

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200409582R)

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- (1) **THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION**
(2) **THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY**
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1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of Global Testing Corporation Limited (the “**Company**”, and together with its subsidiaries the “**Group**”) wishes to announce that the Company intends to:

- (a) undertake a capital reduction exercise (the “**Capital Reduction**”) to return to Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution (the “**Cash Distribution**”) by the Company to Shareholders of S\$0.05 for each Share held by the Shareholders; and
- (b) adopt a new constitution (“**New Constitution**”) in place of the existing constitution of the Company (“**Existing Constitution**”) (the “**Proposed Adoption of the New Constitution**”),

(collectively, the “**Proposals**”).

The books of the Company will be closed at a record date (the “**Cash Distribution Record Date**”) to be determined by the Board to determine the entitlement of the Shareholders to the payment of the proposed Cash Distribution.

It is intended for the resolutions relating to the Proposals to be tabled at an extraordinary general meeting (“**EGM**”).

2. PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Details of the Capital Reduction and Cash Distribution

The Company proposes to undertake the Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore (“**Companies Act**”).

In connection with the Capital Reduction, the Company intends to make a Cash Distribution to Shareholders of S\$0.05 for each Share held as at the Cash Distribution Record Date.

The Capital Reduction and Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$1,774,231.35 from S\$35,243,406.65 (as at the date of this announcement) to S\$33,499,175.3; and

- (b) the Cash Distribution of the sum of approximately S\$1,744,231 (equal to S\$0.05 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company of S\$35,243,406.65 comprising 34,884,627 Shares (which excludes treasury shares) as at the date of this announcement, will be paid out to the Shareholders.

The Cash Distribution amount of approximately S\$1,744,231 comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

2.2 Rationale of the Capital Reduction and Cash Distribution

The Directors are of the view that the Capital Reduction is in the best interests of the Company as the Cash Distribution comprises the issued and paid-up capital in excess of the immediate requirements of the Company. The Capital Reduction and Cash Distribution, if effected, would result in the Company having a more efficient capital structure. In determining the level of capital to be returned to the Shareholders, the Company has ensured that it retains sufficient capital for its business and operational needs.

2.3 Financial Effects

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2023 (“FY2023”), the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are set out below.

The pro forma financial effects are calculated based on the assumptions that:

- (i) the Capital Reduction and Cash Distribution were completed on 31 December 2023;
- (ii) the cash required for distribution will be generated through liquid cash resources on hand; and
- (iii) the estimated transaction costs of approximately S\$40,000 have been taken into account in the computation of the financial effects.

(a) Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the share capital of the Company for FY2023 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Number of issued Shares	34,911,827	34,911,827
Number of issued Shares (excluding treasury shares) ⁽¹⁾	34,884,627	34,884,627

Amount of share capital (S\$)	35,243,406.65	33,499,175.3

Note:

(1) As at the date of this announcement, 27,200 Shares are being held as treasury shares.

(b) Earnings per Share (“EPS”)

The Capital Reduction and Cash Distribution will have no impact on the EPS of the Company.

(c) Net Asset Value (“NAV”)

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company for FY2023 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Net asset (US\$'000)	33,532	32,210
Number of issued Shares	34,911,827	34,911,827
NAV per Share (US dollars)	0.96	0.92

(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2023 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Total borrowings (US\$'000)	0	0
Net assets (US\$'000)	33,532	32,210
Gearing (%)	0	0

(e) Return on Equity

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company for FY2023 are as follows:

	Before the Capital Reduction	After the Capital Reduction
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Profit attributable to Shareholders (US\$'000)	-680	-680
Return on Equity (%)	-2.03	-2.11

2.4 Approvals and Conditions

The Capital Reduction and Cash Distribution is subject to, *inter alia*, the following:

- (a) the Directors making the solvency statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act ("**Solvency Statements**");
- (b) Shareholders' approval by way of a special resolution of the Capital Reduction at the EGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the EGM, of which not less than twenty-one (21) days' notice of the EGM shall have been given
- (c) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (d) lodgement with Accounting and Corporate Regulatory Authority ("**ACRA**") copies of the Solvency Statements and the Capital Reduction resolution, within fifteen (15) days beginning with the date of the Capital Reduction resolution;
- (e) no application being made for the cancellation of the Capital Reduction resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (f) lodgement of the following documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction resolution:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) of the Companies Act have been complied with, and that no application for cancellation of the resolution has been made; and
 - (ii) a notice containing information in relation to the Capital Reduction specified under the Companies Act.

3. PROPOSED ADOPTION OF THE NEW CONSTITUTION

The Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017, were passed in Parliament on 8 October 2014 and 10 March 2017 respectively, and introduced wide-ranging amendments to the Companies Act 1967 (the "**Companies Act**") previously in force, which were aimed at, *inter alia*, reducing the regulatory burden on companies, provide for greater

business flexibility and improve the corporate governance landscape for companies in Singapore.

Instead of making alterations throughout the Existing Constitution in order to update and streamline its provisions generally and to be in line with the changes to the regulatory framework, the Company intends to adopt the New Constitution in place of the Existing Constitution. The proposed New Constitution will also contain updated provisions which are consistent with the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), in compliance with Rule 730(2) of the listing manual of the SGX-ST, and include provisions which address the personal data protection regime in Singapore and streamlines and rationalizes certain other provisions

The Proposed Adoption of the New Constitution is subject to Shareholders’ approval by way of special resolution at the EGM.

4. CIRCULAR TO SHAREHOLDERS

A Circular, containing further details of the Proposals, shall be despatched to the Shareholders in due course.

5. INTERESTS OF THE DIRECTORS OR CONTROLLING SHAREHOLDERS OF THE COMPANY

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposals (other than through their shareholdings, if any, in the Company).

6. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm, after making all reasonable enquiries and to the best of their knowledge and belief, that the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make any statement in this announcement misleading.

By Order of the Board

CHEN TIE-MIN
Senior Executive Director

26 February 2024