GDS Global Limited

Emerging Stronger and Striving Forward

ANNUAL REPORT
2022

Contents

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.*

The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Corporate Profile

A leading specialist provider of commercial and industrial door and shutter solutions in Singapore and the South East Asia region.

Established in 1982, GDS Global Limited (the "**Company**" or "**GDS**" and together with its subsidiaries, the "**Group**") is a leading specialist provider of commercial and industrial door and shutter solutions in Singapore and the South East Asia region.

Backed by its strong technical expertise, proprietary know-how and technology-based solutions, the Group's extensive range of door and shutter systems can be tailored to the specific needs and requirements of its customers. The Group's products include door systems, fire-rated shutter systems and doors for special applications which are widely used across a broad spectrum of industries such as manufacturing, retail, food processing, hospitality, health, education, aerospace, security and defence.

Underscoring its technology-driven edge, GDS is the first Singapore manufacturer which can offer steel insulated fire shutters with an insulation value of up to 240 minutes and also UL[1] and FM[2] listed fire shutters.

The Group also provides service and maintenance works for the products supplied or installed by the Group or third parties, and sale of production components.

GDS is headquartered in Singapore where it operates one of the largest manufacturing facilities amongst industry players, spanning an area of approximately 7,797 square metres.

In 2013, GDS became a public-listed company on the Catalist board of the Singapore Exchange Securities Trading Limited (Stock code: 5VP).

Please visit www.gdsglobal.com.sg for more information.

1 *UL LLC (Underwriters Laboratories), a global independent safety science company offering expertise including, inter alia product safety and verification services.*

2 *FM Approval, a division of Factory Mutual Insurance Company, which provides third party certification of property loss prevention products and services.*

Business Overview

DOOR SYSTEMS

We manufacture and supply an extensive range of door and shutter systems that can be tailored to our customers' specific needs and requirements. These systems, which comprise our own proprietary products as well as third party products, include:

Blast Shutter

- Blast Mitigating Shutter
- Blast Resistant Shutter

Commercial Door Systems

- Alfresco Steel Roller Shutters
- Continuous Sheet Roller Door
- Crystal Aluminium Shutters
- CrystalClear Transparent Shutter
- Premium Aluminium Roller Grille
- Security Shutters
- *Butzbach* Glass Stacking Door

Fire-rated Shutter Systems

We manufacture and supply a range of proprietary fire-rated shutter systems, which are able to serve as effective barriers against fire in the event of a fire, while doubling as security shutters during normal circumstances. Our fire-rated shutter systems are tested against a set of stringent criteria set by various regulatory authorities in recognised test laboratories and accorded a performance rating for fire insulation and integrity. The range of fire-rated shutter systems which we offer includes:

- Non-insulated Fire Shutter
- Thermally-insulated Fire Shutter
- Fire insulated Roller Shutter
- Fire insulated Panel Shutter

Garage Door Systems

- Various types of garage door systems such as sectional garage doors, roller doors and *Renlita* tilt-up doors, for use in private homes.

Hangar Door Systems

- *Butzbach* Sliding Hangar Door
- *Gliderol* GIANT Series Hangar Door

Industrial Door Systems

- Continuous Sheet Roller Door
- Heavy Duty Roller Shutter
- Insulated Roller Shutter
- GIANT Series Extra-large Roller Shutters
- Louvred Roller Shutters
- High Security Roller Shutter
- Sectional Overhead Door
- *Renlita* Bi-folding Door
- *Butzbach* Stacking Door

Storm Shutter

- High Wind Pressure-Resistant Shutter

Special Applications

- *Butzbach* NOVOSPRINT High Speed Traffic Door
- *Gliderol* Swift High Speed Roll-up Traffic Door
- *Gliderol* Horizontally Coiling Hatch
- *Gliderol* Fall Arrestor
- *Won-Door* DuraSound Acoustic Accordion Door
- *Won-Door* FireGuard Fire-rated Accordion Door

NON DOOR SYSTEM

Through its majority-owned subsidiary, Grimm Industries Pte. Ltd., the Group also trades and designs production components that include engineering and machinery tools, hardware, industrial metal parts and fixtures.

SERVICES

Service and Maintenance Works

Our maintenance services are offered on a renewable fixed term service contract basis as well as on an ad hoc basis.

- Preventive and general maintenance
- Repair, replacement and overhaul of faulty components
- Safety checks

Chairman's Message to Shareholders

Dear Shareholders,

On behalf of the Board of Directors of GDS Global Limited ("**GDS**"), I am pleased to present to you our annual report for the financial year ended 30 September 2022 ("**FY2022**").

The last few years have been a challenging period for GDS. Our business plans and activities were disrupted as restrictions were implemented to contain the spread of the COVID-19 pandemic. But since the start of 2022, Singapore has eased most of its COVID-19 restrictions, including the full reopening of its borders. Many other countries too, have done the same. That has allowed us to resume operations to near pre-pandemic levels.

I am also happy to share that we achieved important milestones in 2022 for the two novel products that we had previously identified as future growth drivers for the Group, namely the Blast Mitigating Roller Shutter Door ("**Blast Shutter**") and Storm Shutter.

The Blast Shutter is the first ever blast mitigating roller shutter door and a game changer for the explosion and thermal hazards industry. It was blast-tested to be capable of withstanding a blast load with peak pressure of 75 kPA and peak impulse of 1050 kPa-ms. We developed the blast shutter in consultation with US-based ABS Consulting, combining our unique design specifications with their global blast mitigation expertise. After three years of intensive R&D culminating in the final blast testing in March 2022, the product was launched to the market recently. Currently, we have registered patent applications in 13 jurisdictions and have already obtained grants in five of them. This patent will also cover our Storm Shutter design.

Market reception has so far been encouraging as we have already made our first sales to a customer on Jurong Island in Singapore. Our Blast Shutter stands out as it can withstand a vapour cloud explosion arising from an accidental release of flammable materials, which often occurs in oil and gas facilities. By comparison, conventional roller shutters can become hazardous debris in a blast situation. Given this distinct feature, we have received interest from oil and gas companies in the US and Canada for our product, and continue to be in discussions with them.

As for the Storm Shutter, its unique design had been tested to be capable of withstanding wind speeds in excess of 200 km/hour, equivalent to a Category 3 Hurricane. With storms becoming more prevalent and intense from global warming, we are optimistic about the applications of the Storm Shutter. We believe this Storm Shutter will place GDS in a much stronger position in the industrial, commercial and residential door segments in countries that are prone to storms.

Operationally, our productivity levels at our production floor rose in FY2022. This was supported by an adequate migrant work force, which remained stable and intact during the year, and as well as improvement of certain workflow processes which can increase the number of units of door fabricated per day.

LOOKING BACK AT FY2022

Indeed, while the easing of COVID-19 restrictions in 2022 has brought much relief, the recovery has been uneven. In particular, the construction industry which our business is closely tied to – has not recovered as quickly as expected given the persistent shortages in labour. Exacerbating matters, the Russian-Ukraine war has disrupted supply chains globally and driven up the prices of energy, freight and raw materials. The resulting inflation has forced central banks around the world to aggressively tighten monetary policy, leading to fears of a global recession.

Against this backdrop, our revenue grew 5.2% from S$12.99 million in the previous financial year ended 30 September 2021 ("**FY2021**") to S$13.66 million in FY2022. The increase in revenue came on the back of higher revenue from trading of production components and provision of service and maintenance work despite a decrease in sales of doors and shutter systems.

At the bottom-line, despite the step-off of COVID-19 related government grants and relief, the Group's loss for the year was flat at S$1.68 million in FY2022, as compared to a loss of S$1.60 million in FY2021. Our financial position also remained sound with cash and cash equivalents of S$7.2 million as at 30 September 2022, compared to S$8.8 million as at 30 September 2021.

PLANS AND PROSPECTS AHEAD

Going forward, we expect the operating environment to remain challenging for GDS given the macroeconomic headwinds. Prices of raw materials, freight and energy have continued to be elevated. Inflationary pressure could extend further as the ongoing Russian-Ukraine war appears set to continue. As such, central banks could take more drastic monetary policy action to rein in inflation. All these will lead to widespread impact on the performances of businesses around the world.

Nevertheless, with new products like our Blast Shutter and Storm Shutter and the resumption of our sales and marketing efforts globally, we are cautiously optimistic of the future. We will continue to innovate to introduce new generation products and increase our production efficiency to stay competitive on the global stage. At the same time, we will also leverage relevant technology to enhance our distribution channels and adjust strategies to navigate the challenging market.

For example, we recalibrated our e-commerce plan to sell to commercial customers and consumer buyers overseas through Homegardd Pte. Ltd. Upon further deliberation, we had concluded that given the

Chairman's Message to Shareholders

complexities of some of our door and shutter systems, we can perhaps better help potential customers in their decision-making process by furnishing product information and cost estimates online.

Alongside these plans, we will continue to manage our credit risk and cash flow prudently. We will remain selective in tendering for jobs that reflect strong creditworthiness and stability of customers, as well as include advance payment requirements. These actions will ensure that our collections remain progressive and healthy while minimising the Group's exposure to defaults.

SUSTAINABILITY

We continue to invest in our employees by conducting training and upskilling sessions in FY2022. This is to ensure that our employees are equipped with the latest know-how and remain up to date with recent industry trends. We also continued to uphold the wellbeing of our foreign talents. With the reopening of borders, many of them have been recharged and rejuvenated after taking a well-deserved break with their loved ones in their home countries. We also recorded zero incidents at our production floor in line with our top priority of work safety. More information about our sustainability practices is detailed in our Sustainability Report which is found in subsequent pages of this annual report. This report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards, the most widely recognised global standards for sustainability reporting.

APPRECIATION

As we emerge from the COVID-19 pandemic in hope of brighter days ahead, I would like to express my deepest gratitude to my fellow directors of the Board, management team and staff. Your hard work, ingenuity and tenacity have enabled GDS to navigate tough times. My special thanks to our loyal group of foreign talents who have remained by our side through the years. My deepest appreciation is also extended to our customers, partners and suppliers for your unwavering support and commitment to us. Finally, a big thank you to our shareholders for your continued belief in GDS to deliver value.

Yours sincerely,

Michael Wong
Chairman and Chief Executive Officer

Financial Highlights

(Financial Year Ended 30 September)

	FY2022	FY2021	FY2020
Income Statement (S$'000)			
Revenue	13,664	12,991	14,282
Gross profit	4,017	3,921	4,443
Net (loss)	(1,675)	(1,604)	(1,148)
Gross profit margin (%)	29.4	30.2	31.1
Net (loss) margin (%)	(12.3)	(12.3)	(8.0)
Balance Sheet (S$'000)			
Total assets	23,340	26,483	29,374
Total liabilities	11,177	12,323	13,421
Total equity	12,163	14,160	15,953
Cash and cash equivalents	7,177	8,775	9,193
Cash Flows (S$'000)			
Operating cash flows	(29)	1,018	2,931
Capital expenditure	(154)	(137)	(112)
Per Share Information (Singapore cents)			
(Loss) per share	(1.90)	(1.71)	(1.31)
Net asset value per share	9.03	10.99	12.69
Market Capitalisation (S$'000)[1]	3,920	7,504	9,296

[1] *Based on GDS's closing share price as at the end of respective financial years*

Operations and Financial Review

REVIEW OF INCOME STATEMENT

REVENUE

Singapore's construction industry has been gradually recovering from the COVID-19 pandemic but at a slower pace than expected at the work sites. Amid this backdrop, the Group reported an increase in revenue of S$0.67 million or 5.2% to S$13.66 million for the financial year ended 30 September 2022 ("**FY2022**") as compared to S$12.99 million for the financial year ended 30 September 2021 ("**FY2021**").

During the year, revenue from the trading of production components increased by S$1.09 million or 19.7% from S$5.51 million in FY2021 to S$6.60 million in FY2022, supported by a demand uptick for the Group's production components as economies gradually recovered from the pandemic and some one-off sales. The Group's revenue from the provision of service and maintenance work increased by S$0.32 million or 13.5% from S$2.40 million in FY2021 to S$2.72 million in FY2022 due to some one-off service and repair works carried out.

Meanwhile, revenue from the sales of doors and shutter system decreased by S$0.74 million or 14.6% from S$5.08 million in FY2021 to S$4.34 million in FY2022 mainly due to a decrease in the sales of manufactured products of S$0.77 million and offset by a slight increase in sales of distributed products of S$0.03 million. In FY2021, the Group had recognised higher revenue from larger contract value projects that did not recur in FY2022 and delay in some projects.

Reflecting the Group's market diversification efforts, overseas markets collectively accounted for 60.8% of revenue in FY2022, up from 45.2% in FY2021. Europe contributed S$5.57 million or 40.8% of the Group's revenue for the year, trailed by Singapore which accounted for S$5.36 million or 39.2%. This was followed by Asia Pacific at 16.8% or S$2.30 million, North America at 2.6% or S$0.35 million while the Middle East and East Asia together accounted for 0.6% of revenue at S$0.08 million.

GROSS PROFIT

The Group's gross profit increased by S$0.10 million or 2.4% from S$3.92 million in FY2021 to S$4.02 million in FY2022. Gross profit margin however narrowed from 30.2% in FY2021 to 29.4% in FY2022 as the Group sold fewer manufactured products which typically have better margins.

COSTS AND EXPENSES

FY2022 was marked by overall increases in cost of raw materials, freight and energy arising from the Russian-Ukraine war and other geopolitical and supply chain issues. Despite this, total costs and expenses remained relatively stable for FY2022 due to the Group's continued cost management efforts.

The Group's cost of sales increased by S$0.58 million or 6.4% from S$9.07 million in FY2021 to S$9.65 million in FY2022, which corresponded to FY2022's higher revenue. Marketing and distribution expenses increased by S$0.06 million or 15.3% from S$0.37 million in FY2021 to S$0.43 million in FY2022 mainly from an increase in freight charges, and offset by lower expenses in advertising and the upkeep of motor vehicles. Other operating expenses also increased by S$0.21 million or 69.2% from S$0.32 million in FY2021 to S$0.53 million in FY2022 mainly due to an increase in research and development expenses of S$0.13 million, higher bank charges of S$0.03 million and an increase in repair and maintenance expenses of S$0.02 million.

Meanwhile, administrative expenses decreased by S$0.25 million or 4.9% from S$5.00 million in FY2021 to S$4.75 million in FY2022 mainly due to decreases in personnel

cost from staff attrition and salary adjustments of S$0.21 million, professional fees of S$0.07 million and depreciation and amortisation expenses of S$0.05 million. This was partially offset by an increase of S$0.08 million in staff welfare and insurance expenses. Finance costs, which consisted of interest expense arising from the lease liabilities, decreased by S$26,000 from S$227,000 in FY2021 to S$201,000 in FY2022.

OTHER OPERATING INCOME AND OTHER LOSSES

The Group's other operating income decreased by S$0.25 million or 44.5% from S$0.56 million in FY2021 to S$0.31 million in FY2022 mainly due to lower government grants and reliefs with Singapore's gradual recovery from the pandemic.

At the same time, the Group reversed from a S$0.05 million loss in FY2021 to S$0.09 million gain in FY2022. The turnaround was mainly due to an increase in net foreign exchange gain of S$0.10 million arising from the translation of trade receivables and bank balances denominated in US dollar during FY2022 and an increase in gains on disposal of property, plant and equipment of S$0.03 million.

LOSS FOR THE YEAR

During the year, the Group's income tax expense increased by S$51,000 or 39.2% to S$181,000 from S$130,000 in FY2021 mainly arising from higher profit before tax by a subsidiary. In view of the aforementioned factors, the Group recorded a net loss of S$1.68 million in FY2022 as compared to S$1.60 million in FY2021.

REVIEW OF FINANCIAL POSITION

ASSETS

Current assets decreased by S$1.30 million from S$13.79 million as at 30 September 2021 to S$12.49 million as at 30 September 2022. This was due to a decrease in cash and cash equivalents of S$1.60 million and a decrease in contract assets of S$0.50 million arising from lower project works certified which were partially offset by an increase in trade and other receivables of S$0.75 million due primarily to overall higher revenue generated and an increase in advances to suppliers, and an increase in inventories of S$0.04 million.

Non-current assets decreased by S$1.84 million from S$12.69 million as at 30 September 2021 to S$10.85 million as at 30 September 2022 mainly due to lower net book value in property, plant and equipment, right-of-use assets and intangible assets arising from depreciation and amortisation charges.

LIABILITIES

Current liabilities increased by S$0.24 million from S$3.55 million as at 30 September 2021 to S$3.79 million as at 30 September 2022. This was due to an increase in trade and other payables of S$0.18 million; an increase in lease liabilities of S$0.08 million mainly due to an increase in building lease payment within the next twelve months; and an increase in income tax payable of S$0.05 million, and partially offset by a decrease in contract liabilities of S$0.08 million which mainly comprised of deposits received from customers.

Non-current liabilities decreased by S$1.39 million from S$8.78 million as at 30 September 2021 to S$7.39 million as at 30 September 2022 which was mainly due to a decrease in lease liabilities of S$1.33 million as the remaining lease periods decreased over the contractual lease term.

CAPITAL, RESERVES AND NON-CONTROLLING INTERESTS

Total equity was S$12.16 million as at 30 September 2022 as compared to S$14.16 million as at 30 September 2021.

Board of Directors

MR WU CHIAW CHING
Lead Independent Non-Executive Director

MS PEBBLE SIA HUEI-CHIEH
Independent Non-Executive Director

MR MICHAEL WONG
Chairman and Chief Executive Officer

MR TAN SOON LIANG
Independent Non-Executive Director

MICHAEL WONG

Chairman and Chief Executive Officer

Date of first appointment: 17 July 2012
Date of last re-election: 21 January 2022

Mr Michael Wong has more than 20 years of experience in the commercial and industrial doors industry. He is responsible for the Group's overall management, formulating the Group's strategic directions and expansion plans, developing and maintaining relationships with customers and suppliers and overseeing the Group's general operations.

Mr Wong established Gliderol Doors (S) Pte. Ltd. in 1982 and as its Managing Director, he has been instrumental in the expansion of the Group and continually sources for investment opportunities to promote the growth of the Group's business. Mr Wong attended the Building Technician Diploma course in Singapore Polytechnic from 1972 to 1973.

Present and past directorships in other listed companies: Nil

WU CHIAW CHING

Lead Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 22 January 2021 (standing for re-election at the upcoming annual general meeting)

Mr Wu Chiaw Ching has been the proprietor of Wu Chiaw Ching & Company since 1987. He is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, United Kingdom and Certified Practising Accountant, Australia and a member of the Singapore Institute of Directors.

Mr Wu obtained a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore and a Post-graduate Diploma in Business and Administration from Massey University, New Zealand. He also obtained a Diploma in Management Consultancy from the National Productivity Board, Singapore and a Master of Arts (Finance and Accounting) from Leeds Metropolitan University, United Kingdom.

Present directorships in other listed companies:
- Goodland Group Limited (SGX-ST)
- LHT Holdings Limited (SGX-ST)

Past directorships in other listed companies:
- Gaylin Holdings Limited (SGX-ST)
- Natural Cool Holdings Limited (SGX-ST)
- DLF Holdings Limited (SGX-ST)

PEBBLE SIA HUEI-CHIEH

Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 21 January 2022

Ms Pebble Sia Huei-Chieh is the founder director of Esquire Law Corporation. She commenced her legal practice in David Lim & Partners in 1997 and thereafter practiced at John Koh & Co which was renamed J Koh & Co. She was admitted as a Barrister-at-law (Middle Temple) of England in 1996 and as an Advocate and Solicitor of the Supreme Court of Singapore in 1997.

Ms Sia obtained a Bachelor of Laws with Honours, Second Upper Division from King's College London in 1995.

Present directorships in other listed companies:
- Singapore Shipping Corporation Limited (SGX-ST)

Past directorships in other listed companies:
- Choo Chiang Holdings Ltd (SGX-ST)

TAN SOON LIANG

Independent Non-Executive Director

Date of first appointment: 7 March 2020
Date of last re-election: 22 January 2021 (standing for re-election at the upcoming annual general meeting)

Mr Tan Soon Liang is the founder and managing director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since 2009. He is also the managing director of Omnibridge Capital Pte. Ltd. which focuses on early-stage angel and venture capital investments in start-ups and fast-growing companies in Asia. Prior to that, he was the head of business advisory and subsequently, an advisor at BDO Raffles Advisory Pte Ltd.

Mr Tan obtained a Bachelor of Business (Honours) Degree, majoring in Financial Analysis from Nanyang Technological University ("**NTU**") in 1997 and subsequently a Master of Business Administration Degree from University of Hull, United Kingdom, in 2001. He is a CFA® charterholder from CFA® Institute, United States. He is a member of the Singapore Institute of Directors. He is a Director of Spectra Secondary School and Vice President of NTU Nanyang Business School Alumni Association Executive Committee.

Present directorships in other listed companies:
- ISDN Holdings Limited (SGX-ST and SEHK)
- Clearbridge Health Limited (SGX-ST)
- Choo Chiang Holdings Limited (SGX-ST)
- Colex Holdings Limited (SGX-ST)
- ValueMax Group Limited (SGX-ST)

Past directorships in other listed companies:
- Wong Fong Industries Limited (SGX-ST)

Senior Management

LIM LAY KHIM

Financial Controller

Ms Lim Lay Khim is responsible for the Group's financial accounting and business reporting. She also provides oversight of the Group's treasury functions and compliance with regulatory bodies as well as the day-to-day functioning of the finance and accounting operations, internal controls, taxation and financial reporting matters.

Ms Lim joined the Group in May 2016. Prior to joining the Group, Ms Lim was the Financial Controller of Albedo Limited from May 2015 to November 2015 and was the Finance Manager of Wilmar International Limited from May 2005 to April 2015.

Ms Lim obtained a Bachelor of Business (Accounting) from the Curtin University of Technology in 1993. She is a member of the Institute of Singapore Chartered Accountants.

GINA LEE

Senior Manager *(Corporate Affairs, Human Resource and Administration)*

Ms Gina Lee is responsible for the Group's corporate affairs, human resource and administrative matters.

Ms Lee first joined Gliderol Doors (S) Pte. Ltd. in August 1991 as a confidential secretary and has been with the Group since. In the course of her career with the Group, she has held other positions including Management Executive and Manager (Human Resource and Administration).

Ms Lee obtained a Diploma in Business Efficiency & Productivity (Personnel Management) from the Institute for Productivity Training of the National Productivity Board of Singapore in 1994.

LEOW CHYAN

Senior Manager *(Technical)*

Mr Leow Chyan is responsible for the design, development and systems integration of products from conception to implementation. He identifies system deficiencies in the technical aspects of the products' operation and implements solutions and revisions to them. He also manages complex projects (local and overseas) and serves as the liaison between overseas principals and project managers. In addition, he also ensures that products manufactured by the Group comply with the relevant regulatory codes in various jurisdictions.

Mr Leow joined Gliderol Doors (S) Pte. Ltd. as a Marketing Executive in May 1997 and has been with the Group since. He began his career as a Police Officer with the Singapore Police Force in 1990. From 1996 to 1997, he was a Sales Executive in Azen Manufacturing Pte Ltd.

Mr Leow graduated from Sumbershire Business School in 1996 with an Advanced Certificate in Marketing.

Sustainability Report

Board Statement

GDS Global Limited ("**GDS**" or together with its subsidiaries, the "**Group**") is committed to sustainability and conducting the Group's business with integrity. The Board of GDS (the "**Board**") considers sustainability issues as part of the Group's strategy formulation. The Board determines and endorses the material Environmental, Social and Governance ("**ESG**") factors presented in this report. Through periodic reviews of the key performance indicators, the Board oversees the management and monitoring of these material ESG factors, including risks and opportunities.

ABOUT THIS REPORT

This is the fifth sustainability report by GDS covering the Group's ESG performance for the financial year 1 October 2021 to 30 September 2022 ("**FY2022**").

Reporting Scope

The report provides an overview of the Group's policies, practices, performance and targets relating to its material ESG factors, covering the Group's operations in Singapore, including its head office. Environmental and occupational health and safety data in the report refer to the Group's subsidiary, Gliderol Doors (S) Pte. Ltd, where these issues are considered material. Employee figures for the other subsidiary, Grimm Industries Pte. Ltd. ("**Grimm**"), have been reported separately for comparability.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards. We continue to use the GRI Standards for our reporting, including our materiality analysis, as it is the most widely used and internationally accepted sustainability reporting framework and provides a comprehensive set of disclosures for reporting. For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021. This report also complies with Rule 711 and Practice Note 7F of the Singapore Exchange Securities Trading Limited Listing Manual: Section B: Rules of Catalist.

We also align our sustainability reporting with the UN Sustainable Development Goals ("**SDGs**") to reflect our support for sustainable development and to demonstrate our commitment to achieving global goals and targets.

Reporting Principles

In the preparation of our sustainability reports, we adhere to GRI's principles of accuracy, balance, clarity, comparability, completeness, timeliness and verifiability to ensure the quality of the report. The content in this report takes into consideration stakeholder expectations and an understanding of the sustainability context within which GDS operates. We follow the GRI reporting principles to evaluate the material economic, environmental and social impacts of our business operations and to identify the topics for this report. Potential ESG risks and opportunities arising from our business activities have been considered in the assessment of our material factors.

To enable comparison over time, we have included previous years' ESG performance data. Financial figures are in Singapore dollars.

Restatement

This report includes restatement of carbon emissions for FY2020 and FY2021 due to latest revisions in the respective emission factors by the Energy Market Authority, Singapore. This report also aligns health and safety disclosures with the latest GRI 403: Occupational Health and Safety 2018 and the figures for FY2020 and FY2021 have been restated using the updated metrics.

External Assurance

We use internal verification to ensure ESG data reliability and have not sought external assurance for this report.

Availability

This report is available as part of our FY2022 annual report in PDF format for download on our website at www.gdsglobal.com.sg and SGXNet.

Feedback

Stakeholders are welcome to send their feedback or suggestions regarding this report to us at ir@gliderol.com.sg.

About GDS

GDS is a leading specialist provider of commercial and industrial doors and shutter systems solution in Singapore and the Southeast Asia region. With a history spanning 40 years, we operate one of the largest manufacturing facilities in the doors and shutter systems solutions industry in Singapore. We supply an extensive range of doors and shutter systems products comprising industrial door systems, fire-rated shutter systems, blast and storm-resistant shutters, commercial door systems, hangar door systems and special applications door systems. We also provide service and maintenance works for the products supplied or installed by us or third parties.

An innovation-driven business, GDS strives to excel in product quality. For example, we use our extensive expertise in materials and manufacturing to develop insulated fire doors and shutters that prevent the spread of fires in buildings and warehouses.

Blast Resistant Shutters

Conventional roller shutters can turn into potentially hazardous debris in a blast situation. To mitigate this hazard, GDS has developed a blast-resistant roller shutter in consultation with ABS Consulting Inc. of United States of America ("**USA**"). The two-phase development programme included the use of finite element analysis (**"FEA"**) to design the door system which was followed by the model being validated with a full-scale shock-tube test of the working model.

Our design approach was to allow the shutter curtain to deform plastically under blast pressure and progressively arrest the moving components of the curtain. These components are made up of elements that are connected to prevent them from becoming debris. In a series of tests conducted on full-scale working models, minimal permanent damage was observed and no debris was produced.

Read more about our blast-resistant shutter systems on our website at http://www.gdsglobal.com.sg/blast-shutter.html

Furthermore, GDS is one of the few companies in the global industry capable of supplying steel insulated fire shutters with an insulation value of up to 240 minutes. We are the is the first manufacturer in Singapore offering UL and FM listed fire shutters, which are required by some building and construction companies for their international projects.

See more about our products and services on pages 2 to 3.

Sustainability: Embedded in Our Business Strategy

At GDS, we conduct our business to the highest standards of ethics and integrity and we take our social and environmental responsibilities seriously. Sustainability is firmly embedded in our management practices and our business strategy. Our sustainability approach is to carefully assess and proactively address the economic, environmental, social and governance impacts of our business activities. Crucial aspects of our business strategy include innovation, product quality, the safety and well-being of our employees and resource efficiency.

We are committed to upholding internationally accepted labour and human rights principles such as the International Labour Organization's (**"ILO"**) Core Labour Standards and the Universal Declaration of Human Rights. We support sustainable development and have aligned our sustainability reporting with the UN SDGs.

GDS has adopted international standards in quality systems, environmental management and occupational health and safety. GDS is certified to the following standards: ISO 9000:2015, ISO 45001:2018 and bizSAFE Level STAR.

Sustainability Governance

Guided by the Board, the Chief Executive Officer ("**CEO**") provides the strategic direction for developing and implementing the Group's sustainability strategy. Sustainability reporting forms a key pillar of this strategy. A team of senior managers has the responsibility of implementing sustainability strategies, monitoring performance, and collecting data for sustainability reporting. The team reports the progress to the CEO.

ESG Performance Overview

KEY PERFORMANCE INDICATORS	Financial Year Ended 30 September 2020 ("FY2020")	Financial Year Ended 30 September 2021 ("FY2021")	Financial Year Ended 30 September 2022 ("FY2022")
ENVIRONMENTAL[1]			
Electricity used (kWh)[2]	382,912	348,151	320,244
Total energy consumption (GJ)[2]	2,550	2,403	2,181
Energy intensity (GJ / S$ million Revenue)	179	185	160
Carbon dioxide (CO_2) emissions (tCO_2)[2]	236	220	200
Carbon intensity (tCO_2 / S$ million Revenue)	17	17	15
Non-hazardous waste (Tonnes)	85	75	62
SOCIAL (EMPLOYEES)[1]			
Full-time employees (Number)	79	75	77
New hires (Number)	13	5	14
Female employees (%)	27	25	22
Female managers and supervisors (%)	63	63	67
Female heads of department (%)	71	71	57
Average training hours per employee (Hours)	4	6	10
Employee turnover rate (Voluntary) (%)	23	9	15
Rate of recordable work-related injuries[3]	16.0	11.2	11.0
Fatal accidents (Number)	0	0	0

GOVERNANCE			
Female directors on the Board (%)	25	25	25
Confirmed incidents of corruption or bribery (Number)	0	0	0
Significant incidents of non-compliance with regulations (Number)[4]	0	0	0

Notes:

1. *Environmental and social data refers to Gliderol Doors (S) Pte. Ltd.*
2. *Energy and emissions related to Scope-1 (diesel and petrol consumption) and Scope-2 (electricity)*
3. *Rate of recordable work-related injuries = (Number of recordable work-related injuries / Number of hours worked) x 1,000,000*
4. *We define a significant incident of non-compliance where a fine of $25,000 or more was incurred.*

Stakeholder Engagement

Our key stakeholders - the people and groups impacted by our business activities or who have the potential to affect our operations - include customers, employees, suppliers, contractors, regulators, investors, and shareholders. Communicating with our stakeholders to understand their concerns, expectations and feedback is an integral part of our approach to business. Our policy is to maintain open communication and dialogue with our stakeholders, ensuring that they can easily reach the most relevant contact point related to their needs.

From an outreach perspective, we actively engage with our stakeholders on a needs-based frequency. This report has been developed through internal stakeholder engagement.

An overview of our stakeholders and engagement channels is provided in the following table.

Stakeholders	Expectations	How We Engage
Customers	• Product quality and safety standards • Innovative solutions • Timely completion of projects	• Sales meetings • Quality inspections
Employees	• Employee health and well-being • Workplace safety • Training opportunities • Fair remuneration and rewards • Welfare programmes • Work-life balance	• Regular team meetings • Internal communication • Training programmes • Performance reviews • Company get-together events
Suppliers and contractors	• Clarity of specifications and quality standards • Payment according to contractual terms	• Request for proposal and purchase agreements • Meetings • Quality inspections
Government agencies and regulators	• Compliance with applicable regulations • Productivity and innovation	• Timely filing of reports and returns as required by regulations • Attending meetings, briefings, and seminars organised by government agencies
Investors and shareholders	• Consistent return on investment • Good corporate governance • Risk management • Long-term business growth	• Regular updates through announcements on SGXNet and Group's website • Accurate and timely disclosure in accordance with listing rules and best practices • Annual General Meetings ("**AGM**") • Annual Reports • Sustainability Reports • Dedicated investor relations section within our website
Community	• Corporate citizenship	• Supporting various community initiatives

Membership of Associations

Being a member of relevant industry and trade associations is important for GDS and the Group. It keeps us at the forefront of industry developments, enables us to network and communicate with our peers, helps raise our profile and aligns us with recognised and respected industry bodies. Certain entities under the Group hold memberships of the following associations:

- Singapore Business Federation ("**SBF**")
- Singapore Manufacturers Federation ("**SMF**")
- Building and Construction Authority ("**BCA**")
- Association of Catalist Companies

Materiality Analysis

Understanding our material EGS topics – those that reflect the most significant impact of our business activities and those that are also important to our stakeholders – is a process we regularly undertake to identify our sustainability priorities and to ensure our focus is where it should be. We concentrate on the issues that reflect the most significant actual and potential ESG impacts, risks, and opportunities. We incorporate feedback from our internal and external stakeholders to ensure we are prioritising the right topics.

While assessing an impact, we consider our involvement with it. This involves examining whether the impact is caused by our direct operations or by our contractors' activities. This assessment helps us develop an appropriate response to manage the impacts.

This year's materiality review concluded that the material factors covered in our previous sustainability report remain relevant for GDS and our stakeholders. Therefore, this sustainably report focuses on energy efficiency, resource conservation and waste reduction, workplace health and safety, employee welfare (including training and development), product quality and safety, and good governance (anti-corruption and regulatory compliance).

The material factors are reviewed and approved by the senior management and the Board.

Material ESG Factors

An overview of our material ESG factors is presented in the following table.

Material Factors	Area of Impact	Management Approach
ENVIRONMENT		
Energy Consumption and Greenhouse Gas ("**GHG**") Emissions	GDS Head Office, manufacturing facility and transport for deliveries	Explore ways to improve energy efficiency
Waste	Generated in the manufacturing process	Minimise waste by better resource utilisation, reuse and recycling
SOCIAL		
Occupational Health and Safety	Manufacturing facility and installations on sites	Maintain zero accident in the workplace
Develop and Retain Talent	Our workplace and all employees	Hire and retain suitable talent through effective human resources policies
	Our workplace and all employees	Provide opportunities for skills and knowledge development
Product Quality and Safety	Our manufacturing and quality processes	Maintain high standards of product quality and safety
GOVERNANCE		
Anti-corruption	In our dealings with a range of stakeholders	Zero-tolerance policy towards corruption and bribery
Regulatory Compliance	Across our business operations	Comply with applicable labour, socio-economic, environmental and business laws and regulations

Materiality Analysis

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

We are committed to supporting sustainable development through our responsible business practices. The SDGs are a collection of 17 interlinked global goals designed to be a shared blueprint for peace and prosperity for people and the planet, now and into the future. We have aligned our material sustainability topics with the relevant SDGs to underpin our contribution to sustainable development and to highlight the areas in which GDS can make a positive difference in the achievement of the goals.

The UN Sustainable Development Goals	
Material Topics	SDGs Supported
Energy Consumption and GHG Emissions	CLIMATE ACTION 13
Product Quality and Safety, Waste	RESPONSIBLE CONSUMPTION AND PRODUCTION 12
Occupational Health and Safety, Employment, Attracting and Retaining Talent, Employee Training and Development	DECENT WORK AND ECONOMIC GROWTH 8; QUALITY EDUCATION 4
Anti-corruption, Regulatory Compliance	PEACE, JUSTICE AND STRONG INSTITUTIONS 16

Product Quality And Safety

The quality and safety of our products is of utmost importance to us, to our customers, and to the general public. Due to the application of our products in typically public or workplace environments, any impact arising from our products' usability and safety extend far beyond its installation. To help us consistently provide products that meet customer and applicable statutory and regulatory requirements, we have implemented a robust quality management system in our production processes and obtained ISO 9001:2015 certification from SGS United Kingdom Ltd.

We also place a high priority on innovation and research and development, and have patented various technologies over the years, for example, technology which has enabled us to create a wide range of fire shutters, blast mitigating and storm shutters. Our fire shutters carry different levels of fire and heat insulation and are tested by reputable international laboratories like Branz, TUV SUD, UL and FM to meet numerous industry standards like the European (EN), British and other international standards. Our blast-mitigating shutters are tested by ABS Consulting Inc. in the USA and storm-resistant shutters are tested by Windtech Consultant Pte Ltd in Singapore.

Customising our products to meet diverse customer needs is another example of the service we provide. Creating transparent panels and additional safety devices to enhance user safety for our industrial and commercial door systems is just one example.

It is this combination of focus on product quality, safety, innovation, and excellence which has helped us forge long term relationships with many customers.

Our business scope goes beyond innovating, producing and installing our products as after-sales service is also a key part of our work. We provide preventive and general maintenance works, repair and replacement of faulty components and safety checks for our customers to ensure a high level of safety is maintained and to help extend the lifespan of the product.

It is this combination of focus on product quality, safety, innovation, and excellence which has helped us forge long term relationships with many customers. The end-users of our products operate across a broad spectrum of industries, and over the years, our products have been installed in iconic places such as Rolls-Royce Singapore's facility, Marina Bay Financial Centre, JTC Bedok Food City, HomeTeams Clubhouse at Khatib, Shimano Singapore Pte Ltd @ Bulim Drive and NTUC at Sunview Road.

TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Product Quality and Safety	No major safety issue or negative feedback	There were no major safety issues or negative feedback received from customers	No major safety issue or negative feedback

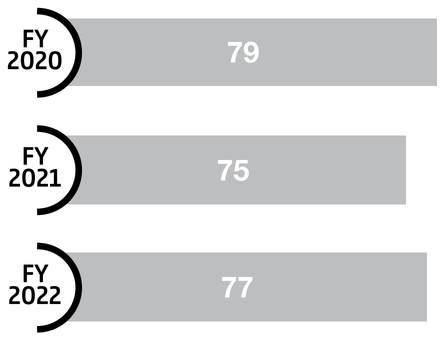
Employees

Our employees play a critical role in the success of GDS, and we strive to create a workplace culture where our workforce is empowered and engaged, motivated and given the tools to develop professionally and perform to the best of their abilities. By attracting, developing and retaining the most suitable talent, we can better serve our customers and remain at the forefront of product innovation. We are also committed to providing a safe working environment with strict health and safety controls, and promoting an inclusive work culture whereby all customs and cultures are fully valued and respected.

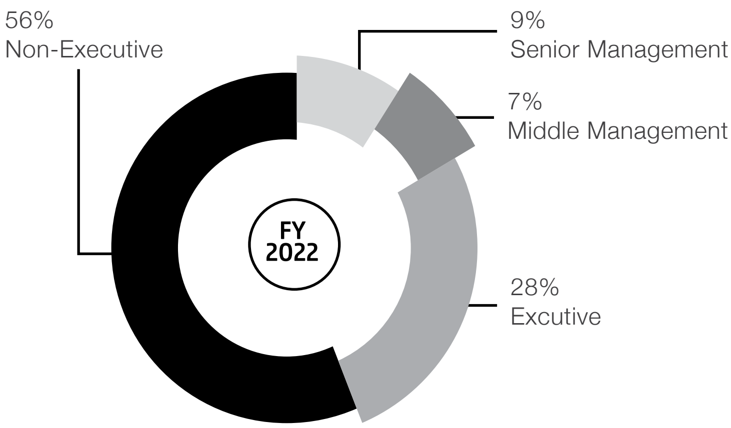
At the end of FY2022, we employed 81 people at GDS, 77 of whom were full-time employees. During the period, we had four part-time employees. 98% of employees held permanent contracts, and there were no temporary employees. Grimm, a subsidiary of the Group, with the principal activity of trading of production components, employed nine people, all on permanent contracts, with eight of them in full time positions.

In the reported period, there were two workers who were not our employees but who were deputed to our premises as security guards by the security agency we engaged.

By attracting, developing and retaining the most suitable talent, we can better serve our customers and remain at the forefront of product innovation.



Full-Time Employees (Number)



Employees By Category (%) - FY2022

Occupational Health and Safety

The safety of our employees, visitors and customers is a key priority for us at GDS. Our goal is to have zero workplace accidents or injuries, both in our manufacturing facility as well as on project sites. As a minimum, we comply with all applicable health and safety regulations. We are committed to continually improve our health and safety programmes and performance. Our health and safety policy and measures apply to employees, sub-contractors and suppliers working on our premises or project sites.

Employees

Risk Assessment

Our occupational health and safety management system is designed to identify and control risks and enables us to continuously improve health and safety performance within our operations. We have implemented detailed risk management procedures covering hazard identification, risk assessment and controls. It comprises a three-step approach: identifying hazards that affect organisational performance, assessing potential risks to employees' health and safety, and implementing adequate controls to eliminate risks. We maintain a risk register and the management reviews and approves all risk assessment records.

Through our risk assessment, we have identified various potential hazards in our operations, which include workers falling from height, falling objects, pinch points, contact with rotating parts, trips and falls, contact with sharp edges or corners, electrocution, collisions with moving machinery such as scissor lifts or forklifts, and toppling of cranes, scissor lifts or forklifts due to overloading. We have taken preventive measures to mitigate these hazards that include using personal protective equipment, safety training, regular maintenance of equipment and hazard elimination.

We require workers to comply with our occupational health and safety policy to ensure safety at the workplace. Workers are required to report work-related incidents immediately to their supervisors, and we encourage workers to report potential hazards to management without any fear of retaliation. Sub-contractors are also required to undergo our safety induction and are required to follow the risk management process, including hazard identification, control measures, monitoring and procedures for communication.

Incident Investigation

It is critical that we involve employees in the ongoing development our health and safety policies and all related activities, through consultation and participation in hazard identification, analysing and mitigating risks, and investigating incidents. For any incidents that occur, we have established procedures to fully investigate and determine corrective actions.

Our dedicated Health and Safety Committee, comprising of employee representatives from various departments, participate in the development and monitoring of our health and safety programmes. We regularly engage and train our employees in safe work practices, and we ensure that the relevant employees renew their safe work certifications on a timely basis where applicable.

We take pride in our exemplary safety performance, which is often recognised by our customers. Our manufacturing facility is certified with ISO 45001:2018, an international standard, and our facility has been awarded a BizSAFE STAR certification from the Workplace Safety and Health Council, MOM in Singapore.

Promoting Health and Safety

We also have activities in place to help keep our employees healthy over the long term. Our ongoing occupational health and safety programmes include monthly toolbox meetings, health talks, safety drills and demonstrations, and proper use of personal protective equipment. These also apply to our sub-contractors, and we have a sub-contractor evaluation process in place. Our occupational health services provided to eligible employees include a hearing conservation programme, yearly audiometry test, respiratory protection programme and first aid provisions.

TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Occupational Health and Safety	Zero fatalities	Zero fatalities	Zero fatalities
	Zero occupational diseases	Zero incidents of occupational diseases	Zero occupational diseases
	10% year-over-year reduction in recordable work-related injuries[3]	11.0 (FY2022) 11.2 (FY2021)	10% year-on-year reduction

Our safety performance against the key performance indicators is outlined in the following table.

Indicator	Unit	FY2020	FY2021	FY2022
Fatalities due to work-related injuries[1]	Number	0	0	0
	Rate	0	0	0
High-consequence (non-fatal) work-related injuries[2]	Number	0	0	0
	Rate	0	0	0
Recordable work-related injuries[3]	Number	3	2	2
	Rate	16.0	11.2	11.0
No of hours worked	Hours	187,252	178,100	181,376

Notes:

1. Fatality Rate = (Number of fatalities as a result of work-related injury / Number of hours worked) x1,000,000

2. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries (excluding fatalities)/ Number of hours worked) x 1,000,000

3. Rate of recordable work-related injuries = (Number of recordable work-related injuries / Number of hours worked) x 1,000,000

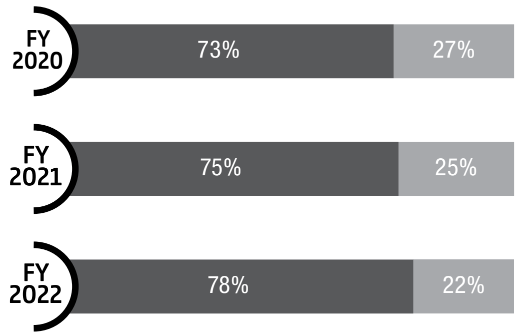
Diversity in the Workplace

Our workplace policies promote an inclusive workplace where diversity of background is valued and respected. In relation to gender diversity, we operate in a physically demanding manufacturing environment that has traditionally attracted male workers. Female employees represented 22% of our full-time headcount at GDS in the reporting period; however, 67% of managerial and supervisory roles and 57% of the head of department ranks were filled by women. At Grimm, women accounted for 89% of the employees. In FY2022, we hired 14 new employees, of which, 2 were female.

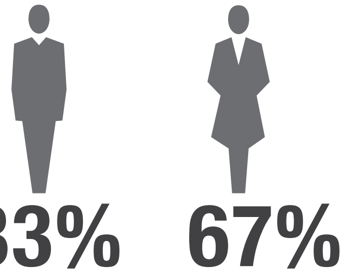
At the Board level, one of the four members is female and is an Independent Non-Executive Director.

Employees

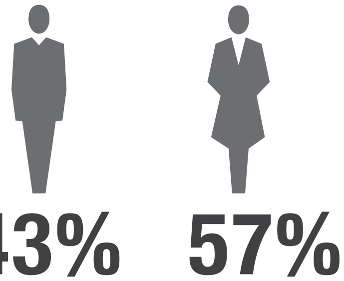
Diversity in the Workplace (cont'd)



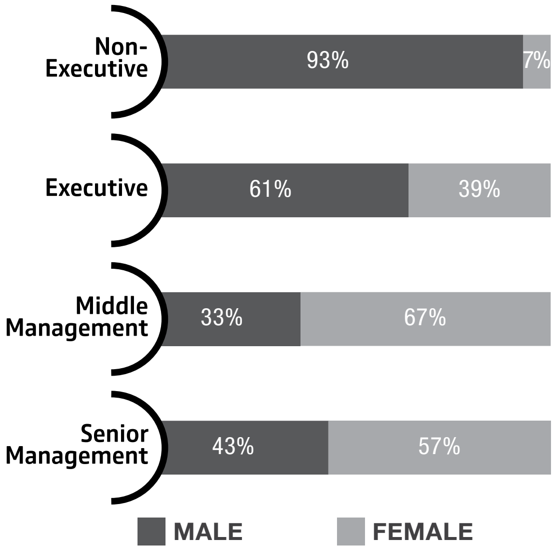
Gender Diversity (%)



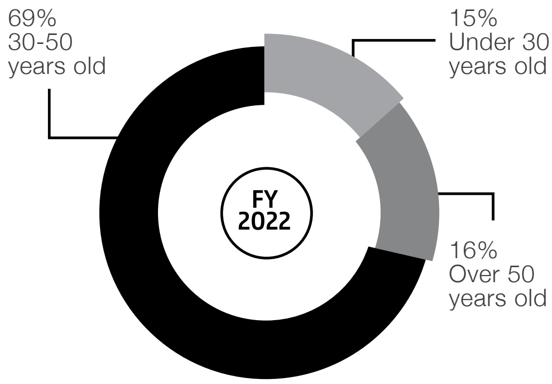
Supervisors and Managers - FY2022 (%)



Heads of Department - FY2022 (%)

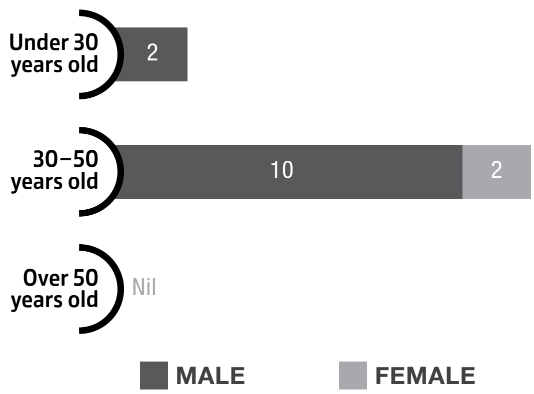


Gender Diversity by Employee Category (%) - FY2022



Diversity by Age (%) - FY2022

New Hires (Number)



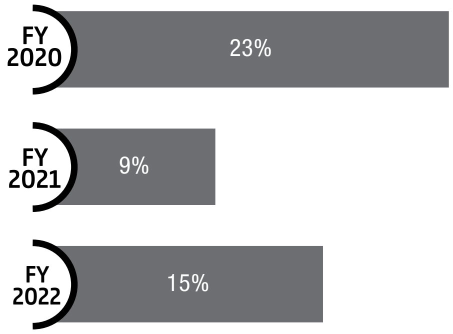
Hiring by Age and Gender - FY2022 (Number)

Retaining Top Talent

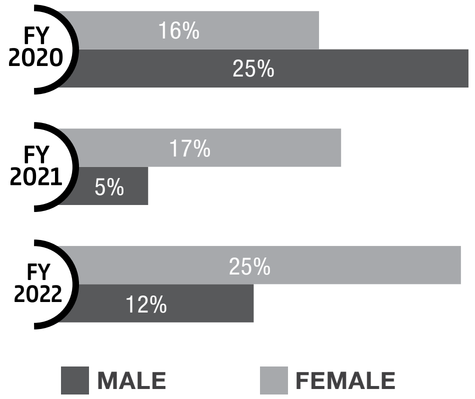
Our ability to hire and retain talented and competent employees is crucial for productivity and growth. We base our hiring decisions on candidate merit and competence, and we have designed our human resources policies and management practices to reward performance and offer development opportunities to our employees.

All employees undertake an annual performance appraisal. This involves an open discussion between the employee and their supervisor, whereby performance is assessed and any development needs or skills gaps are discussed. Respective Department Heads then review and approve the evaluations. The system is designed to foster openness and fairness. Wage increases, promotions and further training are determined based on performance evaluation outcomes for each employee.

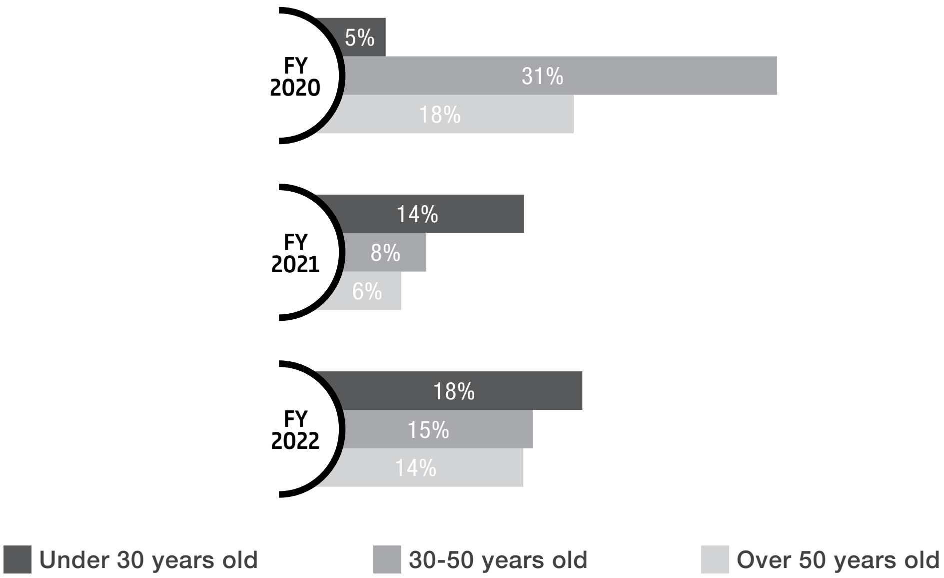
Our employee turnover rate was 15% in FY2022 compared to 9% recorded in the prior year. Despite this, our turnover rate was lower than our target of 23%, and also lower than the national industry average of 16.6% (2021) for the Construction Sector, our benchmark for comparison (Source: Ministry of Manpower Singapore, Labour Market Report 2021).



Employee Turnover Rate (Voluntary) (%)



Employee Turnover by Gender (Voluntary) (%)



Employee Turnover by Age (Voluntary) (%)

Employees

Training and Professional Development of Employees

Regular training and development of our employees are essential for GDS to maintain its innovation-driven approach and its strong focus to continually improving the quality of our products.

On-the-job training and mentoring by experienced supervisors form integral parts of the employee development programme. Employees also receive training in product knowledge, emerging industry trends and new technologies in the form of workshops, seminars and conferences. For new employees joining GDS, there is a detailed orientation programme they must complete, which introduces them to the Group's corporate identity, policies, and standard operating procedures.

In FY2022, the average hours of training per employee was 10 hours, higher than 6 hours in the preceding year but lower than our target of 15 hours. We remain committed to increasing employee training in line with our target. Average training hours per employee by employment category were as follows: Senior Management (7 hours), Middle Management (7 hours), Executives (6 hours) and Non-Executives (13 hours).

Our employees also participated in a **Company Workforce Transformation Programme**, focused on upskilling and reskilling employees to overcome the challenges of adopting new technologies, and an **Industry 4.0 Human Capital Initiative Enabler Programme**, which supports employees in automation and increasing use of technology and data to perform operations. Both initiatives are organised by Singapore Polytechnic and Singapore Business Federation.

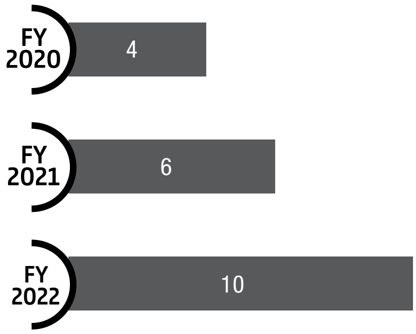
TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Develop and Retain Talent	Annual turnover rate of 23% or lower	Annual turnover rate of 15%	Annual turnover rate of 23% or lower
	Average of 15 hours of training per employee	Average of 10 hours of training per employee	Average of 15 hours of training per employee

Some of the courses attended by our employees in FY2022 included:

- Construction Safety Orientation Course (CSOC)
- First Aid Course
- Foundations in Corporate Sustainability Course
- JTC Safety Induction Course
- Lean Manufacturing
- Manage Work at Height Course
- MSOC WSQ Apply Workplace Safety & Health in Metal Work
- Operate Scissor Lift, Boom Lift, Forklift, Lorry Crane and Vertical Personnel Platform Course
- Overhead Crane Operator Course
- Perform Rigger and Signalman Tasks Course
- Putting Sustainability into Practice for Business Course
- Respond to Fire Emergencies in Buildings Course
- Robotic Process Automation (RPA) for Accountants and Finance Professionals
- Settling-In Programme for Migrant Workers
- Workplace Safety and Health in Process Plant Course

Training and Professional Development of Employees (cont'd)



Average Training Hours per Employee (Hours)

Training Hours per Employee by Gender (Hours)

Employee Benefits

Together with competitive wages and professional development opportunities, we provide a number of health benefits to our employees to support their well-being, such as outpatient medical benefits, hospitalisation and surgical benefits, among others.

Freedom of Association

We respect our employees' right to freedom of association and collective bargaining under applicable laws. Currently, our employees are not unionised.

Environment

As a responsible business, we are committed to minimising our environmental impacts and carbon footprint. Our main environmental impacts arise from the use of electricity, fuel, and manufacturing waste. Guided by the precautionary principle, we make efforts to improve energy and resource efficiency in order to reduce the impact of our business operations on the environment. Over the years, we have successfully reduced our carbon emissions, our energy intensity, and the waste we produce.

TARGET AND PERFORMANCE

Material Factor	FY2022 Performance	Target (FY2023 – FY2027)
Energy Consumption and GHG Emissions	Energy Intensity: 160 GJ / S$ million in revenue	Energy Intensity: 192 GJ / S$ million in revenue
	GHG Emission Intensity: 15 tCO_2 / S$ million in revenue	GHG Emission Intensity: 17 tCO_2 / S$ million in revenue
Waste	50%	Recycle at least 50% of non-hazardous waste

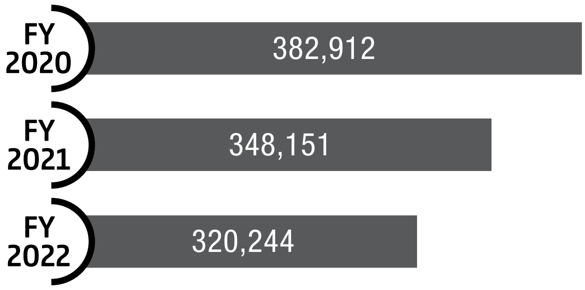
Energy Requirements and Consumption

We rely on electricity in our manufacturing facility to power tools and equipment, and in our office for air-conditioning and lighting. All of our electricity is purchased from a utility supplier. Our main fuel consumption is the petrol and diesel used to power our delivery and service trucks.

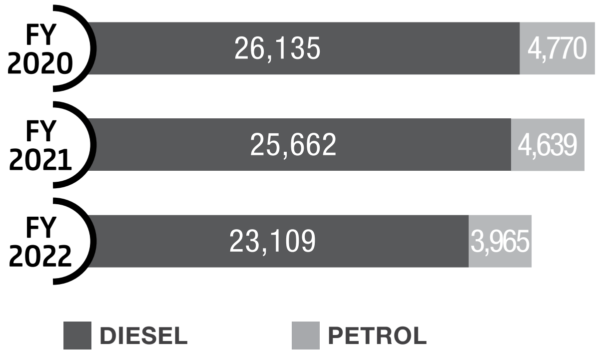
We monitor and review our energy consumption regularly and we use energy intensity (the amount of energy used per million dollars in revenue, GJ / S$ million) to track our performance.

Over the years, we have been successfully lowering our energy consumption. In FY2022, our total energy consumption was 2,181 GJ, compared to 3,904 GJ in the base year FY2017. The lower consumption was due to reduced diesel, petrol and electricity consumption from decreased business activities these five years including years amidst the Covid-19 pandemic. We have also been steadily lowering our energy intensity towards our FY2026 goal. In FY2022, our energy intensity was 160 GJ / S$ million in revenue compared with 185 GJ / S$ million in FY2021 and 179 GJ / S$ million in FY2020.

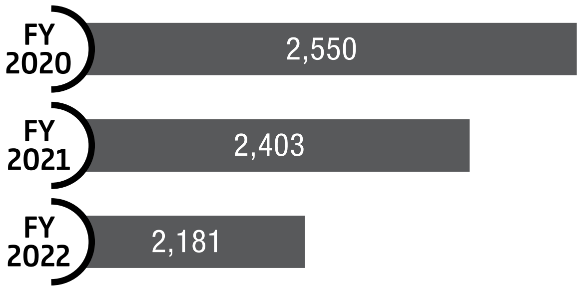
Energy Requirements and Consumption (cont'd)



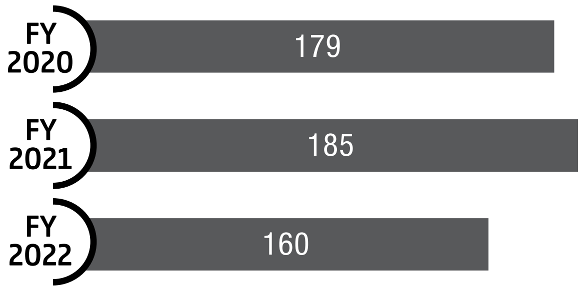
Electricity Consumption (kWh)



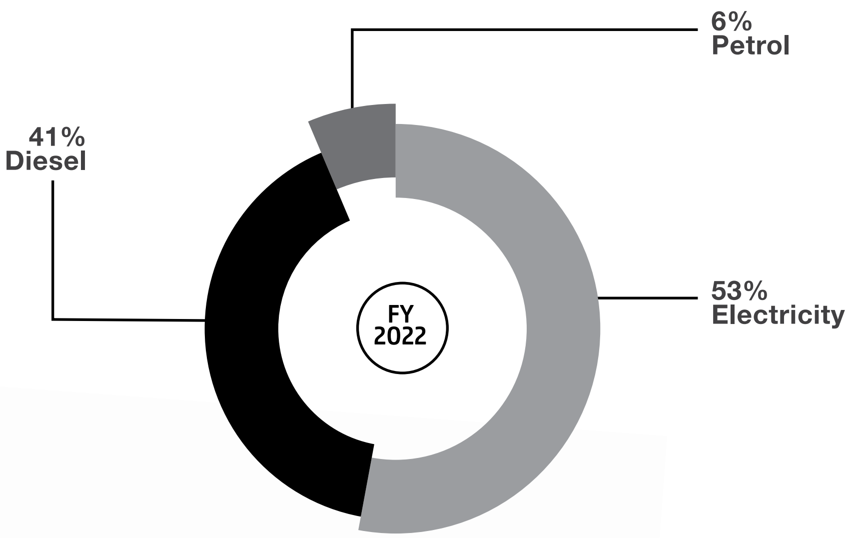
Fuel Consumption (Litres)



Energy Consumption
(GJ)



Energy Intensity
(GJ / S$ million revenue)



Energy Consumption by Source (%) - FY2022

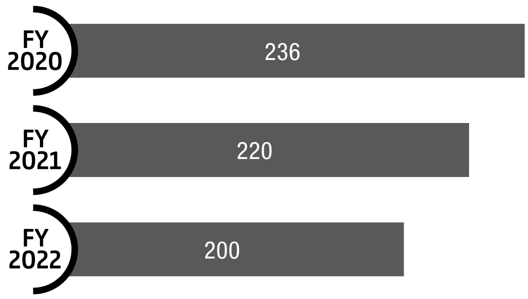
Environment

Monitoring GHG Emissions

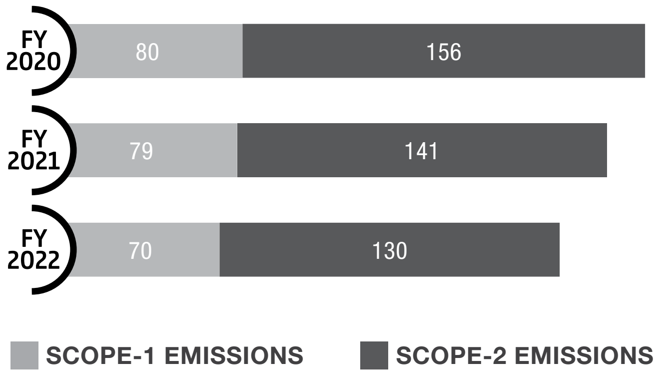
We are fully supportive of the 2015 Paris Agreement, a global treaty signed by the world's governments to limit global warming to well below 2°C, preferably restricting it to 1.5°C compared to pre-industrial levels. We understand that every company has a responsibility to reduce its GHG emissions and take steps towards a carbon-free economy in order to halt global warming and avert the most destructive consequences of climate change.

While GDS is not a significant user of energy, and as such our direct GHG emissions are relatively low, we are committed to making efforts to reduce these emissions. We monitor our carbon emissions closely, and review and report on the CO_2 emissions (a significant greenhouse gas) resulting from our energy use.

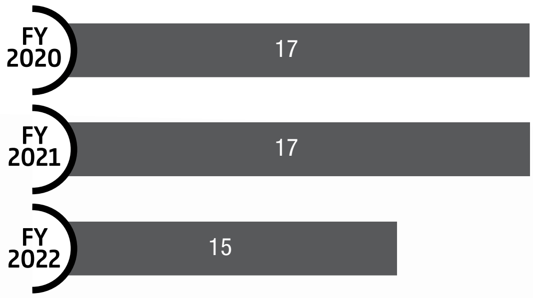
Our GHG emissions arise mainly from electricity, diesel and petrol consumption. Over the past three years, we have been steadily lowering our carbon emissions, and we intend to continue this trajectory in the years to come. Please refer to the data charts below for our scope-1 and scope-2 carbon emissions and emissions intensity.



Carbon Emissions (tCO_2)



Carbon Emissions by Energy Source (tCO_2)



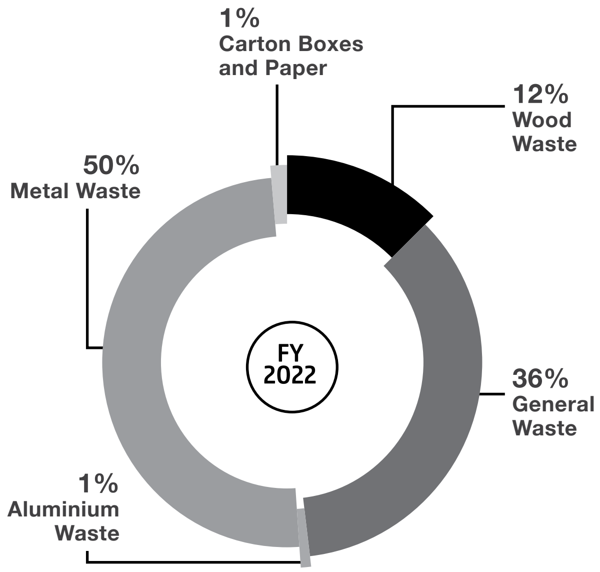
Carbon Intensity (tCO_2/ S$ million revenue)

Reducing Waste

We follow the three 'R' approach to managing the waste we produce: Reduce, Reuse and Recycle where possible. Over the past three years, we have continued to reduce the amount of waste we produce, from 85 tonnes of non-hazardous waste in FY2020, to 62 tonnes in FY2022. Our waste is primarily generated within our manufacturing processes and comprises mainly metals, aluminium and wood. Metal accounted for 50% of our total non-hazardous waste in FY2022. There is no material hazardous waste in our operations.

To implement the three 'R' approach, we have designed systems to segregate, store and safely dispose of our waste. We engage licensed waste management contractors to recycle or dispose of our waste as per local regulations, and we sell metal waste as scrap to third parties for recycling. 100% of our metal was sent for recycling in FY2022, and since this comprises 50% of our overall non-hazardous waste, we have achieved our target of recycling at least 50% of our non-hazardous waste.

Non-hazardous Waste (Tonnes)



Waste by Type (%) - FY2022

Water

Our water use is only for domestic purposes such as drinking, sanitation and cleaning. Our entire water supply is from the local public utility, PUB. Although water is not a material ESG factor for our operations, we are mindful of using water responsibly. We ensure our water pipelines and taps are well-maintained to prevent leakage.

We monitor our water use to review the consumption pattern and make efforts to conserve water. In FY2022, our water use amounted to 1,488 cubic metres. The water intensity was 18.4 cubic metres per employee.

Regulatory Compliance

We are committed to complying with all applicable environmental regulations in the regions in which we operate. There were no incidents of non-compliance against environmental laws or regulations in the reporting period.

Society

We conduct our business with responsibility toward the environment and the societies and communities in which we operate. This involves taking a strict stance on anti-corruption and ensuring we are compliant with all relevant socio-economic regulations in the regions in which we operate.

Anti-Corruption and Whistle-Blowing Policies

Our anti-corruption policy mandates zero tolerance towards bribery and corruption. All employees are made aware of this policy and the requirement of strict adherence to our code of conduct.

Our whistle-blowing policy helps us maintain a high standard of corporate governance and integrity. The policy guides employees on actions to address their concerns on suspicions of fraudulent activities or other unethical behaviour and provides a channel of communication for employees to report such occurrences. The policy also provides the process for investigation and management reporting, and covers the following areas:

- **Conflicts of interest:** An employee or officer should always act in the best interest of the Group. A "conflict of interest" occurs when an individual's personal interests interfere or appear to interfere with the interests of the Group.
- **Taking advantage of corporate opportunities:** Employees and Directors are prohibited from taking advantage of corporate property, information, position, or opportunities arising from these, for personal gains or to compete with the Group.
- **Confidentiality:** Employees and Directors must maintain the confidentiality of information entrusted to them by the Group or its customers, except when disclosure is authorised or legally mandated.
- **Fair dealing:** Each employee and Director should endeavour to deal fairly with the Group's customers, suppliers, competitors, and employees. No one should take unfair advantage of anyone through dishonesty, misrepresentation of material facts or any other unfair practice.
- **Protection and proper use of the Group's assets:** All employees and officers should protect the Group's assets and ensure their efficient use for legitimate business purposes.
- **Compliance with laws, rules, and regulations (including insider trading laws):** We actively promote compliance with laws, rules, and regulations, including insider trading laws. Insider trading is both unethical and illegal.
- **Unethical behaviour:** We actively promote ethical behaviour and encourage employees to report any misconduct in this regard.
- **Protection from reprisal:** Employees are protected from reprisal within the limits of the law of victimisation for whistle-blowing in good faith, with their identity kept confidential.
- **Independent monitoring and oversight:** The policy also provides for a well-defined process which ensures independent investigation of issues / concerns raised and appropriate follow-up action.

There were no known incidents of corruption in the reported period.

Supply Chain

We source a range of products and services through our supply chain. The main items procured from suppliers include steel coil and shutter motors. Our supply chain also includes sub-contractors who provide various services such as coatings of door slats and electrical work.

We engage with suppliers to ensure product quality and safety and ethical conduct in all transactions.

Regulatory Compliance

GDS is committed to complying with all applicable laws, including the relevant socio-economic regulations. We have adopted measures to ensure we stay up to date on all regulations relevant to the Group, to ensure continued compliance.

There were no known incidents of non-compliance with socio-economic laws or regulations in the reported period.

TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Anti-corruption	Zero incidents of corruption	Zero incidents	Zero incidents of corruption
Socio-economic Compliance	Zero incidents of legal non-compliance	Zero incidents	Zero incidents of legal non-compliance

Economic Performance

GDS remains committed to creating long-term value for our shareholders, investors and stakeholders through prudent management and robust governance.

Please refer to the Financial Statements on page 69 to 124 for detailed information about our economic performance.

GRI Content Index

Statement of use:	GDS Global Limited has reported in accordance with the GRI Standards for the period 1 October 2021 to 30 September 2022.
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s):	Not applicable as a GRI sector standard is not available for the Group's industry

GRI Standard	Disclosure	Page Number(s)
GRI 2: General Disclosures 2021		
ORGANISATIONAL DETAILS AND REPORTING PRACTICES		
GRI 2-1	Organisational details	14-15
GRI 2-2	Entities included in the organisation's sustainability reporting	14
GRI 2-3	Reporting period, frequency and contact point	14
GRI 2-4	Restatements of information	14
GRI 2-5	External assurance	14
ACTIVITIES AND WORKERS		
GRI 2-6	Activities, value chain and other business relationships	15
GRI 2-7	Employees	16, 21, 24
GRI 2-8	Workers who are not employees	21
GOVERNANCE		
GRI 2-9	Governance structure and composition	15, 38
GRI 2-10	Nomination and selection of the highest governance body	46
GRI 2-11	Chair of the highest governance body	40
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	39
GRI 2-13	Delegation of responsibility for managing impacts	39, 41
GRI 2-14	Role of the highest governance body in sustainability reporting	39
GRI 2-15	Conflicts of interest	32, 39
GRI 2-16	Communication of critical concerns	32
GRI 2-17	Collective knowledge of the highest governance body	40
GRI 2-18	Evaluation of the performance of the highest governance body	48-49
GRI 2-19	Remuneration policies	49-50
GRI 2-20	Process to determine remuneration	49-50
GRI 2-21	Annual total compensation ratio	Unable to dislclose due to confidentiality constraints
STRATEGIES, POLICIES AND PRACTICES		
GRI 2-22	Statement on sustainable development strategy	15
GRI 2-23	Policy commitments	15, 18-19, 21-23, 32
GRI 2-24	Embedding policy commitments	18, 22-23, 25-26
GRI 2-25	Processes to remediate negative impacts	57
GRI 2-26	Mechanisms for seeking advice and raising concerns	57
GRI 2-27	Compliance with laws and regulations	16, 31-33
GRI 2-28	Membership associations	17

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STAKEHOLDER ENGAGEMENT		
GRI 2-29	Approach to stakeholder engagement	17
GRI 2-30	Collective bargaining agreements	27
MATERIAL TOPICS		
GRI 3-1	Process to determine material topics	18
GRI 3-2	List of material topics	18
ECONOMIC PERFORMANCE		
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	33
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	5, 7-9, 79
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	18-19, 32-33
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	32
	205-3 Confirmed incidents of corruption and actions taken	32-33
ENVIRONMENTAL PERFORMANCE		
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	18-19, 28-29
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	16, 28-29
	302-3 Energy intensity	16, 28-29
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 18-19, 28, 30
GRI 305: Emissions 2016	305-1 Direct (Scope-1) GHG emissions	30
	305-2 Energy indirect (Scope-2) GHG emissions	16, 30
	305-4 GHG emission intensity	16, 28
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 18-19, 28, 31
Management Approach Disclosures 2020	306-1 Waste generation and significant waste-related impacts	31
	306-2 Management of significant waste-related impacts	31
GRI 306: Waste 2020	306-3 Waste generated	16
	306-4 Waste diverted from disposal	28, 31
SOCIAL		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 18-19, 21, 24-26
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	16, 21, 24-26

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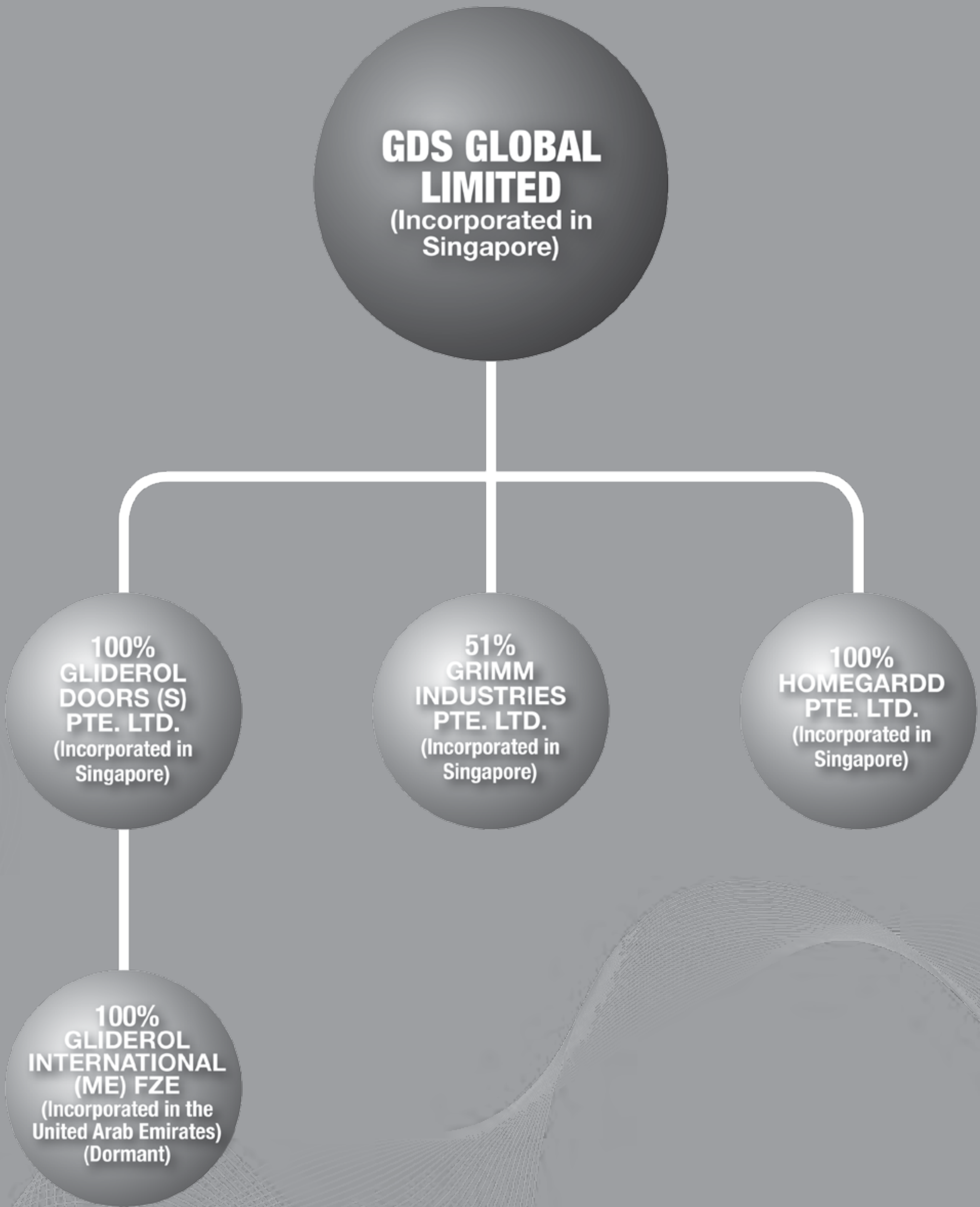
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	18-19, 21-23
Management Approach Disclosures 2018	403-1 Occupational health and safety management system	22
	403-2 Hazard identification, risk assessment, and incident investigation	22
	403-3 Occupational health services	22
	403-4 Worker participation, consultation, and communication on occupational health and safety	22
	403-5 Worker training on occupational health and safety	22
	403-6 Promotion of worker health	22
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	20
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	16, 23
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	18, 25-26
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	26-27

Corporate Structure



Corporate Information

BOARD OF DIRECTORS

Michael Wong
(Chairman and Chief Executive Officer)
Wu Chiaw Ching
(Lead Independent Non-Executive Director)
Pebble Sia Huei-Chieh
(Independent Non-Executive Director)
Tan Soon Liang
(Independent Non-Executive Director)

AUDIT COMMITTEE

Wu Chiaw Ching *(Chairman)*
Pebble Sia Huei-Chieh
Tan Soon Liang

REMUNERATION COMMITTEE

Pebble Sia Huei-Chieh *(Chairperson)*
Wu Chiaw Ching
Tan Soon Liang

NOMINATING COMMITTEE

Tan Soon Liang *(Chairman)*
Michael Wong
Wu Chiaw Ching
Pebble Sia Huei-Chieh

COMPANY SECRETARIES

Low Mei Mei, Maureen, ACS, ACG
Chiang Wai Ming, ACS, ACG

REGISTERED OFFICE

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Fax: (65) 6266 6866
Website: www.gdsglobal.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate &
Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower
#14-07
Singapore 098632

AUDITORS

Deloitte & Touche LLP
6 Shenton Way,
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-charge:
Chua How Kiat
(a member of the Institute of Singapore Chartered Accountants)
Date of Appointment: 18 January 2019

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

INVESTOR RELATIONS

GDS Global Limited
Lim Lay Khim, Financial Controller
ir@gliderol.com.sg

August Consulting
Silvia Heng
silviaheng@august.com.sg

GDS Global Limited (the "**Company**" or "**GDS**") and its subsidiaries (together with the Company, the "**Group**") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2018 (the "**Code**"). This report describes the Group's corporate governance practices that were in place during the financial year ended 30 September 2022 ("**FY2022**").

The board of directors (the "**Board**") is pleased to confirm that for FY2022, the Group has adhered to the principles and provisions as outlined in the Code. Where there are any deviations from the provisions of the Code, the Company has explained how the practices it has adopted are consistent with the intent of the relevant principles.

The Company will continue to enhance its corporate practices appropriate to the conduct and growth of its business and to review such practices from time to time.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to the Company's shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. All Directors exercise due care in discharging their duties and responsibilities and are obliged to act in good faith and consider at all times the interests of the Company.

In addition, the principal duties of the Board include:

- Providing entrepreneurial leadership, setting the Group's strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.

- Overseeing the process for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance to safeguard shareholders' interest and the Company's assets.

- Reviewing the performance of management and overseeing succession planning for management.

- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

- Setting the Group's values and standards (including ethical standards) and ensuring proper accountability within the Company and that the obligations to shareholders and other stakeholders are understood and met.

- Considering sustainability issues as part of the strategic formulation.

<u>Code of Ethics and Independent Judgement</u>

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself/herself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue. In addition, the Company has in place procedures for Directors to give general notice of any interests in any corporation or firm, in order to anticipate possible conflicts of interest between the Director and the Group. This procedure is conducted annually, prompting Directors to update any change in interests and/or confirm its previous disclosures. The Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

Corporate Governance

The current members of the Board and their membership on the board committees of the Company are as follows:

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Mr Michael Wong	Chairman, Executive Director and Chief Executive Officer	—	Member	—
2	Mr Wu Chiaw Ching	Lead Independent Non-Executive Director	Chairman	Member	Member
3	Ms Pebble Sia Huei-Chieh	Independent Non-Executive Director	Member	Member	Chairperson
4	Mr Tan Soon Liang	Independent Non-Executive Director	Member	Chairman	Member

Currently, the Board comprises four members. There is a strong and independent element on the Company's Board. Of the four members, three are Independent Non-Executive Directors.

Induction and Training of Directors

The Board ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable.

In accordance with Rule 406(3)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**"), the Nominating Committee ("**NC**") will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

During FY2022, no new director was appointed.

Briefings, Updates and Trainings Provided for Directors in FY2022

The NC reviews and makes recommendations on the training and professional development programmes to the Board.

The Group has an open policy for professional training for all the Board members, including the Executive Director and Independent Directors. The Company endorses the Singapore Institute of Directors ("**SID**") training programmes and sets a budget for such training and professional development programmes. All Board members are encouraged to attend relevant training organised by the SID or any other organisation which provides relevant training courses for Directors. The cost of such training will be borne by the Company.

On a half-yearly basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. The Chief Executive Officer updates the Board at each meeting on business and strategic developments of the Group.

As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are also circulated to the Board.

Board's Approval

Matters specifically reserved for the Board's approval are listed below:

- Strategies and objectives of the Group;
- Announcement of half-year and full year financial results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Material investments, divestments or capital expenditure;
- Commitments to term loans and lines of credits from banks and financial institutions; and
- Interested person transactions.

Clear directions have been imposed on management that the above matters must be approved by the Board.

Delegation by the Board

The Board has delegated certain functions to various board committees, namely the Audit Committee ("**AC**"), NC and Remuneration Committee ("**RC**"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key Features of Board Processes

The dates of Board and board committee meetings as well as annual general meetings ("**AGMs**") are scheduled in advance. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets at least two times a year and as warranted by particular circumstances. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's Constitution. The details of the number of Board and board committee meetings held in the financial year as well as the attendance of each board member at those meetings are disclosed below.

Directors' Attendance at Board and Board Committee Meetings in FY2022

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**
Mr Michael Wong	2	2	2	2(2)	1	1	1	1(2)
Mr Wu Chiaw Ching	2	2	2	2	1	1	1	1
Ms Pebble Sia Huei-Chieh	2	2	2	2	1	1	1	1
Mr Tan Soon Liang	2	2	2	2	1	1	1	1

Notes:

(1) Represents the number of meetings held as applicable to each individual Director.

(2) Attendance at meetings on a "By Invitation" basis.

Multiple Directorships

All Directors are required to declare their board appointments. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding multiple board appointments, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company. Please refer to Principle 4 for further disclosure in relation to multiple board representations.

Access to Information

Each Director is given access to the Board resources, including the Company's constitutional and governing documents, terms of references of the Board and the board committees, the Group's policy, Annual Reports, Board meeting papers and other pertinent information for his/her reference. Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Group, to enable them to make informed decisions and discharge their duties and responsibilities. Prior to each Board meeting, board papers and files are circulated for each meeting and the Board is provided with relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The business/projects updates with information on financial, operating and corporate issues, the explanations on the financial information, and the rationale for the key decisions taken by the management may also be made in the form of presentations by the management in attendance at the meetings. The Directors are entitled to request additional information as needed to make informed decisions. Management is invited to attend Board meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

Access to Management and Company Secretary

The Directors have separate and independent access to the management, and the Company Secretary and where it is necessary for the Directors to seek independent professional advice to effectively discharge their duties, the Directors can, whether as a group or individually, seek the requisite advice at the Company's expense.

The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Catalist Rules, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its board committees and between management and the Non-Executive Independent Directors.

The Company Secretary or her representative attends and prepares minutes for all Board and board committee meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of board committees and management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary is subject to the Board's approval as a whole.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Size, Composition and Diversity

The Board comprises four Directors, three Independent Non-Executive Directors (the "**Independent Non-Executive Directors**" or the "**Independent Directors**" or each the "**Independent Non-Executive Director**" or the "**Independent Director**"), and one Executive Director (the "**Executive Director**").

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the provisions set forth under Provision 2.1 of the Code and any other salient factor which would render a Director to be deemed not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors. More details are set out under Principle 4 of the Code.

The Independent Directors make up more than half of the Board which meets the requirements set out under Provision 2.2 and Provision 2.3 of the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined

The Board is committed that a diverse Board will help improve the overall performance and operational capability of the Company, ensuring that the decisions made by the Board have been considered from a range of viewpoints. The Board has adopted a Board diversity policy and the measurable objectives identified include:

1. In designing the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. Directors with technical, legal, financial, management and audit background will provide various extensive business experiences to the Company. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board.

2. For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. Such factors will be considered by the Company based on its business model and specific needs and the ultimate decision will be based on merit, value and contribution that the selected candidates will bring to the Board.

3. The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. In addition to ensuring a balanced composition of skills and experience at the Board, the Board has deliberated the following:

   (a) Gender diversity

   The Company does not set any specific target for female Directors in the Board but will work towards having female directors for future board renewal, if opportunity arises. The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board in order to attract and retain women participation on the Board;

   (b) Age diversity

   The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if opportunity arises. The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age, diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age; and

(c) Ethnic diversity

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board, if opportunity arises.

Taking into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making. The Company currently has a 25% female representation on the Board.

The Company is committed to implementing the Board Diversity Policy and will review this Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the Code, or as amended from time to time, and any other relevant legislation. Any progress made towards the implementation of this Policy will be disclosed in future Corporate Governance Reports of the Company, as appropriate.

Role of the Non-Executive Directors

The Board and management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve agreed goals and objectives and monitor the reporting of performance. For this to happen, the Board and Non-Executive Directors, in particular, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to management.

The Group has also adopted initiatives to put in place processes to ensure that the Non-Executive Directors have sufficient time and resources to discharge their oversight function effectively. These initiatives include:

- Regular informal meetings are held by management to brief the Non-Executive Directors on prospective deals and potential developments at an early stage, before formal Board approval is sought.

- The Company has also made available on the Company's premises an office for use by the Non-Executive Directors at any time for them to meet regularly without the presence of management.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the Executive Director and management where necessary, to discuss the performance of management and any matters of concern. The Lead Independent Director will provide feedback to the Chairman or the Board after such meetings. The Independent Directors met once among themselves without the Executive Director and management during FY2022.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Mr Michael Wong is the Chairman of the Board and also the Chief Executive Officer (the "**CEO**").

As Chairman, Mr Wong leads the Board to ensure its effectiveness on all aspects of its role; assumes responsibility for the smooth functioning of the Board and ensures adequate and timely flow of information between management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; facilitates the effective contribution of Non-Executive Directors; promotes a culture of openness and debate at the Board; ensures effective communication with shareholders; encourages constructive relations within the Board and between Board and management and promotes high standards of corporate governance.

As CEO, Mr Wong assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

The Company does not comply with Provision 3.1 of the Code as the Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Wong is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure.

The Company has complied with Provision 3.2 of the Code as the responsibilities of the CEO are set out separately in a service agreement entered into between the Company and the CEO.

The Board is also of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. Accordingly, the Board is satisfied that one person is able to effectively discharge the duties of both positions.

In line with Provision 3.3. of the Code, the Board has also appointed Mr Wu Chiaw Ching as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board, and to provide leadership in situations where the Chairman is conflicted. He is the principal liaison on board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns, and for which contact through the normal channels via the Chairman and CEO, and/or Financial Controller (the "**FC**") has failed to provide satisfactory resolution, or when such contact is inappropriate or inadequate.

All the board committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

<u>NC Composition</u>

The NC consists of three Independent Non-Executive Directors (including the Lead Independent Director) and one Executive Director. The majority of NC members, including the NC Chairman, are independent:

Mr Tan Soon Liang - Chairman
Mr Wu Chiaw Ching - Member
Ms Pebble Sia Huei-Chieh - Member
Mr Michael Wong - Member

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

- review the size, structure and composition of the Board;
- identify, review and recommend candidates to the Board including the appointment of alternate directors, if any, board committee members, CEO, deputy CEO, Chief Financial Officer ("**CFO**") and key management;
- recommend to the Board re-nominations of existing directors for re-election in accordance with the Company's Constitution, taking into account the Director's competencies, commitment, contribution and performance;
- establish a process for the selection, appointment and re-appointment of Directors;

- review and approve any new employment of employees related to the Directors, substantial shareholders of the Company or related persons, including the proposed terms of such employment;

- undertake board succession plans for Directors, in particular, the Chairman and the CEO;

- determine annually whether or not a Director is independent;

- in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

- review training and professional development programmes for the Board;

- make recommendation to the Board in determining the maximum number of listed company board representations which any Director may hold, and disclose this in the Company's annual report;

- decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;

- develop a process for evaluating the performance of the Board, its board committees and Directors by setting objective performance criteria for the Board and implementing such process for assessing the effectiveness of the Board as a whole and assessing the contribution of each individual Directors to the effectiveness of the Board; and

- ensure complete disclosure of key information of Directors in the Company's annual report as required under the Code, as amended from time to time.

Process for Selection and Appointment of New Directors

The NC has put in place formal and written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board. Notwithstanding that the Chairman of the Board is an Executive Director, the Company maintains a very strong and independent element on the Board with Independent Directors making up more than half of the Board.

In identifying suitable candidates, the NC will consider the current Board composition and the desired competencies of the new Board member with an aim to achieve board diversity and may use any of the following channels:

(i) advertise or use services of external advisors to facilitate a search;

(ii) approach alternative sources such as the SID; and

(iii) consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Independence Review of Directors

The task of assessing the independence of the Directors is delegated to the NC. The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Independent Director is required to complete a Director's Independence Checklist/Declaration (the "**Independence Checklist**") to confirm his/her independence. The Independence Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Independence Checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

As set out under Provision 2.1 of the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The NC assesses and reviews annually the independence of a Director bearing in mind the salient factors as set out under the Code, the Catalist Rules as well as all other relevant circumstances and facts. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

For the purpose of Provision 4.4 of the Code, based on the Independence Checklist submitted by each of the Independent Directors, none of Mr Wu Chiaw Ching, Ms Pebble Sia Huei-Chieh and Mr Tan Soon Liang has any relationship or circumstance as described in the Code which may affect or be perceived to affect their independence, specifically:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the Remuneration Committee.

(b) Save for Mr Wu Chiaw Ching and Ms Pebble Sia Huei-Chieh, none of the Independent Directors have served on the Board beyond nine (9) years from the date of first appointment. Mr Wu Chiaw Ching and Ms Pebble Sia Huei-Chieh submitted themselves for a two-tier voting process in accordance with Rule 406(3)(d)(iii) of the Catalist Rules at the Company's AGM held on 22 January 2021 and 21 January 2022 respectively for re-appointment, and had been approved by shareholders to continue appointment as Independent Directors.

(c) None of the Independent Directors and their immediate family members had in the current or immediate past financial year (i) provided or received significant payments or material services aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received significant payments or material services aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the Company in the current or immediate past financial year.

Accordingly, the NC is of the view that the aforementioned directors are independent.

Process for Re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Regulation 114 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation while Regulation 118 provides that any Director so appointed shall hold office until the next AGM and be eligible for re-election at the Company's AGM. Mr Wu Chiaw Ching and Mr Tan Soon Liang shall retire pursuant to Regulation 114 of the Company's Constitution at the Company's forthcoming AGM and shall be eligible for re-election.

The NC is satisfied that Mr Wu Chiaw Ching and Mr Tan Soon Liang who are retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and contribution of guidance and time to the Board's deliberations.

Please refer to pages 61 to 68 in the annual report for detailed information required pursuant to Rule 720(5) of the Catalist Rules (as defined herein).

Directors' Time Commitments

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. These guidelines provide that, as a general rule, each Director should hold no more than six listed company board representations.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC takes into account the respective Directors' actual conduct on the Board in making this determination.

The NC has reviewed and is satisfied that notwithstanding their multiple directorships and principal commitments, Mr Wu Chiaw Ching, Ms Pebble Sia Huei-Chieh and Mr Tan Soon Liang who hold multiple listed company board representations, have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. None of the Directors currently hold more than six listed company board representations and the NC is of the view that each Director has diligently discharged his/her duties adequately.

Alternate Directors

The Company does not have any alternate Director on the Board.

Succession Planning for the Board and Management

Currently, the Company does not have any formal succession plan for the CEO role. The NC seeks to evaluate available options in close consultation with the existing Chairman and CEO, and develop such plan over time to ensure business continuity.

Each member of the NC abstains from voting on any resolutions and making any recommendation and or participating in discussion on matters in which he is interested.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented a process carried out by the NC for assessing the effectiveness of: (i) the Board as a whole, (ii) each of the Board committees; and (iii) contribution by each individual Director to the Board.

Board Evaluation Process

A review of the performance of the Board and Board committees as well as that of individual Director is conducted by the NC annually. On the recommendation of the NC, the Board has adopted performance criteria and an internal process for evaluating the effectiveness of the Board as a whole and Board committee, and the contribution of each individual Director to the effectiveness of the Board.

The Company Secretary sends out the Board's and Board committees' Evaluation Questionnaires (the "**Questionnaires**") and an Individual Director Assessment Checklist (the "**Assessment Checklist**") to each Director for completion.

The performance criteria of the Board, Board committees and individual Directors includes board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and Board committee's performance in relation to discharging their responsibilities set out in their respective terms of reference. The Assessment Checklist is a self-assessment evaluation to assess the contribution by each individual Director to the effectiveness of the Board. The individual Director's performance criteria include his/her knowledge, commitment to the role and overall contribution to the effectiveness of the Board.

The completed Questionnaires and Assessment Checklists are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancing the effectiveness of the Board. The NC Chairman will act on the results of the performance evaluation and, in consultation with the NC, will propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors. For the financial year under review, the Board has performed the evaluation and is of the view that the Board as a whole and Board committees operates effectively and the contribution by each individual Director is satisfactory.

The Board has not engaged any external consultant to conduct any assessment of the effectiveness of the Board and the contribution by each individual Director to the effectiveness of the Board. Where relevant, the NC will consider such an engagement.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual director and key management personnel. No director is involved in deciding his or her own remuneration.

<u>RC Composition</u>

The RC consists of three members, all of whom are Independent Non-Executive Directors:

Ms Pebble Sia Huei-Chieh - Chairperson
Mr Wu Chiaw Ching - Member
Mr Tan Soon Liang - Member

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Director and key management personnel.

The members of the RC carry out their duties in accordance with the terms of reference which include the following:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.

- Review and recommend to the Board the specific remuneration packages for each Director as well as for key management personnel.

- Review the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel.

- Review the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

- In reviewing and making recommendations for remuneration for the Board and key management personnel, the RC shall consider amongst others:

  – level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company;

  – the use of long-term incentive schemes for the Executive Director and key management personnel;

- that the remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be overcompensated to the extent that their independence may be compromised. The RC may also consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders;

- the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company; and

- the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company should aim to be fair and avoid rewarding poor performance.

The RC, where necessary, may seek advice from external remuneration consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2022.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Director and key management personnel. The Executive Director is paid a basic salary and a fixed bonus of two month's basic salary.

Key management personnel are paid a basic salary and variable bonus. The variable bonus is payable based on both qualitative and quantitative performance criteria. Qualitative criteria include leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

The RC also ensures that the remuneration of the Independent Non-Executive Directors is appropriate to their level of contributions taking into account factors such as efforts and time spent, and their responsibilities. Independent Non-Executive Directors receive a basic fee for their services. The RC ensures that the Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. No Director shall participate in decisions on his/her own remuneration.

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of the shareholders at the AGM.

Having reviewed and considered the fixed and variable components of the remuneration packages for the Executive Director and key management personnel, the RC is of the view that the fees are appropriate and not excessive. Thus, there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by the Executive Director and key management personnel. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Executive Director and key management personnel. The remuneration of Directors is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Company had no long-term incentive schemes in place during FY2022.

Principle 8: Disclosure of Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 of the Code recommends that companies fully disclose the name and remuneration of each individual Director and the CEO. However, after deliberation and debate, due to the confidential and sensitive nature of remuneration, the highly competitive business environment the Group operates in, competitive pressures in the talent market and the potential negative impact such disclosure may have on the Group, the Board is of the view that full disclosure of the specific remuneration of individual Director and the Group's key management personnel is not in the best interests of the Company. The Company has chosen to disclose a breakdown showing the level and mix of remuneration of the individual directors and CEO in narrow bands for FY2022, with the view that such disclosures would provide adequate information on the remuneration policies and practice of the Group while maintaining the confidentiality of the Directors' remuneration matters.

Remuneration Band and Name of Director (1)	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
S$600,001 to S$700,000					
Mr Michael Wong (2)	86	14	–	–	100
Up to S$50,000					
Mr Wu Chiaw Ching	–	–	100	–	100
Ms Pebble Sia Huei-Chieh	–	–	100	–	100
Mr Tan Soon Liang	–	–	100	–	100

Notes:

(1) The remuneration disclosed in the table above includes all forms of remuneration from the Company and its subsidiaries. In deciding whether an item or benefit is to be included in the remuneration, regard has been given to the taxability of such item.

(1) Mr Michael Wong is the Chairman and CEO of the Company.

The service agreement between the Company and Mr Michael Wong in relation to his appointment as CEO was last renewed on 19 April 2022 for a period of three years.

During FY2022, the amount of Directors' fees paid to the Non-Executive Directors were as follows:

Name	Amount
Mr Wu Chiaw Ching	S$50,000
Ms Pebble Sia Huei-Chieh	S$40,000
Mr Tan Soon Liang	S$40,000

Provision 8.1 of the Code also recommends that companies disclose the name and remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000. In addition, companies should disclose the aggregate of the total remuneration paid or payable to the top five key management personnel (who are not Directors or the CEO).

The Board has identified that the Company had only four key management personnel (excluding the CEO) in FY2022. The breakdown showing the level and mix of remuneration of each of these top four key management personnel (who are not Directors or the CEO) in bands of S$250,000 for FY2022 is set out below.

Remuneration Band and Name of Executive [1]	Salary %	Bonus %	Other Benefits %	Total %
Up to S$250,000				
Ms Gina Lee	92	1	7	100
Ms Lim Lay Khim	99	1	–	100
Mr Leow Chyan	91	1	8	100
Ms Karen Lim*	91	1	8	100

*Retired on 31 January 2022

Note:

(1) The remuneration disclosed in the table above includes all forms of remuneration from the Company and its subsidiaries. In deciding whether an item or benefit is to be included in the remuneration, regard has been given to the taxability of such item.

	S$
Aggregate of the total remuneration paid or payable to the top four key management personnel (who are not Directors or the CEO)	388,760

Mr Michael Wong is the Controlling Shareholder of the Company and also the Chairman and CEO and his remuneration details are disclosed above in bands no wider than S$100,000. Save as aforementioned, the Company does not have any employee who is a substantial shareholder of the Company, or is an immediate family member of a Director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in FY2022.

The Directors, the Chairman and CEO and key management personal are not entitled to any benefits upon termination, retirement or post-employment. The Company currently does not have any share option scheme or performance share plan.

Further information on the Directors and key management personnel is on pages 10 to 12 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The Board determines the nature and extent of the significant risks which it is willing to take in achieving its strategic objectives. Having considered the Group's business operations as well as its existing risk management and internal control systems, the Board is of the view that a separate risk committee is not required for the time being.

The AC is responsible for making the necessary recommendations to the Board to form and provide an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group in the annual report of the Company according to the requirements in the Catalist Rules and the Code. The AC, with the assistance of KPMG Services Pte Ltd ("**KPMG**"), reviews the adequacy and effectiveness of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. Risk workshops are carried out with the risk owners to identify, assess and prioritise these risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps, are considered and documented.

The internal audit function was outsourced to KPMG (the "**Internal Auditor**") in FY2022. The Internal Auditor is one of the largest accounting firms in Singapore that has been established in Singapore since 1941. The engagement team is led by the engagement partner who has significant years of experience in governance, risk management, internal audit and accounting and is a Chartered Accountant of the Institute of Singapore Chartered Accountants ("**ISCA**") and Certified Internal Auditor of the Institute of Internal Auditors ("**IIA**"). The engagement team consists of managers and team members who possess relevant experience as well as designations such as Chartered Accountant and Certified Internal Auditor.

The Internal Auditor is independent of the activities it audits. The methodology adopted by the Internal Auditor conforms to the International Standards for the Professional Practice of Internal Auditing set by the IIA.

The AC is satisfied that the Internal Auditor is independent, and has adequate resources to perform its function effectively.

During FY2022, KPMG has conducted reviews on risk mitigation, financial management, and human resource and payroll.

All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

<u>Assurance from the CEO and the FC / key management personnel</u>

The Board has received written assurance from:

a) the CEO and the FC that the financial records of the Group have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances; and

b) the CEO and other key management personnel who are responsible, that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The CEO and the FC / key management personnel have obtained similar assurance from the business and corporate executive heads in the Group.

<u>Comment on the Adequacy and Effectiveness of Risk Management and Internal Control Systems</u>

The AC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. Based on the internal controls established and maintained by the Group, the work performed by the internal auditors as well as the assurance received from the CEO and the FC, the Board with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks were adequate and effective as at 30 September 2022.

The Board notes that the system of risk management and internal controls established by the Group provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

AC Composition

The AC consists of three members, all of whom are Independent Non-Executive Directors:

Mr Wu Chiaw Ching - Chairman
Ms Pebble Sia Huei-Chieh - Member
Mr Tan Soon Liang - Member

At least two members of the AC (including the Chairman of the AC) have recent and relevant accounting or related financial management expertise or experience. The Board considers the members of the AC as having sufficient financial knowledge and experience to discharge their responsibilities in the AC.

The AC does not comprise former partners or directors of the Company's existing auditing firm, Deloitte & Touche LLP and the members of the AC do not have any financial interests in Deloitte & Touche LLP.

The members of the AC carried out their duties in accordance with the written terms of reference which include the following:

a) Review the audit plans of the Company's external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls.

b) Review the scope and result of the external auditors' reports.

c) Review with independent internal auditors the findings of their review report, internal control processes and procedures, and make recommendations on the internal control processes and procedures to be adopted by the Group.

d) Review and recommend to the Board the types of risks or risk appetite the Company undertakes to achieve its business strategies. Oversee the risk management framework, policies and resources to manage and report risks within the Company's risk appetite.

e) Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

f) Recommend to the Board on the opinion and disclosure in the annual report on the adequacy and effectiveness of the Company's risk management and internal control systems in accordance with the Catalist Rules and the Code.

g) Review the co-operation given by management to the external auditors and internal auditors, where applicable.

h) Review the financial statements of the Company and the Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to the Board for approval.

i) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's and the Group's financial performance.

j) Receive and review a formal assurance from the CEO and the FC on the financial records and financial statements.

k) Review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and management's response.

l) Review the transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules, if any.

m) Review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflicts of interest.

n) Review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet.

o) Review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement.

p) Review and approve foreign exchange hedging policies implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures.

q) Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

r) Review arrangements by which an employee may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up.

s) Undertake generally such other functions and duties as may be required by statute or the Catalist Rules, as amended, modified or supplemented from time to time.

Apart from the above, the AC shall:

t) Commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

u) Commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any). Prior to decommissioning such an internal controls audit, the Board shall report to the Sponsor and the SGX-ST (if necessary) on the basis of its decision to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of the Group. Thereafter, the AC shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of the Group have remained robust and effective. Upon the completion of an internal controls audit, the Board shall make the appropriate disclosure via the SGXNet of any weaknesses in the Group's internal controls which may be material or of a price-sensitive or trade-sensitive nature, as well as any follow-up actions to be taken by the Board.

The primary reporting line of the internal auditors is to the AC and the internal auditors have unfettered access to all the Group's documents, records, properties and personnel. The AC has explicit authority to investigate any matter within its term of reference and is authorised to obtain independent professional advice. It also has full access to and co-operation of management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer to attend its meetings.

Corporate Governance

Summary of the AC's Activities

The AC met two times during the financial year under review. Details of members and their attendance at meetings are provided on page 41. The FC, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of management are also invited to attend, as appropriate, to present reports.

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually. During FY2022, the AC had one meeting with the internal auditors and external auditors separately, without the presence of management. These meetings enable the internal auditors and external auditors to raise issues encountered in the course of their work directly to the AC.

The principal activities of the AC during the financial year are summarised below:

Financial reporting

The AC met on a bi-annual basis and reviewed the half-year and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

The AC reviewed the annual financial statements and also discussed with management, the FC and the external auditors the significant accounting policies, judgements and estimates applied by management in preparing the annual financial statements. The AC focused particularly on:

- Significant risks identified from the audit; and

- The appropriateness of the going concern assumption in the preparation of the financial statements.

Following the review and discussions, the AC then recommends to the Board for approval of the half-year and full year financial statements.

Key Audit Matters

The AC has reviewed the management's assessment and discussed with the external auditors about the identified key audit matters (refer to pages 73 to 75 of the Annual Report); and how these key audit matters have been addressed by the external auditors. Having considered the management's assessment and the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

External audit processes

The AC manages the relationship with the Group's external auditors on behalf of the Board. The AC is of the view that the external auditors demonstrated appropriate qualifications and expertise. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Deloitte & Touche LLP. Therefore, the AC recommended to the Board that Deloitte & Touche LLP be re-appointed as the external auditors. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Deloitte & Touche LLP at the forthcoming AGM.

In appointing auditors for the Company and its subsidiaries, the Group has complied with Rules 712 and 715 of the Catalist Rules.

Auditors' independence

In order to maintain the independence of the external auditors, the Group has specific policy which governs the conduct of non-audit work performed by the external auditors. This policy prohibits the external auditors from:

- Performing services which would result in the auditing of their own work;
- Participating in activities normally undertaken by management;
- Acting as advocate for the Group; or
- Creating a mutuality of interest between the external auditors and the Group, for example being remunerated through a success fee structure.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC received a half-yearly report setting out the non-audit services provided by Deloitte & Touche LLP and the fees charged. The aggregate amount of fees paid to Deloitte & Touche LLP is S$136,300. The audit and non-audit fees paid or payable to the external auditors for FY2022 were S$109,450 and S$26,850 respectively.

Having undertaken a review of the non-audit services provided during the financial year, the AC is satisfied that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provided to the Group.

Internal audit

During the financial year, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, internal auditors and external auditors.

The AC considered and reviewed with management and internal auditors on the following:

- Annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- Significant internal audit observations and management's response thereto.

The AC has reviewed the adequacy and effectiveness of the internal audit function.

Interested person transactions

The AC reviews the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company or its minority shareholders. On a half-yearly basis, management reports to the AC the interested person transactions (if any).

There were no interested person transactions during the financial year under review.

The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of interested person transactions were effective.

Whistle blowing

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in matters of financial reporting or other matters. Any whistle-blowing issues can be reported to the Chairman of the AC, the Head of Human Resource department or the FC. The AC exercises the overseeing function over the administration of the Whistle-Blowing Policy. It has a well-defined process which ensures independent investigation of issues / concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law of victimisation for whistle-blowing in good faith, with their identity kept confidential. The Whistle-Blowing Policy has been circulated to all employees.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11: Shareholders' Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company.

The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which may be price-sensitive or trade-sensitive.

The Group strongly encourages shareholder participation during its AGMs which are held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineer at such general meetings. The Company will employ electronic polling if necessary.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. The Company shall avoid 'bundling' resolutions unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

All Directors including Chairman of the Board and the respective Chairman of the AC, NC and RC, and management are intended to be in attendance at general meetings to address any queries of the shareholders and receive feedback from shareholders. All the Directors were present at the Company's last AGM via webcast held on 21 January 2022.

The Company's external auditors will also be present to address queries relating to the conduct of the audit and the preparation and content of the auditor's report.

The Constitution of the Company allows any member of the Company, if he is unable to attend a general meeting, to appoint not more than two proxies to attend and vote on his behalf at the meeting through a proxy form sent in advance. Pursuant to the amendments to the Companies Act effective from 1 January 2016, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNet and posted on the Company's website.

The Company's Constitution allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Company records the minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from management.

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of shareholders on SGXNet and/or its corporate website as soon as practicable and such minutes shall record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management. The minutes of general meetings of the Company, including a summary of substantial and relevant comments or questions from shareholders relating to the agenda of general meetings and responses thereof, will be published on SGXNet and/or its corporate website within one (1) month after the date of the meeting, for the information of the shareholders.

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings. Electronic poll voting may be efficient in terms of speed but may not be cost effective. In this respect, the Company did not adopt electronic poll voting.

Forthcoming AGM to be convened

The forthcoming AGM in respect of FY2022 will be held physically at 86, International Road, Singapore 629176 on 17 January 2022. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM released on SGXNet on 21 December 2022.

Dividend Policy

In the Company's Offer Document dated 11 April 2013, the Company stated that it does not have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board generally takes into account various factors including:

- The level of the Group's cash and retained earnings.
- The Group's actual and projected financial performance.
- The Group's projected levels of capital expenditure and other investment plans.
- The Group's working capital requirements and general financing condition.

As disclosed in the Company's results announcement for FY2022, the Board did not recommend any dividend for FY2022 in order to conserve cash for working capital requirements during the uncertain business environment.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Disclosure of Information on a Timely Basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. In addition to general meetings and where the opportunities arise, the management of the Company will also meet with investors, analysts and the media, as well as participate in investor relations activities to solicit and understand the views of the investing community.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet, press releases and the Company's corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price-sensitive and/or trade-sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be immediately released to the public via SGXNet.

The Group's corporate website is the key resource of information for shareholders. In addition to the half-yearly and yearly financial results, it contains a wealth of investor-related information on the Group, including annual reports, share price information and dividend information.

Interaction with shareholders/stakeholders

The Company has an internal investor relations function which focuses on facilitating communications with stakeholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company solicits and understands the views of shareholders/stakeholders and the investment community. Shareholders may also submit questions through the IR Contact page of the Company's corporate website.

Principle 13: Managing Stakeholder Relationships

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, publications, surveys and feedback with material stakeholder groups which include shareholders, suppliers, customers and employees. The Group has identified the environmental, social and governance factors that are important to its stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in the Company's sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder groups and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2022 which is included in this annual report.

Dealing in Securities

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive or trade sensitive information.

Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the one month before the announcement of the Company's half-year and full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Material Contracts

Save for the following material contracts previously disclosed in the Company's offer document in relation to its initial public offering dated 11 April 2013, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or Controlling Shareholder either still subsisting as at 30 September 2022 or if not then subsisting, entered into since the end of the previous financial year:

(a) the assignment deed dated 25 February 2013 entered into between Mr Michael Wong and Gliderol Doors (S) Pte. Ltd. in relation to two inventions entitled "Louvred Shutter" and "Security Shutter (Improvements to Roller Shutters)";

(b) the non-competition deed dated 19 March 2013 entered into between the Company, Mr Michael Wong and GIID Pty Limited; and

(c) the Service Agreement of Mr Michael Wong dated 22 March 2013 which took effect from the date of the Company's admission to Catalist on 19 April 2013, such agreement having been renewed every three years with the last renewal being 19 April 2022.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, SAC Capital Private Limited during the financial year under review.

Interested Person Transactions

The Company confirms that there were no interested person transactions during the financial year under review.

Non-Audit Fees

The nature of the non-audit services that were rendered by the Company's auditors, Deloitte & Touche LLP, to the Group and their related fees for FY2022 were as follows:

Fees for tax compliance services rendered to the Group – S$26,850.

Additional information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules

Mr Wu Chiaw Ching and Mr Tan Soon Liang are the Directors seeking re-election at the forthcoming AGM to be convened on 17 January 2023 under Ordinary Resolutions 3 and 4 respectively as set out in the Notice of AGM dated 21 December 2022 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as at the date of this report and as set out in Appendix 7F of the Catalist Rules, are described in the table below and are to be read in conjunction with their respective profiles under the "Board Of Directors" section of this annual report.

Name of Director	**Wu Chiaw Ching**	**Tan Soon Liang**
Date of appointment	21 March 2013	7 March 2020
Date of last re-appointment (if applicable)	22 January 2021	22 January 2021
Age	66	49
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the NC that Mr Wu Chiaw Ching remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure in office since March 2013, and is of the view that he is suitable for re-appointment as Lead Independent Director, the Chairman of the AC, member of the NC, and member of the RC	The Board having considered among others, the recommendation of the NC and the qualifications and work experience of Mr Tan, is of the view that he is suitable for re-appointment as an Independent Director of the Company, the Chairman of the NC, member of the AC and member of the RC
Whether appointment is executive, and if so, the area of responsibility	No	No

Corporate Governance

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Lead Independent Director • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee	• Independent Non-Executive Director • Chairman of Nominating Committee • Member of Audit Committee • Member of Remuneration Committee
Professional qualifications	• Bachelor of Commerce (Accountancy) from Nanyang University, Singapore • Post-graduate Diploma in Business and Administration from Massey University, New Zealand • Diploma in Management Consultancy from the National Productivity Board, Singapore • Master of Arts (Finance and Accounting) from Leeds Metropolitan University, United Kingdom.	• Bachelor of Business (Honours) Degree, from Nanyang Technological University ("**NTU**") • Master of Business Administration Degree from University of Hull, United Kingdom. • CFA® Charterholder from CFA Institute, United States of America
Working experience and occupation(s) during the past 10 years	Mr Wu is the proprietor of Wu Chiaw Ching & Company and has accumulated more than 30 years of experience in both auditing and accounting aspects.	Mr Tan Soon Liang is the founder and managing director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since 2009. He is also the managing director of Omnibridge Capital Pte. Ltd. which focusses on early-stage angel and venture capital investments in start-ups and fast-growing companies in Asia. Prior to that, he was the head of business advisory and subsequently, an advisor at BDO Raffles Advisory Pte Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments[1] including Directorships - Past (for the last 5 years)	Public Listed Companies 1. Gaylin Holdings Limited 2. Natural Cool Holdings Limited 3. DLF Holdings Limited Private Companies / Public Unlisted Companies / Other Entities 1. Arthur Wu Consultants Pte Ltd 2. China Fashion Holdings Limited 3. EDC@SCCCI Pte Ltd 4. E-Freight Centre Pte Ltd 5. Financial Board of the Singapore Chinese Chamber of Commerce 6. P99 Holdings Limited 7. Sun Yat Sen Nanyang Memorial Hall Company Limited 8. Aegis Financial Circle Pte Ltd 9. Aegis Knowledge Pte Ltd 10. Aegis Portfolio Managers Pte Ltd 11. Aegis Private Capital Pte Ltd 12. Aegis Wealth Managers Pte Ltd 13. E-Freight Centre (2008) Pte Ltd 14. Shipping Freight Booking Centre Sendirian Berhad	Public Listed Companies 1. Wong Fong Industries Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Epika Pte Ltd 2. Allin International Holdings Pte Ltd 3. MG Investors Pte Ltd 4. The Learning Fort Pte Ltd 5. Omnibridge Investment Partners Ltd

Corporate Governance

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Other principal commitments[1] including Directorships - Present	Public Listed Companies 1. GDS Global Limited 2. Goodland Group Limited 3. LHT Holdings Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Pinpoint Pte Ltd 2. Wu Chiaw Ching & Company 3. Singapore Teochew Foundation Limited 4. Ngee Ann Development Private Limited 5. South Grand Textiles (Private) Limited 6. Nad Triple Funds Pte Ltd 7. Ngee Ann Property Management Pte Ltd 8. RE Properties Pte Ltd	Public Listed Companies 1. GDS Global Limited 2. ISDN Holdings Limited 3. Clearbridge Health Limited 4. Choo Chiang Holdings Ltd 5. Colex Holdings Limited 6. ValueMax Group Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Ti Ventures Pte Ltd 2. Ti Investment Holdings Pte Ltd 3. Omnibridge Investments Ltd 4. Omnibridge Capital Ltd 5. Omnibridge Capital Pte Ltd 6. Omnibridge Investments Pte Ltd 7. Omnibridge Investment Partners Pte Ltd 8. ACH Investors Pte Ltd 9. Allin Holdings Pte Ltd 10. Spectra Secondary School 11. NTU Nanyang Business School Alumni Association Executive Committee
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Name of Director	Wu Chiaw Ching	Tan Soon Liang
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Mr Tan was a non-executive director of T10 Lifestyle Concepts Pte Ltd ("**T10**") from April 2011 to November 2015, a company incorporated in Singapore. He was a non-executive nominee director on the board of directors of T10, representing the interests of Ti Investment Holdings Pte. Ltd., which had a 60.0% shareholding in T10. During the period of his directorship in T10, he was not involved in the daily business operations nor financial management of T10. On 12 November 2015, T10 was dissolved pursuant to a compulsory winding up application.
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Name of Director	Wu Chiaw Ching	Tan Soon Liang
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: —		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Name of Director	Wu Chiaw Ching	Tan Soon Liang
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Corporate Governance

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Prior experience as a director of an issuer listed on the Exchange		
Any prior experience as a director of an issuer listed on the Exchange?	This relates to the re-appointment of a Director.	This relates to the re-appointment of a Director.
If yes, please provide details of prior experience.	Not Applicable	Not Applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable	Not Applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

1 "Principal commitments" has the same meaning as defined in the Code.

The directors present their statement together with the audited consolidated financial statements of GDS Global Limited (the "**Company**") and its subsidiaries (the "**Group**") and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 78 to 124 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Wong Lok Yung	(Chairman, Executive Director and Chief Executive Officer)
Wu Chiaw Ching	(Lead Independent Non-Executive Director)
Pebble Sia Huei-Chieh	(Independent Non-Executive Director)
Tan Soon Liang	(Independent Non-Executive Director)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 except as follows:

Name of director and companies in which interests are held	**Shareholdings registered in name of director**		**Shareholdings in which director is deemed to have an interest**	
	At beginning of year	**At end of year**	**At beginning of year**	**At end of year**
The Company (Ordinary shares)				
Wong Lok Yung	–	–	88,500,000	88,500,000
Ultimate holding company D'Oasis Pte. Ltd. (Ordinary shares)				
Wong Lok Yung	90	90	10	10

By virtue of Section 7 of the Singapore Companies Act 1967, Wong Lok Yung is deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interest in the shares of the company at 21 October 2022 were the same at 30 September 2022.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all independent non-executive directors, is as follows:

Wu Chiaw Ching – Chairman
Pebble Sia Huei-Chieh – Member
Tan Soon Liang – Member

The Audit Committee will meet periodically to perform the following functions:

(a) review the audit plans of the Company's external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls;

(b) review the scope and results of external auditors' reports;

(c) review with independent internal auditors the findings of their review report, internal control processes and procedures, and make recommendations on the internal control processes and procedures to be adopted by the Group;

(d) review and recommend to the board of directors (the "**Board**") the types of risks or risk appetite the Company undertakes to achieve its business strategies. Oversee the risk management framework, policies and resources to manage and report risks within the Company's risk appetite;

(e) review and report to the board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance, information technology controls and risk management systems;

(f) recommend to the Board on the opinion and disclosure in the annual report on the adequacy and effectiveness of the Company's risk management and internal control systems in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and the Code of Corporate Governance;

(g) review the co-operation given by management to the external auditors and internal auditors, where applicable;

(h) review the financial statements of the Company and the Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to the Board for approval;

5 AUDIT COMMITTEE (cont'd)

(i) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's and the Group's financial performance;

(j) receive and review a formal assurance from the Chief Executive Officer and the Financial Controller on the financial records and financial statements;

(k) review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and management's response;

(l) review the transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual, if any;

(m) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflicts of interest;

(n) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet;

(o) review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;

(p) review and approve foreign exchange hedging policies implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

(q) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(r) review arrangements by which an employee may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and

(s) undertake generally such other functions and duties as may be required by statute or the Listing Manual, as amended, modified or supplemented from time to time.

The Audit Committee convened two meetings during the financial year with full attendance from all members. The Audit Committee has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided by the external auditors to the Group is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director or key management personnel or any executive officer to attend its meetings. The internal and external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming annual general meeting of the Company.

Directors' Statement
Year ended 30 September 2022

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Wong Lok Yung

....
Wu Chiaw Ching

14 December 2022

Independent Auditor's Report

To the Members of GDS Global Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GDS Global Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 124.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountant and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

Key audit matter (s)	How the matter was addressed in the audit
Loss allowance The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied a simplified expected credit loss ("**ECL**") model to determine the loss allowance on trade receivables and contract assets. As at 30 September 2022, the Group has trade receivables amounting to $2,321,000 (2021 : $1,608,000) and contract assets amounting to $577,000 (2021 : $1,073,000). Management's judgement is required in assessing and determining the ECL of trade receivables and contract assets via evaluating expected future receipts from customers based on past payment trends, relative age of the debtors, knowledge of the customers' businesses and its financial condition and forward looking adjustments based on macro-economic factors.	We performed procedures to understand management's process over the monitoring of trade receivables and contract assets, the collection process and loss allowance assessment. We assessed the appropriateness of the Group's policy on expected credit loss allowance on trade receivables and contract assets and assessed the adequacy of the allowance, including discussing with management on the credit quality of the existing customers and collectability of significant past due trade receivables. For the assessment of ECL, we also considered amongst other factors, such as the credit risk, past payment history, settlement arrangements, subsequent receipts and on-going business dealings with the debtors involved and forward looking adjustments based on macro-economic factors to assess the appropriateness of any loss allowance to be made. The key assumptions and estimation on loss allowance are disclosed in Note 3 to the financial statements, and further information related to trade receivables and contract assets are provided in Notes 7 and 8 to the financial statements respectively.
Impairment assessment of goodwill Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill impairment at least annually or more frequently when there is an indication that the cash generating unit ("**CGU**") may be impaired. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts. As at 30 September 2022, the carrying amount of goodwill amounting to $659,000 (2021 : $659,000) arose from the acquisition of Grimm Industries Pte. Ltd. During the year, no impairment was recorded. The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Notes 3 and 12 to the financial statements.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: • obtaining an understanding of management's process over assessing impairment of goodwill; • reviewing management's impairment assessment of goodwill and their assessment on the recoverable amount of goodwill; • involving valuation specialists to assess the reasonableness of the discount rate and comparing the independent expectations to those used by management; • challenging the cash flow forecasts used, by comparing to current market performance and expectations of future changes in the market; • conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and • performing sensitivity analysis around the key drivers of the cash flow forecasts. We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 12 to the financial statements respectively.

Key Audit Matters (cont'd)

Key audit matter (s)	How the matter was addressed in the audit
Impairment assessment of non-current assets	
Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to assess at the end of each reporting period whether there is any indication that its non-current assets may be impaired. If any such indicators exists, the Group shall estimate the recoverable amount of the non-current assets. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts. As at 30 September 2022, the carrying amount of property, plant and equipment, right-of-use assets and intangible assets held by its wholly-owned subsidiary Gliderol Doors (S) Pte. Ltd. amounted to $1,881,000 (2021 : $2,270,000), $7,540,000 (2021 : $8,838,000) and $607,000 (2021 : $701,000) respectively. The non-current assets were not impaired as the recoverable amount of the CGU exceeded the carrying amount of the CGU. The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 3 to the financial statements.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: • involving valuation specialists to assess the reasonableness of the discount rate and comparing the independent expectations to those used by management; • challenging the cash flow forecasts used, by comparing to current market performance and expectations of future changes in the market; • conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and • performing sensitivity analysis around the key drivers of the cash flow forecasts. We have also reviewed the adequacy and appropriateness of the disclosures made in Note 3 to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor’s Responsibilities for the Audit of the Financial Statements (cont’d)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Mr Chua How Kiat.

Public Accountants and
Chartered Accountants
Singapore

14 December 2022

Statements of Financial Position

As at 30 September 2022

	Note	Group 2022	Group 2021	Company 2022	Company 2021
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	7,177	8,775	3,292	3,486
Trade and other receivables	7	2,787	2,041	2,333	1,784
Contract assets	8	577	1,073	–	–
Inventories	9	1,945	1,904	–	–
Total current assets		12,486	13,793	5,625	5,270
Non-current assets					
Property, plant and equipment	10	1,905	2,298	–	–
Right-of-use assets	11	7,589	8,938	–	–
Intangible assets	12	1,360	1,454	–	–
Subsidiaries	13	–	–	4,240	4,240
Total non-current assets		10,854	12,690	4,240	4,240
Total assets		23,340	26,483	9,865	9,510
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	1,412	1,236	205	205
Contract liabilities	15	815	891	–	–
Lease liabilities	16	1,331	1,248	–	–
Income tax payable		225	172	9	10
Total current liabilities		3,783	3,547	214	215
Non-current liabilities					
Deferred tax liabilities	17	184	184	–	–
Lease liabilities	16	6,997	8,324	–	–
Other payables	14	213	268	–	–
Total non-current liabilities		7,394	8,776	–	–
Total liabilities		11,177	12,323	214	215
Capital, reserves and non-controlling interests					
Share capital	18	5,245	5,245	5,245	5,245
Reserves		4,865	7,069	4,406	4,050
Equity attributable to owners of the Company		10,110	12,314	9,651	9,295
Non-controlling interests		2,053	1,846	–	–
Total equity		12,163	14,160	9,651	9,295
Total liabilities and equity		23,340	26,483	9,865	9,510

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended 30 September 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	19	13,664	12,991
Cost of sales		(9,647)	(9,070)
Gross profit		4,017	3,921
Other operating income	20	311	560
Marketing and distribution expenses		(430)	(373)
Administrative expenses		(4,750)	(4,996)
Other operating expenses		(533)	(315)
Interest revenue	21	3	4
Other gains and losses	22	89	(48)
Finance costs	23	(201)	(227)
Loss before tax		(1,494)	(1,474)
Income tax expense	24	(181)	(130)
Loss for the year	25	(1,675)	(1,604)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(77)	7
Other comprehensive (loss) income for the year, net of tax		(77)	7
Total comprehensive loss for the year		(1,752)	(1,597)
(Loss) Profit attributable to:			
- Owners of the Company		(2,127)	(1,911)
- Non-controlling interests		452	307
		(1,675)	(1,604)
Total comprehensive (loss) income attributable to:			
- Owners of the Company		(2,204)	(1,904)
- Non-controlling interests		452	307
		(1,752)	(1,597)
Basic and diluted loss per share (cents)	26	(1.90)	(1.71)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 30 September 2022

Group	Share capital	Translation reserve	Capital reserves (Note 27)	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2020	5,245	(57)	277	19	8,734	14,218	1,735	15,953
Total comprehensive (loss) income for the year:								
(Loss) Profit for the year	–	–	–	–	(1,911)	(1,911)	307	(1,604)
Other comprehensive income for the year	–	7	–	–	–	7	–	7
Total	–	7	–	–	(1,911)	(1,904)	307	(1,597)
Transactions with owners, recognised directly in equity:								
Dividends paid to non-controlling shareholders by subsidiary	–	–	–	–	–	–	(196)	(196)
Total	–	–	–	–	–	–	(196)	(196)
Balance at 30 September 2021	5,245	(50)	277	19	6,823	12,314	1,846	14,160
Total comprehensive (loss) income for the year:								
(Loss) Profit for the year	–	–	–	–	(2,127)	(2,127)	452	(1,675)
Other comprehensive income for the year	–	(77)	–	–	–	(77)	–	(77)
Total	–	(77)	–	–	(2,127)	(2,204)	452	(1,752)
Transactions with owners, recognised directly in equity:								
Dividends paid to non-controlling shareholders by subsidiary	–	–	–	–	–	–	(245)	(245)
Total	–	–	–	–	–	–	(245)	(245)
Balance at 30 September 2022	5,245	(127)	277	19	4,696	10,110	2,053	12,163

See accompanying notes to financial statements.

Statements of Changes in Equity
Year ended 30 September 2022

Company	Share capital	Retained earnings	Total
	$'000	**$'000**	**$'000**
Balance at 1 October 2020	5,245	3,737	8,982
Profit for the year, representing total comprehensive income for the year	–	313	313
Balance at 30 September 2021	5,245	4,050	9,295
Profit for the year, representing total comprehensive income for the year	–	356	356
Balance at 30 September 2022	5,245	4,406	9,651

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 30 September 2022

	Group	
	2022	**2021**
	$'000	**$'000**
Operating activities		
Loss before tax	(1,494)	(1,474)
Adjustments for:		
Interest income	(3)	(4)
Interest expense on lease liabilities	201	227
Depreciation of property, plant and equipment	493	476
Depreciation of right-of-use assets	1,363	1,373
Amortisation of intangible assets	94	142
Bad debts written off	1	–
Allowance for inventory obsolescence, net	13	1
(Gain) Loss on disposal of property, plant and equipment	(15)	20
Net foreign exchange (gain) loss	(16)	36
Amortisation of deferred grant income	(56)	(258)
Operating cash flows before movements in working capital	581	539
Inventories	(54)	323
Trade and other receivables	(743)	(133)
Contract assets	496	(202)
Trade and other payables	95	289
Contract liabilities	(76)	598
Cash generated from operations	299	1,414
Interest paid on lease liabilities	(201)	(227)
Income tax paid	(127)	(169)
Net cash (used in) from operating activities	(29)	1,018
Investing activities		
Purchase of property, plant and equipment	(154)	(137)
Proceeds from disposal of property, plant and equipment	69	28
Interest received	3	4
Payment for intangible assets	–	(95)
Net cash used in investing activities	(82)	(200)
Financing activities		
Dividends paid to non-controlling shareholders by subsidiary	(245)	(196)
Repayment of lease liabilities	(1,258)	(1,004)
Cash used in financing activities	(1,503)	(1,200)
Net decrease in cash and cash equivalents	(1,614)	(382)
Cash and cash equivalents at beginning of year	8,775	9,193
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	16	(36)
Cash and cash equivalents at end of year (Note 6)	7,177	8,775

See accompanying notes to financial statements.

1 GENERAL INFORMATION

The Company (Registration Number 201217895H) is incorporated in the Republic of Singapore with its principal place of business and registered office at 86 International Road, Singapore 629176. The Company was listed on Catalist board, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 April 2013.

The financial statements are expressed in Singapore dollars, and all values are rounded to the nearest thousand ($'000) except where otherwise stated.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2022 were authorised for issue by the board of directors on 14 December 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On 1 October 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("**SFRS(I) 9**"), or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

MERGER RESERVE - Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group from a common shareholder and consideration paid for the acquisition.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for debt instruments that meet the conditions for subsequent measurement at amortised cost, all other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "interest revenue" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the debtor; or

b) a breach of contract, such as a default or past due event; or

c) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty has no realistic prospect of recovery, e.g. when the counterparty has ceased business. Any recoveries received are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

OFFSETTING ARRANGEMENTS - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate reflects the fixed rate at which the Group could borrow an amount similar to the value of the right-of-use assets, in the same currency, for a similar term, and with similar collateral.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessee (cont'd)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described below.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Renovations	-	10 years
Furniture and fittings	-	10 years
Computers	-	3 years
Motor vehicles	-	5 to 10 years
Machinery and equipment	-	5 to 10 years
Office equipment	-	10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

GOODWILL - Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Group's cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on the pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS - Intangible assets acquired with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives are disclosed in Note 12. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS (cont'd)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred grant income and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Sale of doors and shutter systems</u>

Revenue generated from sale of doors and shutter systems is recognised when control of the goods has transferred, being when the goods have been delivered and installed at the customer's specific location. Following the delivery and installation, the customer has full discretion over the manner of use of the doors and shutter systems.

A contract asset is recognised when the delivery and installations are performed, representing the Group's right to consideration for the performance obligation completed to date but not yet billed. The contract asset is reclassified to trade receivables when the consideration is billed.

Included in the transaction price for the sale of doors and shutter systems is a warranty provided by the Group with every purchase of a new door and/or shutter system for a period of 12 months after delivery. Such warranties associated with sale of doors and shutter systems cannot be purchased separately and they serve as an assurance that the doors and shutter systems delivered and installed comply with agreed upon specifications. Accordingly, the Group accounts for such assurance warranties in accordance with SFRS(I) 1- 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

<u>Trading of production component</u>

Revenue generated from trading of production component is recognised when the control of the goods has transferred to the customer, being when the goods have been transferred to the customer based on the agreed upon incoterms with the customer. A receivable is recognised by the Group when the good is transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

<u>Service and maintenance works</u>

The Group also provides service and maintenance works for the products supplied or installed by the Group or third parties.

For the provision of service and maintenance works, revenue is recognised upon the completion of service and maintenance works, which is typically completed within a day. Management considers that the completion of the service and maintenance works represents that the performance obligation is satisfied. A receivable is recognised by the Group when the service and maintenance works are completed as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements (other than those involves estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Loss allowanc***e***

The Group measures allowance based on an assessment of the recoverability of trade and other receivables and contract assets where events or changes in circumstances indicate that the balances may not be collectible with supportable forward-looking information. The estimation of loss allowance requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables, contract assets and loss allowance expenses in the period in which such estimate has been changed.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Loss allowance (cont'd)

Management monitors outstanding receivables and the financial health of customers, particularly those of larger debtors. Where there are indications that raises doubt about the financial health of customers, management takes proactive steps to recover outstanding debts. Management assesses and determines the loss allowance via calculating the expected future receipts from customers based on past payment trends, relative age of the debtors, knowledge of the customers' business and its financial condition, and forward looking adjustments based on macro-economic factors.

The carrying amounts of trade and other receivables and contract assets are disclosed in Notes 7 and 8 to the financial statements respectively.

Impairment of goodwill

The recoverable amount is based on the value in use of the cash-generating unit. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates. The carrying amount of goodwill at the end of the reporting period was $659,000 (2021 : $659,000). No impairment was required during the year. Details of the impairment assessment are disclosed in Note 12.

Allowance for inventory obsolescence

At the end of each reporting period, management determines whether an allowance for inventory obsolescence is required, taking into consideration the usability, market demand and market value of the inventory. For spare parts that are in usable condition but market value and demand are diminishing, allowance for inventory obsolescence will be made over time.

Arising from the reviews, management sets up the necessary allowance for obsolete and slow-moving inventories for any shortfall in the net realisable value of the inventories. The carrying amount of inventory is disclosed in Note 9 to the financial statements.

Impairment of non-current assets

The recoverable amount is based on the value in use of the cash-generating unit, to which the assets belong to. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates.

As at the end of the reporting period, one of the Group's subsidiaries, Gliderol Doors (S) Pte. Ltd. was loss-making and cash flow forecasts was prepared based on the most recent financial budgets approved by management for the next five years and beyond.

The rate used to discount the cash flow forecasts from the subsidiary is 11.5% (2021 : 10.5%). As at 30 September 2022, any reasonably possibly change to the key assumptions applied is not likely to result in the recoverable amount to be lower than the carrying amount of the cash-generating unit.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets:				
At amortised cost (including cash and cash equivalents)	10,127	11,507	5,608	5,255
Financial liabilities:				
At amortised cost	1,357	1,180	205	205
Lease liabilities	8,328	9,572	–	–

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

The Company's netting arrangement are as follows:

30 September 2022

Financial assets	**a**	**b**	**c = a - b**
	Gross amounts of recognised financial asset	**Gross amounts of recognised financial liabilities set off in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade receivable due from a subsidiary	5,201	(2,885)	2,316
	5,201	(2,885)	2,316

Financial liabilities	**a**	**b**	**c = a - b**
	Gross amounts of recognised financial liabilities	**Gross amounts of recognised financial assets set off in the statement of financial position**	**Net amounts of financial liabilities presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade payable due to a subsidiary	2,885	(2,885)	–
	2,885	(2,885)	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (cont'd)

30 September 2021

Financial assets	**a** **Gross amounts of recognised financial asset**	**b** **Gross amounts of recognised financial liabilities set off in the statement of financial position**	**c = a - b** **Net amounts of financial assets presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade receivable due from a subsidiary	3,955	(2,186)	1,769
	3,955	(2,186)	1,769

Financial liabilities	**a** **Gross amounts of recognised financial liabilities**	**b** **Gross amounts of recognised financial assets set off in the statement of financial position**	**c = a - b** **Net amounts of financial liabilities presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade payable due to a subsidiary	2,186	(2,186)	–
	2,186	(2,186)	–

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

(c) Financial risk management policies and objectives

The Group's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

The Company is not exposed to significant foreign exchange risk, interest rate risk, credit risk and liquidity risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group			
	Assets		Liabilities	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States dollar	2,046	1,670	122	7
Euro	78	99	10	17
Hong Kong dollar	78	239	23	21

The Company has investment in a foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

(a) *Foreign currency sensitivity*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each entity. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each entity, loss will increase by:

	United States dollar impact		Euro impact		Hong Kong dollar impact	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Loss	192	166	7	8	5	22

If the relevant foreign currency strengthens by 10% against the functional currency of each entity in the Group, there will be an equal and opposite impact on loss.

The Company does not hold significant foreign currency denominated financial assets or financial liabilities and hence, no foreign currency sensitivity was performed.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. No sensitivity analysis is prepared as the Group and Company are not significantly affected by changes in market interest rates as the interest-bearing financial assets namely bank balances mainly carried fixed interest.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining advance payments of sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management periodically.

Before accepting any new customer, the sales department will do an independent assessment of the financial health of the customer via review of the financial reports and assess if these customers are in the position to make payments on billing. Sales department will also run a business search and negative news search to ensure that the prospective customers are not under any litigation or investigation. The independent assessment and search results are also reviewed by senior management. If there are no financial red flags and no negative news surrounding the customer, these orders may then be accepted, subject to the timeline deliverables and expected gross profit from the order. These prospective customers are reviewed and approved by the sales manager and managing director prior to making sales to them.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regards, management considers that the Group's credit risk is significantly reduced.

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group also has concentration of credit risk by geographical location as most of the customers are located in Singapore and Europe.

The Company has an amount due from a subsidiary which amounted to $2,316,000 (2021 : $1,769,000).

The credit risk on liquid funds is limited because the Group places their bank balances with creditworthy financial institutions.

The maximum amount the Company could be forced to settle under the financial guarantee, if the full guaranteed amount is claimed by the counterpart to the guarantee is $1,117,000 (2021 : $1,186,000). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The carrying amount of financial assets recorded in the financial statements, grossed up for any loss allowances, represents the Group's maximum exposure to credit risk.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets as well as maximum exposure to credit risk by credit risk grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
30 September 2022						
Trade receivables due from third parties	7	(i)	Lifetime ECL (simplified approach)	2,321	–	2,321
Deposits	7	Performing	12-month ECL	52	–	52
Contract assets	8	(i)	Lifetime ECL (simplified approach)	577	–	577
					–	
30 September 2021						
Trade receivables due from third parties	7	(i)	Lifetime ECL (simplified approach)	1,608	–	1,608
Other receivables due from third parties	7	Performing	12-month ECL	7	–	7
Deposits	7	Performing	12-month ECL	44	–	44
Contract assets	8	(i)	Lifetime ECL (simplified approach)	1,073	–	1,073
					–	

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company						
30 September 2022						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	2,316	–	2,316
30 September 2021						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	1,769	–	1,769

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Further details of credit risk on trade and other receivables and contract assets are disclosed in Notes 7 and 8 to the financial statements respectively.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities. The Group minimises liquidity risk by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
30 September 2022						
Financial liabilities	–	1,357	–	–	–	1,357
Lease liabilities	2.3%	1,503	6,096	1,297	(568)	8,328
		2,860	6,096	1,297	(568)	9,685
30 September 2021						
Financial liabilities	–	1,180	–	–	–	1,180
Lease liabilities	2.3%	1,450	6,004	2,887	(769)	9,572
		2,630	6,004	2,887	(769)	10,752

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Company						
30 September 2022						
Financial liabilities	–	205	–	–	–	205
30 September 2021						
Financial liabilities	–	205	–	–	–	205

* The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

(v) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net debt (lease liabilities disclosed in Note 16 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The capital structure of the Company consists of equity attributable to owners of the Company, which comprises issued capital and retained earnings.

Management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt.

5 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of D'Oasis Pte. Ltd., a company incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. During the financial year, the Group did not enter into any transactions with the ultimate holding company.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group	
	2022	2021
	$'000	$'000
Short-term benefits	1,303	1,353
Post-employment benefits	58	68
	1,361	1,421

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash on hand	2	1	*	*
Cash at banks	4,883	5,487	1,040	237
Bank deposits	2,292	3,287	2,252	3,249
	7,177	8,775	3,292	3,486

* Less than $1,000.

Bank deposits bear an average effective interest rate of 0.10% (2021 : 0.10%) per annum. These deposits with licensed banks can be withdrawn if required without having to incur significant costs, and therefore, the carrying amounts approximate their fair values.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables due from third parties	2,321	1,608	–	–
Trade receivables due from a subsidiary	–	–	2,316	1,769
Other receivables due from third parties	–	7	–	–
Deposits	52	44	–	–
Prepayments	119	130	17	15
Advances to supplier	295	252	–	–
	2,787	2,041	2,333	1,784

The average credit period for trade receivables is approximately 30 to 60 days (2021 : 30 to 60 days). No interest is charged on the outstanding trade receivables.

7 TRADE AND OTHER RECEIVABLES (cont'd)

The trade receivables due from a subsidiary are unsecured, interest-free and repayable on demand.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("**ECL**"). The ECL on trade receivables are individually assessed to be credit impaired and estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the movement in lifetime ECL that has been recognised. Management determines that the trade receivables is subjected to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below is an analysis of aging of trade receivables that are current and past due as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current	1,127	1,145	261	282
Past due				
< 1 month	777	315	–	–
1 month to 3 months	362	121	–	–
3 months to 6 months	42	9	286	299
6 months to 12 months	–	5	–	–
> 12 months	13	13	1,769	1,188
	2,321	1,608	2,316	1,769

A trade receivable is written off when there is information indicating that the debtor has no prospect of recovery, e.g. when the debtor has ceased business.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Group
	Individually assessed - lifetime ECL - credit-impaired
	$'000
Balance as at 1 October 2020	1,278
Amounts written-off	(1,278)
Balance as at 30 September 2021 and 30 September 2022	–

7 TRADE AND OTHER RECEIVABLES (cont'd)

Other receivables

Other receivables from third parties are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12-month ECL, except for receivables which the Group has assessed that there has been a significant increase in credit risk since initial recognition and loss allowance has been recognised.

In determining the 12-month ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines that the other receivables is subjected to immaterial credit loss.

8 CONTRACT ASSETS

	Group	
	2022	2021
	$'000	$'000
Contract assets	577	1,073
Analysed as current	577	1,073

There were no significant changes in the contract asset balances during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the past default experience of the customers and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management determines that the contract asset is subjected to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in SFRS(I) 9:

	Group
	Individually assessed - lifetime ECL - credit-impaired
	$'000
Balance as at 1 October 2020	199
Amounts written off	(199)
Balance as at 30 September 2021 and 30 September 2022	–

9 INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Raw materials	1,563	1,588
Finished goods	382	316
	1,945	1,904

During the year, a net allowance for inventory obsolescence of $13,000 (2021 : $1,000) was made. There was no inventory written-off during the year.

10 PROPERTY, PLANT AND EQUIPMENT

	Renovations	Furniture and fittings	Computers	Motor vehicles	Machinery and equipment	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At 1 October 2020	840	352	299	1,046	3,241	144	5,922
Additions	–	–	51	–	85	1	137
Disposals	–	–	–	–	(139)	–	(139)
At 30 September 2021	840	352	350	1,046	3,187	145	5,920
Additions	–	–	20	–	120	14	154
Disposals	–	–	(1)	(247)	–	–	(248)
At 30 September 2022	840	352	369	799	3,307	159	5,826
Accumulated depreciation:							
At 1 October 2020	416	204	275	473	1,804	65	3,237
Depreciation	82	34	11	105	230	14	476
Disposals	–	–	–	–	(91)	–	(91)
At 30 September 2021	498	238	286	578	1,943	79	3,622
Depreciation	82	32	28	99	238	14	493
Disposals	–	–	(1)	(193)	–	–	(194)
At 30 September 2022	580	270	313	484	2,181	93	3,921
Carrying amount:							
At 30 September 2022	260	82	56	315	1,126	66	1,905
At 30 September 2021	342	114	64	468	1,244	66	2,298

11 RIGHT-OF-USE ASSETS

The Group leases leasehold buildings, motor vehicles and office equipment. The average lease term is 1 to 10 years (2021 : 1 to 10 years).

	Leasehold buildings	Motor vehicles	Office equipment	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 October 2020	13,004	131	41	13,176
Additions	96	20	–	116
Disposal	–	(92)	–	(92)
At 30 September 2021	13,100	59	41	13,200
Additions	–	14	–	14
At 30 September 2022	13,100	73	41	13,214
Accumulated depreciation:				
At 1 October 2020	2,845	120	16	2,981
Depreciation	1,339	26	8	1,373
Disposal	–	(92)	–	(92)
At 30 September 2021	4,184	54	24	4,262
Depreciation	1,339	16	8	1,363
At 30 September 2022	5,523	70	32	5,625
Carrying amount:				
At 30 September 2022	7,577	3	9	7,589
At 30 September 2021	8,916	5	17	8,938

12 INTANGIBLE ASSETS

	Patent	Goodwill	Other intangibles	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 October 2020	1,698	859	824	3,381
Additions	–	–	95	95
At 30 September 2021 and 30 September 2022	1,698	859	919	3,476
Accumulated amortisation:				
At 1 October 2020	903	–	777	1,680
Amortisation	94	–	48	142
At 30 September 2021	997	–	825	1,822
Amortisation	94	–	–	94
At 30 September 2022	1,091	–	825	1,916
Impairment:				
At 1 October 2020, 30 September 2021 and 30 September 2022	–	200	–	200
Carrying amount:				
At 30 September 2022	607	659	94	1,360
At 30 September 2021	701	659	94	1,454

(a) The patent has a finite useful life. Amortisation is charged using the straight-line method over its estimated useful life of 18 years.

(b) Goodwill of $859,000 (2021 : $859,000) and other intangibles of $919,000 (2021 : $919,000) arise from the acquisition of a subsidiary, Grimm Industries Pte. Ltd ("**Grimm**") during the financial year ended 30 September 2016.

(c) Other intangibles comprise of customer relationships, order backlog, website of $722,000, $102,000 and $95,000 respectively (2021 : $722,000, $102,000, $95,000). Customer relationships and order backlog were acquired in a business combination. The useful life of customer relationships and order backlog had been fully amortised as at 30 September 2021. The website pertains to a subsidiary's website developed by third party.

(d) The amortisation expenses have been included in the line item "administrative expenses" in profit or loss.

12 INTANGIBLE ASSETS (cont'd)

(e) Goodwill acquired in a business combination is allocated to the cash-generating units ("**CGUs**") that are expected to benefit from that business combination.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years based on estimated revenue from 2023 to 2027 and estimated growth rate of 1.0% beyond 5 years. The rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the cash flow forecasts for Grimm is 11.5% (2021 : 11.0%). During the year, no further impairment loss on goodwill was made.

As at 30 September 2022, any reasonably possibly change to the key assumptions applied is not likely to result in the recoverable amount to be lower than the carrying amount of the cash-generating unit.

13 SUBSIDIARIES

	Company 2022	Company 2021
	$'000	$'000
Unquoted equity shares, at cost	4,240	4,240

(i) Details of the Groups subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation and operations	Proportion of ownership interest and voting power held 2022	2021	Principal activities
		%	%	
Held by the Company				
Gliderol Doors (S) Pte. Ltd. (1)	Singapore	100	100	Manufacture of metal doors, window and door frames, grilles and gratings.
Grimm Industries Pte. Ltd. (1)	Singapore	51	51	Trading of production components.
Homegardd Pte. Ltd. (1)	Singapore	100	100	Retail sale and wholesale of security and safety equipment.
Held by Gliderol Doors (S) Pte. Ltd.				
Gliderol International (ME) FZE (2)	United Arab Emirates	100	100	Dormant.

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) This subsidiary is insignificant and unaudited.

(ii) The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest 2022	2021	Profit allocated to non-controlling interests 2022	2021	Accumulated non-controlling interests 2022	2021
		%	%	$'000	$'000	$'000	$'000
Grimm Industries Pte. Ltd.	Singapore	49	49	452	307	2,053	1,846

13 SUBSIDIARIES (cont'd)

(iii) Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Grimm Industries Pte. Ltd.	
	2022	2021
	$'000	$'000
Current assets	4,137	3,557
Non-current assets	73	127
Current liabilities	(510)	(367)
Non-current liabilities	(3)	(53)

	2022	2021
	$'000	$'000
Revenue	6,691	5,557
Expenses	(5,758)	(4,890)
Profit for the year	933	667
Profit attributable to owners of the Company	481	360
Profit attributable to the non-controlling interests	452	307
Profit for the year	933	667
Other comprehensive income attributable to owners of the Company	–	–
Other comprehensive income attributable to non-controlling interests	–	–
Other comprehensive income	–	–
Total comprehensive income attributable to owners of the Company	481	360
Total comprehensive income attributable to non-controlling interests	452	307
Total comprehensive income for the year	933	667
Dividend paid to non-controlling interests	245	196
Net cash inflow from operating activities	804	641
Net cash outflow from investing activities	(9)	(1)
Net cash outflow from financing activities	(551)	(451)
Net cash inflow	244	189

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables due to third parties	297	260	37	62
Accruals and other payables	1,060	920	168	143
Deferred grant income	268	324	–	–
	1,625	1,504	205	205
Less: Non-current deferred grant income	(213)	(268)	–	–
	1,412	1,236	205	205

The average credit period for trade payables is 30 to 60 days (2021 : 30 to 60 days). No interest is charged on the outstanding balances.

15 CONTRACT LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Contract liabilities	815	891
Analysed as current	815	891

Contract liabilities related to the Group's obligation to deliver and install the doors and shutter systems for which the Group has received or yet to receive the consideration from customer. Contract liabilities are recognised as revenue when control of the goods has transferred to the customer, being at the point the doors and shutter systems are delivered to the customer.

The following table shows how much of the revenue recognised in the current reporting period that relates to brought forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Group's revenue recognised that was included in the contract liability balance at the beginning of the period is as follows:

	Group	
	2022	2021
	$'000	$'000
Contract liabilities in prior reporting period recognised as revenue in current reporting period	891	211

16 LEASE LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Maturity analysis:		
Year 1	1,503	1,450
Year 2	1,459	1,499
Year 3	1,516	1,459
Year 4	1,530	1,516
Year 5	1,591	1,530
Year 6 onwards	1,297	2,887
	8,896	10,341
Less: Unearned interest	(568)	(769)
	8,328	9,572
Analysed as:		
Current	1,331	1,248
Non-current	6,997	8,324
	8,328	9,572

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The fair value of the Group's lease obligations approximates their carrying amounts.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 October 2021	Financing cash flows	New lease liabilities	30 September 2022
	$'000	$'000	$'000	$'000
Lease liabilities	9,572	(1,258)	14	8,328

	1 October 2020	Financing cash flows	New lease liabilities	30 September 2021
	$'000	$'000	$'000	$'000
Lease liabilities	10,460	(1,004)	116	9,572

17 DEFERRED TAX LIABILITIES

Deferred tax liabilities arise from the excess of tax over book depreciation of property, plant and equipment and intangible assets.

	Group
	$'000
At 1 October 2020	192
Credited to profit or loss for the year (Note 24)	(8)
At 30 September 2021 and 30 September 2022	184

18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Issued and paid up	
	2022	2021	2022	2021
	'000	'000	$'000	$'000
Issued and paid up:				
At the beginning and end of the year	112,000	112,000	5,245	5,245

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

19 REVENUE

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2022	2021
	$'000	$'000
Type of revenue		
Sale of doors and shutter systems	4,344	5,082
Trading of production components	6,599	5,512
Service and maintenance works	2,721	2,397
	13,664	12,991
Revenue recognised at a point in time		
Sale of doors and shutter systems	4,344	5,082
Trading of production components	6,599	5,512
Service and maintenance works	2,721	2,397
	13,664	12,991

20 OTHER OPERATING INCOME

	Group	
	2022	2021
	$'000	$'000
Sundry income	48	61
Government grant income	207	241
Amortisation of deferred income	56	258
	311	560

For the financial year ended 30 September 2021, the Group received wage support for local employees under the Jobs Support Scheme ("**JSS**") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19 pandemic. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Government grant income relating to JSS of $236,000 was recognised during 2021.

21 INTEREST REVENUE

	Group	
	2022	2021
	$'000	$'000
Interest income from bank deposits	3	4

22 OTHER GAINS AND LOSSES

	Group	
	2022	2021
	$'000	$'000
(Gain) Loss on disposal of property, plant and equipment	(15)	20
Net foreign exchange (gain) loss	(74)	28
	(89)	48

23 FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest expense on lease liabilities	201	227

24 INCOME TAX EXPENSE

	Group	
	2022	2021
	$'000	$'000
Income tax expense comprises:		
- Current tax expense	181	138
- Deferred tax benefit (Note 17)	–	(8)
Total income tax expense	181	130

Domestic income tax is calculated at 17% (2021 : 17%) of the estimated assessable profit for the year.

	Group	
	2022	2021
	$'000	$'000
Numerical reconciliation of income tax expense		
Loss before tax	(1,494)	(1,474)
Income tax benefit calculated at 17% (2021 : 17%)	(253)	(251)
Effect of income that is exempt from taxation	(56)	(66)
Effect of expenses that are not deductible in determining taxable profit	13	22
Deferred tax assets not recognised	479	429
Others	(2)	(4)
Income tax expense	181	130

As at 30 September 2022, the Group has unabsorbed tax losses of approximately $10,207,000 (2021 : $7,388,000) that have not been recognised as deferred tax assets.

The unabsorbed tax losses are allowed to be carried forward and used to offset against future taxable profits of subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in Singapore. Deferred tax assets have not been recognised due to the uncertainty on whether all conditions imposed by law in relation to the utilisation of the deferred tax asset will be met.

25 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group 2022	Group 2021
	$'000	$'000
Cost of inventories recognised as expenses	6,456	5,982
Allowance for inventory obsolescence, net	13	1
Depreciation of property, plant and equipment	493	476
Depreciation of right-of-use assets	1,363	1,373
Amortisation of intangible assets	94	142
Rental expense on leases	111	97
Audit fees:		
- paid to auditors of the Company	109	109
Non-audit fees	27	23
Aggregate amount of fees paid to auditors	136	132
Directors' remuneration:		
- of the Company	705	740
- of the subsidiary	138	130
Total directors' remuneration	843	870
Employee benefits expense (including directors' remuneration)		
Defined contribution plans	263	278
Salaries and related expenses	4,253	4,328
Total employee benefits expense	4,516	4,606

26 LOSS PER SHARE

The calculation of the loss per share attributable to the owners of the Company is based on the following data:

	Group 2022	Group 2021
	$'000	$'000
Loss		
Loss attributable to owners of the Company	2,127	1,911
Number of shares		
Weighted average number of ordinary shares for the purpose of loss per share	112,000	112,000

There were no dilutive equity instruments for 2022 and 2021.

27 CAPITAL RESERVES

	Group		
	Acquisition deficit[1]	Deemed capital contribution[2]	Total
	$'000	$'000	$'000
At beginning and end of the year	(73)	350	277

The capital reserves represent:

(1) acquisition deficit arising from the changes in the Group's ownership interest in a subsidiary that did not result in change of control; and

(2) deemed capital contribution from former shareholders of Gliderol International (ME) FZE.

28 DIVIDENDS

The directors do not recommend any dividend for the financial year ended 30 September 2022.

29 GUARANTEES

Guarantees arising from investment in a subsidiary are as follows:

	Company	
	2022	2021
	$'000	$'000
Guarantees given to a financial institution granted to a subsidiary	102	–
Guarantees given to a bank in respect of banking facilities granted to a subsidiary:		
- Utilised	1,015	1,186
- Unutilised	2,210	2,039
	3,225	3,225

30 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At 30 September 2022, the Group is committed to $242,000 (2021 : $66,000) for leases.

31 SEGMENT INFORMATION

By business segment

The Group operates and manages its business primarily as a single operating segment in the manufacture, supply of doors and shutter systems, supply of production components products and provision of service and maintenance works. As such, no operating segmental revenue has been prepared. The Group's chief operating decision maker reviews the consolidated results prepared based on the Group's accounting policies when making decisions, including the allocation of resources and assessment of performance of the Group.

By geographical segment

The Group operates mainly in the geographical areas of Singapore, Europe, Asia Pacific, North America, Middle East, East Asia, and Others. The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical locations are detailed below:

	Group	
	2022	**2021**
	$'000	**$'000**
Revenue from external customers (based on location of products delivered)		
Singapore	5,358	7,115
Europe[1]	5,568	4,568
Asia Pacific[2]	2,300	819
North America[3]	357	236
Middle East[4]	54	247
East Asia[5]	27	–
Others[6]	–	6
	13,664	12,991

(1) Europe includes major countries like France, Germany, Italy, Norway and United Kingdom.

(2) Asia Pacific includes Australia, Brunei, Indonesia, Malaysia, Thailand and Vietnam.

(3) North America include United States of America.

(4) Middle East includes Qatar, Saudi Arabia and United Arab Emirates.

(5) East Asia includes China, Hong Kong and Macau.

(6) Others include Mauritius.

	Group	
	2022	**2021**
	$'000	**$'000**
Non-current assets (based on location of assets)		
Singapore	10,854	12,690

32 EVENTS DURING THE REPORTING PERIOD

The geopolitical tension and the Russia-Ukraine war that started during the reporting period has affected the global business environment with rising raw material and freight cost as well as supply chain disruption to the industry in which the Group operates. Any direct or indirect financial impact to the Group's operation including any changes in significant accounting estimates in Note 3 and the respective notes, where applicable, has been disclosed in the financial statements.

33 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but are not yet effective:

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 3 *Business Combinations: Reference to the Conceptual Framework*
- Annual improvement to SFRS(I)s 2018-2021

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

Statistics of Shareholdings

As of 24 November 2022

Issued and fully paid-up capital	:	S$5,480,000**
Number of shares issued	:	112,000,000 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
Number of subsidary holding	:	Nil

** This is based on records kept with the Accounting and Corporate Regulatory Authority ("**ACRA**") and differs from the accounting records of the Company which is $5,244,520 due to certain share issue expenses.

Analysis of Shareholders

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	%	No. of shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	124	50.41	122,200	0.11
1,001 - 10,000	47	19.11	197,700	0.18
10,001 - 1,000,000	70	28.45	9,671,100	8.63
1,000,001 and above	5	2.03	102,009,000	91.08
TOTAL	**246**	**100.00**	**112,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	D'Oasis Pte. Ltd.	88,500,000	79.02
2	UOB Kay Hian Private Limited	5,815,500	5.19
3	Raffles Nominees (Pte.) Limited	3,124,500	2.79
4	DB Nominees (Singapore) Pte Ltd	3,106,000	2.77
5	Lim Teck Chuan	1,463,000	1.31
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	775,000	0.69
7	United Overseas Bank Nominees (Private) Ltd	600,000	0.54
8	Siah Iek Hoi	500,000	0.45
9	Lee Pei Fang	498,000	0.44
10	Chua Kim Yan	400,000	0.36
11	Neo Aik Cheng	400,000	0.36
12	Ong Keow Hiong	400,000	0.36
13	Lee Hui-Ling (Li Huiling)	370,900	0.33
14	Seah Chiong Soon	360,000	0.32
15	Ng Hui Choo	350,600	0.31
16	Citibank Noms Singapore Pte Ltd	300,000	0.27
17	Tan Jun Liang Joshua	289,500	0.26
18	DBS Nominees (Private) Limited	287,600	0.26
19	Arleen Sanny	250,000	0.22
20	Lim Mui Guek	250,000	0.22
	TOTAL	**108,040,600**	**96.47**

Statistics of Shareholdings

As of 24 November 2022

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Shareholdings registered in the Name of Substantial Shareholders		Shareholdings in which the Substantial Sharesholders are deemed to be interested	
	No. of Shares	%	No. of Shares	%
D'Oasis Pte. Ltd.	88,500,000	79.02	–	–
Michael Wong Lok Yung (1)	–	–	88,500,000	79.02

Note:

(1) Mr Michael Wong Lok Yung owns 90 ordinary shares representing 90.0% of the issued share capital of D'Oasis Pte. Ltd. Accordingly, Mr Michael Wong Lok Yung is deemed to be interested in all the shares held by D'Oasis Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors and the substantial shareholder of the Company, 20.54% of the issued ordinary shares of the Company is held in the hands of the public as at 24 November 2022. Accordingly, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B:Rules of Catalist has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of GDS GLOBAL LIMITED (the "**Company**") will be held at 86 International Road, Singapore 629176 on Tuesday, 17 January 2023 at 10.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the sum of S$130,000/- as Directors' fees for the financial year ending 30 September 2023 and the payment thereof on a half yearly basis. **(Resolution 2)**

3. To re-elect Mr Wu Chiaw Ching, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Tan Soon Liang, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (ii)] **(Resolution 4)**

5. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other business that may be transacted at an AGM.

As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:

7. Authority to allot and issue shares in the capital of the Company

That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Catalist Rules and the Constitution of the Company, authority be and is hereby given to the Directors to (i) issue shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (a) above, the percentage of shares that may be issued shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of shares;

(c) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next AGM of the Company; or (ii) the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (iii)] **(Resolution 6)**

By Order of the Board

Low Mei Mei, Maureen
Chiang Wai Ming
Joint Company Secretaries

Singapore, 21 December 2022

Explanatory Notes:

(i) Mr Wu Chiaw Ching, if re-elected, will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. The Board of Directors ("**Board**") of the Company considers Mr Wu Chiaw Ching to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Wu Chiaw Ching (including information as set out in Appendix 7F of the Catalist Rules) can be found under "Board of Directors" and "Corporate Governance" of this annual report.

(ii) Mr Tan Soon Liang, if re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. The Board of the Company considers Mr Tan Soon Liang to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Tan Soon Liang (including information as set out in Appendix 7F of the Catalist Rules) can be found under "Board of Directors" and "Corporate Governance" of this annual report.

(iii) Ordinary Resolution 6, if passed, will empower the Directors from the date of this AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro rata basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holding). This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

Notes:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be <u>no option</u> for shareholders to participate virtually**. Printed copies of this Notice and the accompanying proxy form will NOT be sent to members. Instead, these documents will be made available on the Company's website at https://www.gdsglobal.com.sg and on the SGXNet at https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents.

2. Members (including Central Provident Fund Investment Scheme members ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

(c) voting at the AGM

(i) themselves personally; or

(ii) through their duly appointed proxy(ies).

CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes **by 10.00 a.m. on 6 January 2023**, being seven (7) working days prior to the date of the AGM.

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Act.

(a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital market services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**CPF**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

5. A member can appoint the Chairman of the AGM as his/her/its proxy **but** this is **not mandatory**.

If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to in the following manner:

(a) if submitted via email, be submitted to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at **srs.teamd@boardroomlimited.com**; or

(b) if submitted by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632

in either case, by **14 January 2023, 10.00 a.m.**, being no later than seventy-two (72) hours before the time fixed for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

The instrument appointing a proxy(ies) must be signed by the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy(ies) is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument of proxy (such as in the case where the appointer submits more than one (1) instrument of proxy).

In the case of a member whose shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore Statutes), the Company may reject any instrument of proxy lodged if such member, being the appointer, is not shown to have any shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

7. Members may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. For members who would like to submit questions in advance of the AGM, they may do so **by 9 January 2023, 10.00 a.m.**:

   (a) by email to **srs.teamd@boardroomlimited.com** or;

   (b) by post to the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632

   Members submitting questions are requested to state: (a) their full name; and (b) the member's identification/ registration number, failing which the Company shall be entitled to regard the submission as invalid. The Company will publish its responses to the substantial and relevant questions submitted by members prior to the abovementioned deadline on the Company's website and SGXNet by 12 January 2023, 10.00 a.m. which is at least 48 hours before the proxy form dateline.

8. For questions received after 9 January 2023, the Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website at https://www.gdsglobal.com.sg/investor-ir-home.html within one (1) month after the date of the AGM.

9. Members are reminded to check SGXNet for any latest updates on the status of the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This notice has not been examined or approved by SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.*

The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the AGM and vote (please see Note 3 for the definition of "**Relevant Intermediary**").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

GDS GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No: 201217895H

PROXY FORM

*I/We ______________________ NRIC/Passport/Co. Registration No. ______________________

of ____

being *a member/members of **GDS GLOBAL LIMITED** hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend, speak or vote on *my/our behalf at the AGM of the Company to be held at 86 International Road, Singapore 629176, on Tuesday, 17 January 2023 at 10.00 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the AGM and/or at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [√] within the box provided.

No.	**Resolutions Relating To:**	**For**	**Against**	**Abstain**
AS ORDINARY BUSINESS				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2022			
2	Approval of Directors' fees for the financial year ending 30 September 2023			
3	Re-election of Mr Wu Chiaw Ching as a Director			
4	Re-election of Mr Tan Soon Liang as a Director			
5	Re-appointment of Deloitte & Touche LLP as Auditors			
AS SPECIAL BUSINESS				
6	Authority to issue new shares			

*Delete where applicable

Dated this ______ day of ________________ 2022/2023

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

3. For any member who acts as a Relevant Intermediary pursuant to Section 181 of the Companies Act 1967, who is either:

   a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   b) a person holding a capital markets services licence to provide under the Securities and Futures Act 2001 and who holds shares in that capacity; and

   c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

   A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

   A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

4. The Proxy Form must be submitted to in the following manner:

   (a) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at **srs.teamd@boardroomlimited.com**; or

   (b) if submitted by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632

   in either case, by **14 January 2023, 10.00 a.m.**, being no later than seventy-two (72) hours before the time fixed for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

5. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

6. The Proxy Form must be signed by the appointer or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 21 December 2022.

GDS Global Limited
86 International Road
Singapore 629176
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