total comprehensive loss attributable to equity holders of company	A	468	(1,534)	NM
Earnings/(Loss) per share attributable to equity holders of the Company (US cent)				
- Basic		1.33	(4.36)	NM
- Diluted		1.33	(4.36)	NM
A. Net profit/(loss) is arrived at after charging (crediting) :				
- Directors' remuneration		238	242	(1.7)
- Interest on borrowings		109	146	(25.3)
- Depreciation expense		4,047	4,545	(11.0)
- Gain on disposal of property, plant and equipment		-	(126)	NM
- Foreign currency exchange loss/(gain)		98	(10)	NM
- Interest income		(4)	(10)	(58.3)
- (Gain)/Loss on financial asset at fair value		(457)	20	NM
- Allowance for doubtful debts		20	67	(70.1)
- Impairment of property, plant and equipment		-	262	NM

NM - Not meaningful



1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Note	US\$'000	US\$'000	US\$'000	US\$'000
Current Assets				
Cash	3,481	3,580	367	451
Trade receivables	4,647	4,502	-	-
Other receivables and prepayments	360	403	33	36
Total current assets	8,488	8,485	400	487
Non-current Assets				
Investment in subsidiaries	-	-	28,754	29,132
Property, plant and equipment	27,407	27,888	-	-
Financial asset at fair value through profit or loss	950	493	950	493
Other receivables and prepayments	428	425	-	-
Total non-current assets	28,785	28,806	29,704	29,625
Total Assets	37,273	37,291	30,104	30,112
Current Liabilities				
Trade payables	626	963	-	-
Other payables	4,726	5,742	4,129	3,860
Lease liabilities	2,024	1,325	-	-
Total current liabilities	7,376	8,030	4,129	3,860
Non-current Liabilities				
Lease liabilities	721	553	-	-
Deferred tax liabilities	4	4	-	-
Total non-current liabilities	725	557	-	-
Capital and Reserves				
Share capital	33,644	33,644	33,644	33,644
Legal reserve	1,194	1,194	-	-
Merger reserve	(764)	(764)	-	-
Contributed surplus	-	-	2,295	2,295
Accumulated losses	(4,902)	(5,370)	(9,964)	(9,687)
Net shareholders' equity	29,172	28,704	25,975	26,252
Total Liabilities and Shareholders' Equity	37,273	37,291	30,104	30,112



1 (b) (ii) Aggregate amount of group's borrowing and debt securities

	Group	Group
	30-Jun-20	31-Dec-19
	US\$'000	US\$'000
<u>Lease liabilities - secured</u>		
Amount repayable in one year or less, or on demand	2,024	1,325
Amount repayable after one year	721	553
	<u>2,745</u>	<u>1,878</u>

Details of loans, borrowings and collateral

The Group obtained rights of use for certain plant and equipment under lease arrangements amounting to US\$1,800,000 during the financial period ended 30 June 2020.

The average lease term of the Group's plant and equipment is 2.6 years and all leases are on a fixed repayment basis and some with purchase options.

The carrying amount of rights of use assets as at 30 June 2020 amounted to US\$3,341,000 and are included in the line item of Property, plant and equipment.

Outstanding capital commitment as at 30 June 2020 is US\$137,000.

The Group had a five-year syndication loan facility agreement for NT\$900 million secured against certain property, plant and equipment from a consortium of banks entered in June 2015 which will expire on September 2020 and a short-term unsecured bank loan facility of US\$6,750,000 expiring in November 2020. As at 30 June 2020, the Group has available credit facility of US\$37,125,000 (31 Dec 2019: US\$36,491,000). The Group has drawn down and repaid US\$3,993,000 from the short-term facility during the financial period ended 30 June 2020.

The Group has obtained the following facilities from Shin Kong Bank in July 2020.

- (i) A revolving short-term credit facility of up to NTD300 million (Equivalent to USD10 million) for a tenure of 12-month; and
- (ii) A long-term credit facility of up to NTD350 million (Equivalent to USD11.6 million) for a tenure of 36-month.

The Bank facilities are secured against certain property and plant of the Group.



1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Note	Group 1-Jan-20 to 30-Jun-20 US\$'000	Group 1-Jan-19 to 30-Jun-19 US\$'000
Operating activities			
Profit/(Loss) before income tax		468	(1,688)
Adjustments for :			
Depreciation expense		4,047	4,545
Impairment of property, plant and equipment		-	262
Interest income		(4)	(10)
Interest expense		109	146
Gain on disposal of property, plant and equipment		-	(126)
Net (gain)/loss on financial asset at fair value through profit or loss		(457)	20
Operating profit before working capital changes		4,163	3,149
Trade receivables		(145)	721
Other receivables and prepayments		40	308
Trade payables		(337)	(550)
Other payables		(600)	(672)
Cash generated from operations		3,121	2,956
Interest received		4	10
Net cash generated from operating activities		3,125	2,966
Investing activities			
Proceeds from disposal of property, plant and equipment		-	126
Capital distribution from financial asset at fair value through profit or loss		-	107
Purchase of property, plant and equipment	A	(2,182)	(1,219)
Net cash used in investing activities		(2,182)	(986)
Financing activities			
Proceeds from bank loans		3,993	-
Repayment of bank loans		(3,993)	-
Repayment of lease liabilities		(933)	(1,041)
Interest paid		(109)	(146)
Cash distribution from capital reduction		-	(2,557)
Net cash used in financing activities		(1,042)	(3,744)
Net decrease in cash		(99)	(1,764)
Cash at the beginning of the period		3,580	5,038
Cash at the end of the period		3,481	3,274



Note

A. Property, plant and equipment

During the period, the information relating to the Group's acquisition of property, plant and equipment is as follows:

	1-Jan-20 to 30-Jun-20	1-Jan-19 to 30-Jun-19
	US\$'000	US\$'000
Total acquisition of property, plant and equipment	1,766	981
Add: Other payables at beginning of period	733	852
Less: Other payables at end of period	(317)	(614)
Cash paid	<u>2,182</u>	<u>1,219</u>



1(d)(i)A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group	Note	Share capital	Legal reserve	Merger reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2019		36,201	1,194	(764)	(2,069)	34,562
Loss for the period, representing total comprehensive loss for the period		-	-	-	(1,534)	(1,534)
Transactions with owners, recognised directly in equity						
Capital Reduction		(2,557)	-	-	-	(2,557)
Balance at 30 Jun 2019		33,644	1,194	(764)	(3,603)	30,471
Balance at 1 Jan 2020		33,644	1,194	(764)	(5,370)	28,704
Profit for the period, representing total comprehensive loss for the period		-	-	-	468	468
Balance at 30 Jun 2020		33,644	1,194	(764)	(4,902)	29,172

Company	Note	Share capital	Contributed surplus	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2019		36,201	2,295	(5,265)	33,231
Loss for the period, representing total comprehensive loss for the period		-	-	(3,379)	(3,379)
Transactions with owners, recognised directly in equity					
Capital Reduction		(2,557)	-	-	(2,557)
Balance at 30 Jun 2019		33,644	2,295	(8,644)	27,295
Balance at 1 Jan 2020		33,644	2,295	(9,687)	26,252
Loss for the period, representing total comprehensive loss for the period		-	-	(277)	(277)
Balance at 30 Jun 2020		33,644	2,295	(9,964)	25,975



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital	Year-to-date	
	30-Jun-20	30-Jun-19
Balance at beginning of period	35,204	35,204
Cancellation during the period	-	-
Balance at end of period	35,204	35,204

The Company undertook a capital reduction and cash distribution pursuant to Section 78C of the Companies Act and the shareholders' approval at the annual general meeting held on 30 April 2019.

The Company made payment to the shareholders of S\$0.1 per share for the cash distribution pursuant to the capital reduction. The sum of US\$2,556,545 (S\$3,520,363) was distributed to shareholders on 30 June 2019.

The capital reduction reduced the issued and paid-up share capital of the Company by US\$2,556,545 (S\$3,520,363) from US\$36,325,634 (S\$42,611,838) to US\$33,769,089 (S\$39,091,475).

In the current period, the Company has no movement in share capital in 1HFY2020.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at the end of the current financial period is 35,203,627 (31 December 2019 : 35,203,627) shares.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period.



1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Please see attached review report.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The interim condensed financial information set out in Sections 1,4,5,6,7,8,11,12 and 16 for the 6-month period ended 30 June 2020 are prepared in accordance with SFRS(I)1-34 Interim Financial Reporting. This interim report should be read in conjunction with the most recent audited Annual Financial Statements for year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

There are no changes to the Group's accounting policies and the adoption of the new or revised FRS and Interpretations that become effective in the financial period beginning on or after 1 January 2020 has no material impact on the Group's consolidated condensed interim financial information.



- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	Group	
	1- Jan-20 to 30-Jun-20	1- Jan-19 to 30-Jun-19
On a basic and fully diluted basis (US cents per share)	1.33	(4.36)
- Weighted average number of shares ('000)	35,204	35,204

The diluted earnings/(loss) per share is the same as basic (loss)/earnings per share as there is no potential dilutive ordinary shares.

- 7 Net asset value (for the issuer and Group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of (a) the current financial period reported on and (b) immediately preceding financial year.**

	30-Jun-20	30-Jun-19
Net asset value per share (US dollars)		
-The Group	0.83	0.87
-The Company	0.74	0.78

Net asset value per ordinary share is calculated based on the share capital of 35,203,627 (31 December 2019 : 35,203,627) ordinary shares outstanding excluding treasury share as at the end of the relevant financial period.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Operating Results

Cost of sales

Cost of sales for the current half year period decreased by 11.3% to US\$9.6 million, compared to US\$10.8 million in the corresponding half year period of 2019, mainly due to the decrease in depreciation expense and the prudent control of expenses.

Other operating income

Other operating income for the current half year period increased by 154.3% to US\$0.5 million, compared to US\$0.2 million in the corresponding half year period of 2019, mainly due to the gain on financial asset at fair value recognized in 2020.



Other operating expenses

Other operating expenses for the current half year period decreased by 35.7% to US\$0.5 million, compared to US\$0.7 million in the corresponding half year period of 2019, mainly due to the impairment of property, plant and equipment recognised in 2019.

Financial position of the Group

Property, plant and equipment

Property, plant and equipment decreased by 1.7% to US\$27.4 million as at 30 June 2020, compared to US\$27.9 million as at 31 December 2019, mainly due to depreciation expense charged during the period which was partially offset by additions of property, plant and equipment during the period.

Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss increased by 92.7% to US\$1.0 million as at 30 June 2020, compared to US\$0.5 million as at 31 December 2019, mainly due to the fair value gain of the investment in Greater China Growth fund.

Trade payables

Trade payables decreased by 35% to US\$0.6 million as at 30 June 2020, compared to US\$1.0 million as at 31 December 2019, mainly due to the decrease of raw material purchases during the period.

Other payables

Other payables decreased by 17.7% to US\$4.7 million as at 30 June 2020, compared to US\$5.7 million as at 31 December 2019, mainly due to the provision of year-end bonus being paid in January 2020.

Lease liabilities current and non-current

Lease liabilities current and non-current increased by 46.2% to US\$2.7 million as at 30 June 2020, compared to US\$1.9 million as at 31 December 2019, mainly due to more lease arrangements entered for plant and equipment to meet the demands from customers' orders in 1H2020.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.



10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The COVID-19 pandemic has disrupted the global economy severely, and there are growing concerns that successive waves of infections might derail the global economy. Aside from the COVID-19 pandemic, the global economy has also been impacted by geopolitical tensions, fiscal and monetary policies taken by governments, with major economies moving into recessionary territory. Hence there is a possibility of a negative impact on the Group's profitability for the 2nd half 2020.

GTC's core business remains in the testing of automotive applications and mixed signals, logic and contact image sensors. The Group remains vigilant of the ever-shifting macro-economic landscape, and is actively taking steps to control costs. These include reducing labour costs by adjusting work hours and minimising overtime costs. As the COVID-19 situation remains uncertain, the Group remains focused in deepening its business relationships with its customers during this period.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current reporting period.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlement to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividends have been paid, declared or recommended since the end of the Company's preceding financial year as the Company is in an accumulated losses position.



- 13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders. The Company and its subsidiary did not enter into any IPT during the financial period ended 30 June 2020.

- 14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for 6-months ended 30 June 2020 of the Company and of the Group to be false or misleading, in any material aspect.

- 15. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertaking from all its directors and executive officers as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

- 16. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

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.

As there is only one principal operating segment, the information regarding its revenues and results, assets and other information is represented by the financial statements as a whole.

Geographical information

The Group's operations and its assets are located mainly in Taiwan, Republic of China. Its key customers are located mainly in Taiwan, Republic of China, the 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 by geographical region based on customers

	1 Jan 2020 to 30 Jun 2020		1 Jan 2019 to 30 Jun 2019	
	US\$'000	%	US\$'000	%
Asia	9,203	79.7	7,678	68.2
North America	2,279	19.7	3,568	31.7
Others	71	0.6	16	0.1
	<u>11,553</u>	<u>100.0</u>	<u>11,262</u>	<u>100.0</u>



Non-current assets by geographical location

	30-Jun-20	31-Dec-19
	US\$'000	US\$'000
Taiwan	<u>27,471</u>	<u>27,952</u>

BY ORDER OF THE BOARD

Chen Tie-Min
Senior Executive Director
14 August 2020