

GLOBAL TESTING CORPORATION LIMITED

(Incorporated in Singapore)
(Registration No. 200409582R)

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS
IN RESPECT OF THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL
MEETING TO BE HELD ON 26 APRIL 2023**

The Board of Directors (the "**Board**") of Global Testing Corporation Limited ("**Global Testing**" or the "**Company**" or the "**Group**") refers to:

- (a) the annual report of the Company for the financial year ended 31 December 2022 (the "**Annual Report**");
- (b) the notice of annual general meeting ("**AGM**") issued on 4 April 2023 informing shareholders that the Company's AGM will be convened and held by way of electronic means on Wednesday, 26 April 2023 at 10.00 a.m.;
- (c) the notice of extraordinary general meeting ("**EGM**") issued on 4 April 2023 informing shareholders that the Company's EGM will be convened and held by way of electronic means on Wednesday, 26 April 2023 at 10.30 a.m. (or as soon as practicable following the conclusion or adjournment of the Company's AGM to be held on the same day); and
- (d) the circular to shareholders of the Company dated 4 April 2023 (the "**Circular**").

The Board and Management would like to thank the shareholders of the Company ("**Shareholders**") for submitting their questions in advance of the AGM and EGM. As there is overlapping of questions received from Shareholders, the Company has grouped similar questions together and will not be providing responses to every question received.

Please refer to **Annex A** for the Board and Management's responses to the substantial and relevant questions received from Shareholders.

By order of the Board

Chen, Tie-Min
Senior Executive Director
20 April 2023

Annex A

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS IN RESPECT OF THE ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 26 APRIL 2023

Question 1

<i>Questions from shareholders are reproduced below "as-is".</i>	
(i)	<i>What's the reason for returning cash to shareholders via capital reduction instead of through dividend?</i>
(ii)	<i>I would like to thank management for another year of generous cash pay-out. However, GTC is returning a lower 10c to shareholders through capital reduction compared to a 20c dividend last year. Has management decided to conserve more cash for future growth or for rainy days?"</i>

Company's response

The Directors are of the view that the Capital Reduction (as defined in the Circular to Shareholders in relation to the proposed Capital Reduction and Cash Distribution dated 4 April 2023 ("Circular")) is in the best interests of the Company as the Cash Distribution (as defined in the Circular) comprises the 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.

Further, the Directors had explored various investment opportunities for the Company, but as there are currently no such suitable investment opportunities for the Company, the Directors have recommended the Capital Reduction to return cash in excess of its immediate requirements to the Shareholders whilst maintaining sufficient flexibility to position itself to take advantage of business opportunities which may arise in the near or medium term and to adequately cater for its growth and investment needs. The Company will continue to review any suitable investment opportunities which may arise from time to time. As and when any such suitable investment opportunities arise, the Company will fund such new investments by way of internal resources, or if required, by external sources of funding, such as through the proceeds from equity and/or debt financing.

Nonetheless, the Company will continue to focus on its cash flow and continue to maximise shareholder's value.

Question 2

<i>Questions from shareholders are reproduced below “as-is”.</i>	
<i>(i)</i>	<i>What's the business impact arising from current US-China tech decoupling? Any need to increase capex, like setting up new plant, as a result?</i>
<i>(ii)</i>	<i>With the ongoing export controls by USA and trade friction between the two countries, how has this impact the Group business prospects in China and USA?</i>

Company's response

There is minimal impact on the Group's business operations as it has a wide customer base globally and does not rely on a particular geographical region for the contribution of a substantial proportion of revenue. The Group will continue to put in efforts to reduce the impact of ongoing export controls and trade friction.

On the capital expenditure (“CAPEX”) front, the Board and Management will continue to plan the CAPEX and expansion of the Group cautiously. The Group will also continue to grow its customer base to further minimise the business impact.

Question 3

<i>Questions from shareholders are reproduced below “as-is”.</i>	
<i>(i)</i>	<i>With the global Semiconductor industry currently facing a slowdown, has the testing prices adjusted downwards due to lower demand?</i>
<i>(ii)</i>	<i>On page 3 of AR, GTC expects to see some rebalancing in terms of revenue contribution from its consumer and commercial segments in FY2023. Is this part of the Group strategy to secure more businesses from the commercial segment instead of the consumer segments?</i>

Company's response

The adjustment in testing price is always ongoing as the testing price will fluctuate based on the current market condition. It has always been part of the Group's strategy to adjust its revenue contribution from both the consumer and commercial segments to reduce the impact of demand and price fluctuations.

Question 4

<i>Questions from shareholders are reproduced below “as-is”.</i>	
<i>(i)</i>	<i>On page 81 of AR, customer A contributed about 31% of total revenue. Should we be concerned about the high concentration of revenue from this particular customer?</i>

Company's response

The Group is not overly concerned that its top customer contributes 31% of its total revenue as it has a diversified base of customers globally. Furthermore, the Group has a healthy order book from diverse global customers that are well-supported by the Group.