

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200409582R)

**(I) THE PROPOSED DIVIDEND; AND
(II) THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION.**

1. INTRODUCTION

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

- (a) the proposed declaration of a dividend of S\$0.10 per ordinary share of the Company (“**Share**”) for the financial period ended 31 March 2016 (the “**Dividend**”); and
- (b) 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 books closure date (the “**Books Closure Date**”) to be determined by the Board to determine the entitlements of the Shareholders to (i) the payment of the proposed Dividend, and (ii) the payment of the proposed Cash Distribution.

The Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval of the Shareholders for (i) the Dividend and (ii) the Capital Reduction and Cash Distribution.

2. THE PROPOSED DECLARATION OF A DIVIDEND OF S\$0.10 PER ORDINARY SHARE FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

The Directors propose to seek approval from the Shareholders for declaring a dividend of approximately S\$3,535,802.70 (equal to S\$0.10 per Share (excluding treasury shares) to Shareholders), based on the issued and paid-up share capital of the Company comprising 35,358,027 Shares (excluding treasury shares) as at the date of this announcement.

Accordingly, an ordinary resolution will be proposed at the EGM to consider and, if thought fit, to approve the proposed declaration of the Dividend for the financial period ended 31 March 2016.

The Shareholders’ entitlements to the Dividend will be based on the issued and paid-up share capital of the Company as at the Books Closure Date.

3. CAPITAL REDUCTION AND CASH DISTRIBUTION

3.1 Details of the Capital Reduction and Cash Distribution

At the Annual General Meeting of the Company held on 29 April 2015, the Shareholders had approved a capital reduction and cash distribution pursuant to Section 78C of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) to (i) write off accumulated losses of the Company amounting to S\$39,174,840 as at 31 December 2014 and (ii) return to the Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution by the Company of S\$0.075 for each Share held by the Shareholders (the “**2015 Capital Reduction**”).

Following the 2015 Capital Reduction, the Company is proposing to undertake a further proposed Capital Reduction pursuant to Section 78C of the 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 Books Closure 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\$3,535,802.70 from S\$53,724,836.61 (as at the date of this announcement) to S\$50,189,033.91; and
- (b) the Cash Distribution of the sum of approximately S\$3,535,802.70 (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\$53,724,836.61 comprising 35,358,027 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\$3,535,802.70 comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

3.2 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, thereby also improving Shareholders’ return on equity. 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.

3.3 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 2015 (“**FY2015**”), 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 2015;
- (ii) the cash required for distribution will be generated through liquid cash resources on hand; and
- (iii) the estimated transaction costs of approximately S\$55,000 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 FY2015 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Number of issued Shares	35,358,027	35,358,027
Number of issued Shares (excluding treasury shares) ⁽¹⁾	35,358,027	35,358,027
Amount of share capital (S\$)	53,724,836.61	50,189,033.91

Note:

- (1) As at the date of this announcement, the Company does not have any 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 FY2015 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Net asset (US\$'000)	50,570	47,939
Number of issued Shares	35,358,027	35,358,027

NAV per Share (US dollars)	1.43	1.36
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(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2015 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Total borrowings (US\$'000)	0	0
Net assets (US\$'000)	50,570	47,939
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 FY2015 are as follows:

	Before the Capital Reduction	After the Capital Reduction
Profit attributable to Shareholders (US\$'000)	3,958	3,958
Return on Equity (%)	7.83	8.26

3.3 Approvals and Conditions

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

- (a) the approval of the Shareholders by way of a special resolution at the EGM;
- (b) the Board making a solvency statement in relation to the reduction of the share capital of the Company and compliance with other relevant solvency requirements as required by the Companies Act ("**Solvency Statements**");
- (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 relevant 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.

4. CIRCULAR TO SHAREHOLDERS

A circular to Shareholders containing further details of the (i) the Dividend and (ii) the Capital Reduction and Cash Distribution, and enclosing the notice of EGM in connection therewith, 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 (i) the Dividend and (ii) the Capital Reduction and Cash Distribution (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

HENG-CHUN HO
Chief Executive Officer and Executive Director

3 June 2016