

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200409582R)

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

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 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\$0.10 for each Share held by the Shareholders.

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 Capital Reduction and Cash Distribution to be tabled at an extraordinary general meeting (“**EGM**”).

2. 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\$0.10 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\$3,491,182.70 from S\$39,091,475.49 (as at the date of this announcement) to S\$35,600,292.79; and
- (b) the Cash Distribution of the sum of approximately S\$3,491,182.70 (equal to S\$0.10 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company of S\$39,091,475.49 comprising 34,911,827 Shares (which excludes treasury shares) as at the date of this announcement, will be paid out to the Shareholders.

The Cash Distribution amount of S\$3,491,182.70 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 2022 (“FY2022”), 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 2022;
- (ii) the cash required for distribution will be generated through liquid cash resources on hand; and
- (iii) the estimated transaction costs of approximately S\$50,000 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 FY2022 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Number of issued Shares	35,203,627	35,203,627
Number of issued Shares (excluding treasury shares) ⁽¹⁾	34,911,827	34,911,827
Amount of share capital (S\$)	39,091,475.49	35,600,292.79

Note:

- (1) As at the date of this announcement, 291,800 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 FY2022 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Net asset (US\$'000)	36,806	34,148
Number of issued Shares	35,203,627	35,203,627
NAV per Share (US dollars)	1.05	0.97

(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2022 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Total borrowings (US\$'000)	0	0
Net assets (US\$'000)	36,806	34,148
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 FY2022 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Profit attributable to Shareholders (US\$'000)	-630	-630
Return on Equity (%)	-1.71	-1.84

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) lodgment 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) lodgment 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. CIRCULAR TO SHAREHOLDERS

A Circular, containing further details of the Capital Reduction and Cash Distribution, shall be despatched to the Shareholders in due course.

4. 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 Capital Reduction and Cash Distribution (other than through their shareholdings, if any, in the Company).

5. 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

23 February 2023