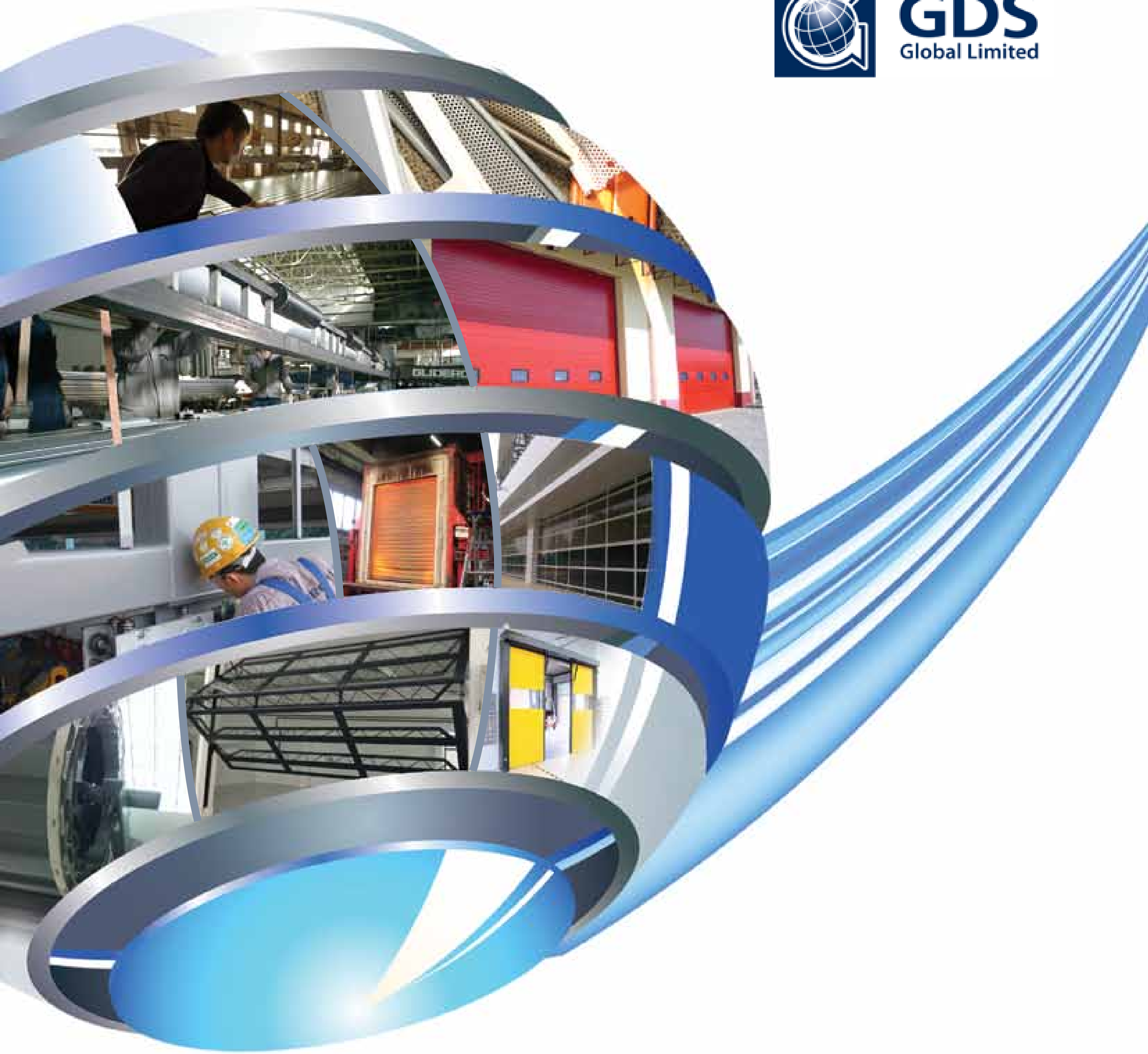
GDS Global Limited



SUSTAINING GROWTH THROUGH INNOVATION

ANNUAL REPORT **2015**

CONTENTS

CORPORATE **PROFILE**

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 offers an extensive range of door and shutter systems that can be tailored to the specific needs and requirements of its customers. The Group's product offerings include door systems, fire-rated shutter systems and doors for special applications. Its products are widely used across a broad spectrum of industries which include 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 120 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.

The Group 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. The Group also has subsidiaries in the United Arab Emirates and Taiwan.

In 2013, GDS became a public-listed company on the Catalist 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

OUR PRODUCT OFFERINGS

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:

Industrial Door Systems

- *Gliderol* continuous sheet roller doors
- *Gliderol* GIANT series extra-large roller shutters
- Heavy duty roller shutters
- High security roller shutters
- Insulated roller shutters
- Louvred roller shutters
- Sectional overhead doors
- *Renlita* bi-folding doors
- *Butzbach* stacking doors

Commercial Door Systems

- *Gliderol* continuous sheet roller doors
- Alfresco steel roller shutters
- Crystal aluminium shutters
- CrystalClear transparent shutters
- Premium aluminium roller grilles
- High security roller shutters
- *Butzbach* glass stacking doors

Hangar Door Systems

- *Gliderol* GIANT series hangar doors
- *Butzbach* sliding hangar doors

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.

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:

- Model FRSA non-insulated fire shutters
- Model FRSC non-insulated fire shutters
- Model TIFS with normal heat insulation shutters
- Model IFS series fire insulated shutters
- Model IFC fire insulated curtains

SPECIAL APPLICATIONS

We offer different types of door systems for special applications, in line with our business strategy of providing our customers with a full range of product offerings. These include:

- *Gliderol* swift high-speed traffic doors
- *Gliderol* horizontally coiling hatches
- *Butzbach* NOVOSPRINT high-speed traffic doors
- *Won-Door* DuraSound acoustic accordion doors
- *Won-Door* FireGuard fire-rated accordion doors

OUR SERVICE OFFERINGS

SERVICE AND MAINTENANCE WORKS

We also offer preventive and general maintenance, repair and replacement of faulty components and safety checks as part of our service and maintenance works to our customers. Our maintenance services are offered on a renewable fixed term service contract basis, usually for a term of one to three years, with an agreed annual fee levied. In addition, we also provide ad hoc repair and maintenance services to any customer who may require similar services, under which the fees charged would be determined by the type of expertise required.

CHAIRMAN'S MESSAGE
TO SHAREHOLDERS

"Notwithstanding the continued uncertain economic climate, we remain cautiously optimistic that the outlook for the door and shutter solutions industry in Singapore will remain positive for the next financial year. Our confidence stems from the healthy book orders we have on hand as at 30 September 2015 as well as the expected launch of some new products."

MICHAEL WONG
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

A year has gone by and I am once again pleased to present to you the annual report of GDS Global Limited ("**GDS**" or the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 30 September 2015 ("**FY2015**"). It has been a choppy year on many fronts and needless to say, we had to work hard to stay nimble and respond to the challenges thrown in our path.

Despite this tough operating environment, we managed a respectable performance in FY2015, completing several significant projects across the region and more importantly, maintaining GDS's position as a leading specialist provider of commercial and industrial door and shutter solutions in Singapore and South East Asia. We have also secured a very healthy order book as at 30 September 2015, providing clear revenue visibility for the Group as we move into the next financial year.

With FY2015 behind us, the Board of Directors (the "**Board**") is pleased to propose a first and final dividend of 1.0 Singapore cent per ordinary share for FY2015, which represents a dividend payout ratio of 34.1% of our net profit attributable to shareholders.

Year in Review

On the back of S$21.88 million in revenue, GDS recorded a net profit of S$3.35 million in FY2015, compared to revenue and net profit of S$23.87 million and S$4.41 million in the financial year ended 30 September 2014 ("**FY2014**").

Our topline in FY2015 dipped 8.4% year-on-year from lower sales of door and shutter systems. This was largely because we did not have any spill over of sales from delayed projects across financial years like we did for the financial period between FY2013 to FY2014.

We provided many door and shutter systems for projects in the region over the course of FY2015. Some of the notable projects we worked on at home included the Ng Teng Fong Hospital at Jurong East, Seagate's The Shugart at Ayer Rajah Crescent, a Singapore Polytechnic development and several commercial and industrial buildings like The Westcom at Tuas South, Tech-Link Logistics Hub at Jurong West, Win5 @ Yishun and C&P Logistics Hub at Penjuru Lane amongst others. Overseas, our intensified marketing efforts bore fruit as we successfully clinched and delivered sizable contracts supplying accordion doors from our principal, Won-Door Corporation, to integrated resorts in Macau, while in Taiwan, we fulfilled several orders of *Gliderol* GIANT series hangar doors.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

At the baseline, we saw a 24.1% decline in our net profit in FY2015, squeezed by rising cost pressures that included labour and overheads. Nevertheless, we managed to keep our gross profit margin healthy and relatively stable at 43.6% in FY2015, compared to 46.5% in FY2014.

Corporate Developments

As in past years, research and development continued to feature prominently in our overall business strategy in order to maintain our edge as an innovation frontrunner in commercial and industrial door systems.

Much of our research and development efforts last year centred on rigorous fire testing of the insulated fire panel shutter that we designed in FY2014 and for which we had already filed the patent applications in Singapore and internationally. Not only will this product sport a contemporary look, it will also result in reduced labour content in our manufacturing and installation processes, making it a game changer in terms of optimising resources allocation and costs in our industry today. Even though it takes time, fire testing is mandatory for our business, in line with increasingly stringent fire safety standards. We will continue to fine-tune the design and revise our patent as we progress with the fire testing process.

In FY2015, our Taiwan market continued to perform well on the back of buoyant sales of the *Gliderol* GIANT series hangar doors. We envisage that we will be able to leverage on the launch of our newly designed insulated fire panel shutter to penetrate a significant segment within the industrial door market in Taiwan.

In the Middle East, the Group continued to face challenges arising from the region's geopolitical situation. Given this, we re-evaluated our position and re-organised our sales strategy to sell our products directly to this region from Singapore. We still see much potential in this market and will remain engaged in this region so as to be well-positioned for any opportunities that may arise when the upturn occurs.

Outlook and Strategies

The Building and Construction Authority ("**BCA**") of Singapore expects construction demand to be sustained between S$29 and S$36 billion in 2015, driven by public sector industrial projects and institutional and civil engineering works[1]. It also sees the average construction demand from 2016 through to 2019 to be sustained between S$26 to S$37 billion per year, underpinned by infrastructure works needed for Singapore's long-term population needs such as transportation and various public facilities.

Notwithstanding this upbeat outlook for the local construction sector, the market consensus is that the sector is slowing down. We expect to continue to face increasing costs, manpower restrictions and a general slowdown of the economy in the next financial year.

Research and development will continue to be one of our top priorities. We are sticking to our belief that innovation and product development is critical to our quest to stay ahead of the competition. It does not only involve the development of new products but also the improvement of our exisiting products and processes to meet the requirements of regulators and customers in the markets we serve.

At the same time, we will also focus strongly on cost management and explore available options to streamline our operations and costs structure. To better address labour-related challenges in Singapore, we will continue to seek ways to enhance productivity at GDS with the aim of maintaining our competitive edge.

One of our strategies to attain this is to reduce the labour content in our operations and production processes. Already, our research and development efforts have yielded products that adhere to this requirement. In addition, we have started upgrading works on our manufacturing facility in Singapore in FY2015, which upon completion is expected to improve the capacity and efficiency of our operations. As an added benefit, this upgrading will also serve to enhance the overall working environment for our employees.

[1] The Building and Construction Authority: "Public Sector Projects To Sustain Construction Demand In 2015", 8 January 2015

We believe that a better prepared employee is also a more productive employee, and to this end, we will continue to upgrade the qualifications, knowledge and skills of our employees.

Previously, we had identified Hong Kong, Macau, Vietnam and Myanmar as potential growth markets and began promoting our products and services there. This in fact resulted in substantial revenue for our Group from Macau in FY2015. Going forward, we plan to step up our marketing efforts in these countries.

Notwithstanding the continued uncertain economic climate, we remain cautiously optimistic that the outlook for the door and shutter solutions industry in Singapore will remain positive for the next financial year. Our confidence stems from the healthy book orders we have on hand as at 30 September 2015 as well as the expected launch of some new products. Moreover, we continue to be on the lookout for new projects to maintain or expand our order book.

Appreciation

As I mentioned at the start, it was a tough year, but we managed to do quite well in spite of the difficult environment. For this, we have many to thank.

We offer our heartfelt appreciation to our business partners and customers for their unstinting support and for being a part of our growth story.

We also want to thank our shareholders for believing in the future of this Company by investing in us. We have done our utmost to deliver on our promises and we will continue to aim for greater heights in order to add more value for you.

Last but definitely not least, we want to thank our staff, management and Board who have worked tirelessly to enable the Group to fulfil its long term goals and plans.

We are reasonably optimistic about the new financial year ahead. There will undoubtedly be challenges along the way but we are quite prepared for them. We look forward to keeping you informed of more corporate developments and achievements as they unfold.

Yours sincerely,

MICHAEL WONG
Chairman and Chief Executive Officer

FINANCIAL **HIGHLIGHTS**

(Financial Year Ended 30 September)

	FY2015	FY2014	FY2013
Income Statement (S$'000)			
Revenue	21,879	23,872	15,660
Gross profit	9,547	11,093	7,663
Net profit	3,345	4,406	1,656
Gross profit margin (%)	43.6	46.5	48.9
Net profit margin (%)	15.3	18.5	10.6
Balance Sheet (S$'000)			
Total assets	23,973	22,838	17,255
Total liabilities	4,410	5,384	3,410
Total shareholders' equity	19,563	17,454	13,845
Cash and cash equivalents	8,095	8,098	4,568
Cash Flows (S$'000)			
Operating cash flows	2,413	5,284	(850)
Capital expenditure	(1,338)	(802)	(329)
Key Ratios (%)			
Revenue growth	(8.4)	52.4	13.3
Net profit growth	(24.1)	166.0	(37.2)
Return on shareholders' equity	18.0	29.1	15.6
Return on total assets	14.3	22.0	11.5
Dividend payout	34.1	32.3	45.4
Per Share Information (cents)			
Earnings per share	2.94	4.03	1.64
Net asset value per share	17.05	15.49	12.17
Dividend per share	1.0	1.3	0.70
Market Capitalisation (S$'000)[1]	45,920	35,840	29,120

[1] Based on closing price as at end of the financial year.

OPERATIONS AND FINANCIAL REVIEW

For the financial year ended 30 September 2015 (**"FY2015"**), the Group reported a net profit of S$3.35 million as revenue dropped 8.4% to S$21.88 million as compared to the financial year ended 30 September 2014 (**"FY2014"**).

INCOME STATEMENT

Revenue: Due to the decrease in the sale of door and shutter systems which was mainly attributed to the absence of sales arising from delayed projects which spilled over from FY2013 to FY2014.

Gross profit: Gross profit margin decreased from 46.5% in FY2014 to 43.6% in FY2015, which was mainly attributed to some items of cost in the cost of sales, which were fixed in nature. Accordingly, the lower revenue in FY2015 did not result in a proportional decrease in cost of sales and gross profit margin was lower in FY2015.

Other operating income: Mainly attributed to the decrease in rental income arising from the cessation of the sub-letting of the Group's premises in July 2014 upon the termination of the lease.

Marketing and distribution expenses: Mainly attributed to the decrease in transportation expenses which was in line with the decrease in revenue during FY2015.

Other operating expenses: Mainly due to the absence of impairment loss on trade receivables arising from customers placed under liquidation of S$0.16 million which occurred in FY2014.

This was partially offset by the increase in (i) research and development expenses of S$0.06 million; and (ii) repair and maintenance expenses of S$0.04 million in FY2015.

Other gains and losses: Mainly attributed to the increase in (i) net foreign exchange gains of S$0.28 million arising from the translation of trade receivables and bank balances denominated in US$; and (ii) gain on disposal of property, plant and equipment of S$0.04 million.

S$'000	FY2015	FY2014	Change (%)
Revenue[2]	**21,879**	**23,872**	**(8.4)**
- Sale of door and shutter systems	20,291	22,156	(8.4)
- Provision of service and maintenance works	1,588	1,716	(7.5)
Cost of sales	(12,332)	(12,779)	(3.5)
Gross profit	9,547	11,093	(13.9)
Other operating income	301	613	(51.0)
Marketing and distribution expenses	(639)	(780)	(18.1)
Administrative expenses	(5,627)	(5,621)	0.1
Other operating expenses	(289)	(343)	(15.8)
Investment revenue	16	16	-
Other gains and losses	355	41	762.8
Finance costs	(1)	(5)	(88.2)

[2] The Group operates and manages its business primarily as a single operating segment in the manufacture and supply of door and shutter systems and provision of service and maintenance works. As such, no operating segmental revenue and results have been prepared.

OPERATIONS AND FINANCIAL REVIEW

INCOME STATEMENT (CONT'D)

Income tax expense: In line with the lower profit before tax in FY2015.

Profit for the year: Mainly a result of the above.

S$'000	FY2015	FY2014	Change (%)
Profit before tax	**3,663**	**5,014**	**(26.9)**
Income tax expense	(318)	(608)	(47.7)
Profit for the year	**3,345**	**4,406**	**(24.1)**
Profit (Loss) attributable to:			
Owners of the Company	3,288	4,512	(27.1)
Non-controlling interests	57	(106)	n.m.[3]

FINANCIAL POSITION

Current assets: Mainly due to the increase in (i) pledged bank deposits maturing within the next twelve months of S$1.00 million as such deposits were reclassified from non-current assets as at 30 September 2014 to current assets as at 30 September 2015; and (ii) trade and other receivables of S$0.19 million mainly attributed to the increase in (a) trade receivables of S$0.81 million as a result of slower repayments from customers in FY2015; (b) other receivables of S$0.51 million arising from the advance of loan to a third party; and (c) prepayments of S$0.15 million, partially offset by the decrease in deposits placed for the purchase of inventories from the Group's principals of S$1.26 million.

Non-current assets: Due to the purchase of property, plant and equipment, partially offset by depreciation and amortisation during FY2015. The increase was also partially offset by the reclassification of pledged bank deposits from non-current assets to current assets as explained above.

Current liabilities: Mainly due to the decrease in (i) trade and other payables of S$1.40 million mainly attributed to the decrease in deposits received from customers of S$1.99 million, partially offset by increase in trade payables of S$0.69 million as the Group made payments in respect of a smaller proportion of trade payables; and (ii) income tax payable of S$0.31 million.

This was partially offset by the increase in bank borrowings (current) of S$0.13 million due to new loans of S$0.65 million drawn down by a subsidiary for working capital purposes in FY2015.

Non-current liabilities: Due to the increase in (i) bank borrowings (non-current) of S$0.52 million due to new loans drawn down by a subsidiary as explained above; and (ii) deferred tax liabilities of S$0.09 million.

Total equity: Mainly due to the profits earned and changes in non-controlling interests during FY2015, partially offset by the dividends paid.

S$'000	FY2015	FY2014
Total Assets	**23,973**	**22,838**
Total current assets	**20,027**	**18,906**
Cash and cash equivalents	8,095	8,098
Pledged bank deposits	1,000	-
Trade and other receivables	8,706	8,517
Inventories	2,226	2,291
Total non-current assets	**3,946**	**3,932**
Property, plant and equipment	2,550	1,572
Intangible asset	1,266	1,360
Pledged bank deposits	130	1,000
Total Liabilities	**4,410**	**5,384**
Total current liabilities	**3,452**	**5,034**
Bank borrowings	131	-
Trade and other payables	3,116	4,515
Current portion of finance leases	-	3
Income tax payable	205	516
Total non-current liabilities	**958**	**350**
Bank borrowings	517	-
Deferred tax liabilities	424	336
Other payables	17	14
Total Equity	**19,563**	**17,454**

[3] n.m. denotes not meaningful.

CASH FLOWS

Net cash from operating activities: In FY2015, the Group generated net cash of S$4.04 million from operating activities before changes in working capital. The Group's net working capital outflow amounted to S$1.09 million and was mainly due to the decrease in trade and other payables of S$1.40 million. This was partially offset by (i) a decrease in trade and other receivables of S$0.24 million; and (ii) a decrease in inventories of S$0.06 million.

After payment of income tax of S$0.54 million, the net cash from operating activities in FY2015 amounted to S$2.41 million.

Net cash used in investing activities: Amounted to S$1.89 million and was mainly due to (i) purchase of property, plant and equipment of S$1.34 million; (ii) advance of loan to a third party of S$0.50 million; and (iii) an increase in pledged bank deposits for bank borrowings of S$0.13 million.

Net cash used in financing activities: Amounted to S$0.53 million and was mainly due to payment of dividends of S$1.46 million. This was partially offset by (i) capital contribution from non-controlling interests in a subsidiary of S$0.28 million; and (ii) new bank loans of S$0.65 million.

S$'000	FY2015	FY2014
Net cash from operating activities	2,413	5,284
Net cash used in investing activities	(1,889)	(762)
Net cash used in financing activities	(527)	(992)
Net (decrease) increase in cash and cash equivalents	**(3)**	**3,530**
Cash and cash equivalents at end of the financial year	**8,095**	**8,098**

SHAREHOLDERS' RETURNS

Although the Group does not have a fixed dividend policy, it intends to recommend and distribute dividends of not less than 30% of its net profits attributable to shareholders in each of FY2013, FY2014 and FY2015.

For FY2015, the Group declared a total dividend of 1.0 Singapore cent per ordinary share, which represented a payout ratio of 34.1%.

UPDATE ON USE OF INITIAL PUBLIC OFFERING PROCEEDS

The Group raised net proceeds of S$1.43 million from its initial public offering in FY2013, which have been utilised as follows as at 30 September 2015 and in accordance with the intended use as stated in the Company's Offer Document dated 11 April 2013:

Use of Net Proceeds	Allocation of Net Proceeds (S$'000)	Net Proceeds Utilised as at 30 September 2015 (S$'000)	Balance of Net Proceeds as at 30 September 2015 (S$'000)
To acquire new machinery and equipment	600	600	-
To fund product development activities	400	197	203
Working capital and general corporate purposes	431	431	-
Total	**1,431**	**1,228**	**203**

Breakdown of Working Capital	S$'000
Inventories	431

CORPORATE SOCIAL RESPONSIBILITY

We strive to create a fair and conducive work environment where employees feel happy, valued and empowered. We believe that a positive work environment and culture leads to a responsible work attitude and greater accountability among our employees.

An organisation's success is not solely measured by its financial performance and as such, the pursuit of profitability should not be its singular focus. As a good corporate citizen, we are committed to conducting our business sustainably and in a manner that best serves our stakeholders' interests.

EMPLOYEE INITIATIVES

We have 147 employees as at 30 September 2015, of which 130 are based in Singapore, compared to 149 employees as at 30 September 2014. Our reputation as a leading specialist provider of commercial and industrial door and shutter solutions in Singapore and the South East Asia region rests on these experienced and dedicated employees who have delivered industry-leading quality work over the years, setting us apart from our competitors.

As we believe people are our most valuable assets, we provide a well-rounded human resource framework to ensure our employees have rewarding careers with us. This framework includes policies that help them stay healthy and safe at the work place; as well as provides opportunities for them to continually improve and develop their skills set and knowledge.

Staff Development and Training

We provide compulsory orientation programmes for all new employees to familiarise themselves with the corporate identity, policies and standard operation practices of the Group. We make it a point to provide regular training for our employees on product knowledge, new trends and technologies in our industry, making sure that our people stay apprised of the latest developments and relevant to our customers. Our operations personnel are also required to undergo compulsory training on safety and product handling.

On-the-job training is an ongoing practice as we believe that it reinforces the technical training our employees underwent. For operations personnel, on-the-job training includes product knowledge, equipment operation and quality assurance, and is managed by the immediate supervisors of the employees. Functioning as mentors, the immediate supervisors closely monitor the individual employee and impart practical skills and working knowledge necessary for them to perform their tasks according to the required performance standards. On-the-job training is also provided for non-operations personnel in the areas of general management, finance, communications and other relevant areas, which allows them to improve their work performance in their respective business units.

To maintain our competitive edge, we send selected employees to participate in seminars, conferences and training courses from time to time to ensure that they keep abreast of the latest developments in the industry. Such seminars, conferences and training courses include the latest safety practices, computer software and design courses and ongoing technical skills training.

A Fair and Cohesive Workplace

We strive to create a fair and conducive work environment where employees feel happy, valued and empowered. We believe that a positive work environment and culture leads to a responsible work attitude and greater accountability among our employees. In line with this, we encourage work-life balance among our employees.

In March 2015, we organised a three-day trip to Bintan for our employees based in Singapore as part of our efforts to promote cohesion. Employees across the different departments, organised into teams, participated in a range of teambuilding activities and also showcased their talents, like music and dance, during some of the activities. This teambuilding trip provided an opportunity for our employees to interact with one another in a relaxed setting and to participate in teambuilding activities to forge closer relationships.

Quality, Health and Safety

Employees' well-being is one of our top priorities and we have a 3-step approach to ensure the quality, health and safety of our employees:

1 IDENTIFY — Identify hazards that affect organisational performance.

2 ASSESS — Assess potential risks to employees' health and safety.

3 ELIMINATE — Implement necessary control measures to eliminate risks.

As testament of the Group's commitment to quality, health and safety practices, we were awarded the below certifications/accreditations by various authoritative bodies:

1. **BizSafe Star** (Workplace Safety and Health Council, Ministry of Manpower)
2. **OHSAS 18001:2007** (SGS International Certification Services Singapore Pte Ltd)
3. **ISO 9001:2008** (SGS United Kingdom Ltd)

Whistle-Blowing Policy

Good corporate governance enhances and/or safeguards the reputation of a company. It empowers a company to be more transparent and forward-looking and is also an effective deterrent against fraud and dubious financial engineering.

With this in mind, we have established a Whistle-Blowing Policy to provide guidance on suspicion, reporting and investigation of fraudulent practices within the Group. The objectives of this policy are to maintain a high standard of corporate governance; to provide a channel of communication for employees to report fraudulent practices and to guide employees on actions to address their concerns on suspicions of fraudulent activities. The policy also provides the process for investigation and management reporting.

CORPORATE
SOCIAL RESPONSIBILITY

Our Whistle-Blowing Policy deals with concerns on improprieties and wrongdoings relating to the financial position of the Group; to the honesty and integrity of the Group's dealings; and to the honesty and integrity of any employee or director in the course of his or her employment or dealings with or on behalf of the Group. They include:

- *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 interferes or appears 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, or position, or opportunities arising from these, for personal gain 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 endeavor to deal fairly with the Group's customers, suppliers, competitors and employees. None 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.

COMMUNITY AND ENVIRONMENT

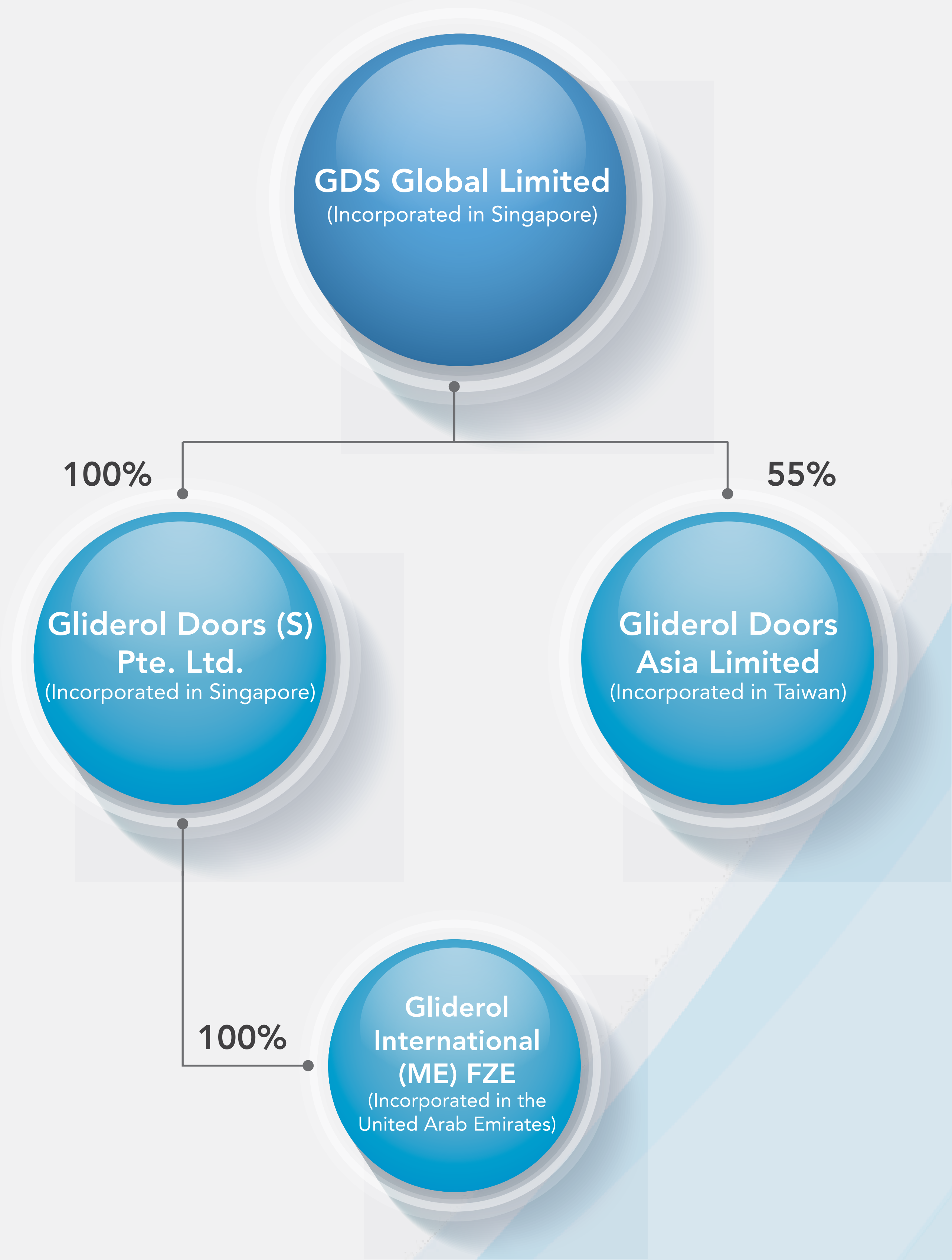
The building at 86 International Road, where our manufacturing facilities are situated, is currently undergoing upgrading works and certification to be a Green Mark building. Upon completion, the building is expected to become more energy efficient and will have green measures. In line with this, we are also currently upgrading our facilities to enhance their capacity and efficiency.

SHAREHOLDERS PROGRAMME

We aim to keep our existing and potential investors regularly updated on the Group's performance and strategic initiatives in order to help them evaluate the Group and make informed investment decisions. As such, we are committed to provide accurate, transparent and timely information to the investment community on a regular basis.

As part of our Investor Relations Programme, all our corporate announcements, press releases and presentation slides are uploaded on the SGXNET and on our corporate website (*www.gdsglobal.com.sg*) simultaneously. In addition, we maintain a dedicated investor relations section within our corporate website where investors can easily access up-to-date information relating to the Group. Investors can also sign up for an e-mail alert service to receive the latest investor relations news or connect with our investor relations team, whose contacts are listed in our website and annual report.

CORPORATE **STRUCTURE**



BOARD OF DIRECTORS

From left to right

Mr Wu Chiaw Ching
Lead Independent Director

Ms Pebble Sia-Huei Chieh
Independent Director

Mr Michael Wong
Chairman and Chief Executive Officer

Mr Goh Boon Kok
Independent Director

Michael Wong

Chairman and Chief Executive Officer

Mr Michael Wong was appointed as a director on 17 July 2012. Bringing with him more than 20 years of experience in the commercial and industrial doors industry, Mr Wong 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.

Wu Chiaw Ching

Lead Independent Director

Mr Wu Chiaw Ching was appointed as a director of the Group on 21 March 2013 and last re-elected on 24 January 2014. Mr Wu 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 Public Accountants, Australia and a member of the Singapore Institute of Directors.

Mr Wu is currently an independent director of SGX-ST Mainboard-listed Goodland Group Limited, LHT Holdings Limited and Gaylin Holdings Limited, and SGX-ST Catalist-listed Natural Cool Holdings Limited.

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.

Goh Boon Kok

Independent Director

Mr Goh Boon Kok was appointed as a director on 21 March 2013 and last re-appointed on 23 January 2015. He runs his own practice, Goh Boon Kok & Co, which he established in 1977. He is a member of the Institute of Singapore Chartered Accountants, the Chartered Institute of Management Accountants, United Kingdom and the Chartered Institute of Secretaries and Administrators, United Kingdom.

Mr Goh accumulated more than 30 years of experience in both auditing and accounting through holding various positions with companies and government agencies. He is currently an independent director of SGX-ST Mainboard-listed Super Group Ltd., and SGX-ST Catalist-listed Pan Asian Holdings Limited.

Mr Goh obtained a Bachelor of Accountancy from the University of Singapore.

Pebble Sia Huei-Chieh

Independent Director

Ms Pebble Sia Huei-Chieh was appointed as a director on 21 March 2013 and last re-elected on 23 January 2015. She 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 is currently an independent director of SGX-ST Catalist-listed Choo Chiang Holdings Ltd.

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

SENIOR
MANAGEMENT

From left to right

Ms Lee Li Huang
Chief Financial Officer

Mr Leow Chyan
Senior Manager (Technical)

Ms Gina Lee
Senior Manager (Corporate Affairs, Human Resource and Administration)

Ms Karen Lim
Senior Manager (Operations)

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.

Karen Lim

Senior Manager (Operations)

Ms Karen Lim is responsible for overseeing the Group's operations which include production and overall projects management.

Ms Lim joined Gliderol Doors (S) Pte. Ltd. as an Operations Executive in April 1990. In January 1994, she left the Group and pursued a career in real estate in Data Property Consultant Pte Ltd in October 1994 and thereafter, Salease Realty Network Pte Ltd in October 1996. She re-joined Gliderol Doors (S) Pte. Ltd. as Manager (Operations) in 2000 and has been with the Group since.

Ms Lim graduated with a Diploma in Architectural Technology from Singapore Polytechnic in 1986.

Lee Li Huang

Chief Financial Officer

Ms Lee Li Huang is responsible for the financial accounting and reporting of the Group's business. 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 Lee joined the Group in November 2012. Prior to joining the Group, Ms Lee was the Audit and Technical Director of RSM Chio Lim LLP from May 2011 to October 2012 and was the Head of Technical Division of the Institute of Certified Public Accountants of Singapore (now known as Institute of Singapore Chartered Accountants) from August 2010 to February 2011. In 2004, she joined Ernst & Young (Beijing) in audit and held the position of Senior Manager before leaving the firm in 2010. Prior to that, she worked in Ernst & Young (Singapore) from 1998 to 2004.

Ms Lee obtained a Bachelor of Accountancy with Honours from the Nanyang Technological University in 1998. She is also a member of the Institute of Singapore Chartered Accountants.

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.

MANAGEMENT **TEAM**

From left to right

Ms Nannette Tabangay
Contracts Manager

Ms Karen Lim
Senior Manager (Operations)

Mr Wilson Kek
Service Manager

Ms Gina Lee
Senior Manager (Corporate Affairs, Human Resource and Administration)

Mr Leow Chyan
Senior Manager (Technical)

Mr Michael Wong
Chairman and Chief Executive Officer

Ms Angela Lin
Sales Manager

Ms Lee Li Huang
Chief Financial Officer

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Michael Wong *(Chairman and Chief Executive Officer)*
Wu Chiaw Ching *(Lead Independent Director)*
Goh Boon Kok *(Independent Director)*
Pebble Sia Huei-Chieh *(Independent Director)*

AUDIT COMMITTEE

Wu Chiaw Ching *(Chairman)*
Goh Boon Kok
Pebble Sia Huei-Chieh

REMUNERATION COMMITTEE

Pebble Sia Huei-Chieh *(Chairman)*
Wu Chiaw Ching
Goh Boon Kok

NOMINATING COMMITTEE

Goh Boon Kok *(Chairman)*
Michael Wong
Wu Chiaw Ching
Pebble Sia Huei-Chieh

COMPANY SECRETARIES

Yeoh Kar Choo Sharon, ACIS
Chiang Wai Ming, ACIS
Lee Li Huang, CA

REGISTERED OFFICE

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Tel: (65) 6266 6668
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SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

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

Partner-in-charge: Ong Bee Yen *(a member of the Institute of Singapore Chartered Accountants)*
Date of Appointment: 22 April 2014

INVESTOR RELATIONS

GDS Global Limited
Lee Li Huang, *Chief Financial Officer*
ir@gliderol.com.sg

August Consulting
Silvia Heng / Colin Tan
silviaheng@august.com.sg / colintan@august.com.sg

CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

GDS Global Limited (the "Company" or "GDS") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance (the "Code") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s listing rules. The Group has complied with all the principles and guidelines set out in the Code.

This report describes the Group's corporate governance practices that were in place throughout the financial year ended 30 September 2015 ("FY2015").

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its 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.

In addition, the principal duties of the Board include:

- 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 of internal control, risk management, financial reporting and compliance.
- Reviewing the performance of management and overseeing succession planning for management.
- Setting the Group's values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met.
- Considering sustainability issues as part of the strategic formulation.

Independent judgement

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

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	Independent Non-Executive Director	Chairman	Member	Member
3	Mr Goh Boon Kok	Independent Non-Executive Director	Member	Chairman	Member
4	Ms Pebble Sia Huei-Chieh	Independent Non-Executive Director	Member	Member	Chairman

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.

Delegation by the Board

The Board has delegated certain functions to various board committees, namely the Audit Committee ("AC"), Nominating Committee ("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 ("AGM") 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 Articles of Association. 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 FY2015

	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
Mr Goh Boon Kok	2	2	2	2	1	1	1	1
Ms Pebble Sia Huei-Chieh	2	2	2	2	1	1	1	1

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

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

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.

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. 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.

Briefings, updates and trainings provided for Directors in FY2015

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

The Group has an open policy for professional training for all the Board members, including Executive Director and Independent Directors. The Company endorses the Singapore Institute of Directors ("SID") training programs and sets a budget for such training and professional development programs. 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.

Principle 2: Board Composition and Guidance

Board size and composition

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").

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

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.

Directors' independence review

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company 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 Group, is considered to be independent.

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 guidelines set forth in the Code and any other salient factor which would render a Director to be deemed not independent. Each of the Independent Directors has provided declaration of their independence to the NC. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of their appointments.

The Independent Directors make up more than half of the Board, which exceeds the requirements set out in 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.

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 set objectives. 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's 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.

Principle 3: Chairman and Chief Executive Officer

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 the Chief Executive Officer (the "CEO"). He assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between shareholders, management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and ensures Independent Non-Executive Directors are able to speak freely and contribute effectively; and promotes high standards of corporate governance. In addition, he also 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 Board has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is already 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. The Board is satisfied that one person is able to effectively discharge the duties of both positions.

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. He is the principal liaison on board issues between the Independent Directors and the Chairman. He is available to shareholders with concerns, when contact through the normal channels via the Chairman and CEO, and/or Chief Financial Officer (the "CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate.

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

Principle 4: Board Membership

NC composition

The NC consists of three Independent Non-Executive Directors and one Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Goh Boon Kok - 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 and recommend to the Board on the appointment and re-appointment of Directors (including alternate Directors, if applicable).

- Review the skills required by the Board and the size of the Board.

- Determine annually whether or not a Director is independent.

- Develop a process for evaluating the performance of the Board, its board committees and Directors and implementing such process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director.

- Evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

- Make recommendation to the Board in determining the maximum number of listed company board representations which any Director may hold.

- Review the training and professional development programs for the Board.

- Review the Board's succession plans for Directors, in particular, the Chairman and the CEO.

Directors' independence review

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

The Board, after taking into account the views of the NC, determined that Mr Goh Boon Kok, Mr Wu Chiaw Ching and Ms Pebble Sia Huei-Chieh are independent.

Directors' time commitments and multiple directorships

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The 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, Mr Goh Boon Kok, Mr Wu Chiaw Ching and Ms Pebble Sia Huei-Chieh 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. The NC is of the view that each Director's directorships is in line with the Company's guideline of a maximum of six listed company board representations and that each Director has discharged his/her duties adequately.

Succession planning for the Board and management

Currently, there is an informal succession plan put in place by the Chairman and CEO. Going forward and at the relevant time, the NC will look into such plan in close consultation with the Chairman and CEO.

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 may:

1. Advertise or use services of external advisers to facilitate a search.

2. Approach alternative sources such as the SID.

3. Consider candidates from a wide range of backgrounds from internal or external sources.

4. After short listing 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.

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. Article 114 of the Company's Articles of Association 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 and be subject to re-appointment at the Company's AGM. Pursuant to the one-third rotation rule, Mr Michael Wong will retire and submit himself for re-appointment at the forthcoming AGM.

Mr Goh Boon Kok who is over the age of 70 was re-appointed as Director to hold office from the date of the last AGM (held on 23 January 2015) until the forthcoming AGM pursuant to Section 153(6) of the Companies Act. Section 153(6) of the Companies Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment will lapse at the forthcoming AGM, Mr Goh Boon Kok will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of the forthcoming AGM, going forward, Mr Goh Boon Kok's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act as repealed. Mr Goh Boon Kok will then be subject to retirement by rotation under the Company's Articles of Association.

The NC is satisfied that the Directors retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

Mr Michael Wong who will submit himself for re-appointment at the forthcoming AGM is deemed interested in 79.02% of the Company's ordinary shares as he owns 80 ordinary shares representing 80.00% of the issued share capital of the Company's ultimate holding company, D'Oasis Pte Ltd.

Mr Goh Boon Kok who will submit himself for re-appointment at the forthcoming AGM does not have any relationships with the Group, its Directors, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company.

Principle 5: Board Performance

The Board has implemented a process carried out by the NC for assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

Evaluation process

The Company Secretary sends out a customised Board Evaluation Questionnaire (the "Questionnaire") and an Individual Director Assessment Checklist (the "Checklist") to each Director for completion. The Questionnaire is customised to seek the views of the Directors on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The Board performance criteria includes board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committees performance in relation to discharging their responsibilities set out in their respective terms of reference. The 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 includes his/her knowledge, availability and overall contribution to the effectiveness of the Board.

The completed Questionnaires and 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 improving and enhancing the effectiveness of the Board. For the financial year under review, the Board has performed the evaluation and is of the view that the Board as a whole operates effectively and the contribution by each individual Director is satisfactory.

The Board has not engaged any external consultant to conduct an 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.

Principle 6: Access to Information

Complete, adequate and timely information

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to the Directors a week in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and board committee meetings. In order to keep the Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

To facilitate direct access to management, the Directors are also provided with the names and contact details of the management team.

Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Memorandum and Articles of Association, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual Section B: Rules of Catalist (the "Listing Manual"), are complied with. She 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.

The Company Secretary assists the Chairman in ensuring good information flows within the Board and its board committees and between management and the Non-Executive Directors.

As primary compliance officer for the Group's compliance with the listing rules, the Company Secretary is responsible for designing and implementing a framework for management's compliance with the listing rules, including advising management to ensure that material information is disclosed promptly.

The Company Secretary attends and prepares minutes for all Board 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 are subject to the Board's approval.

<u>Independent professional advice</u>

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

<u>RC composition</u>

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

Ms Pebble Sia Huei-Chieh - Chairman
Mr Wu Chiaw Ching - Member
Mr Goh Boon Kok - 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 Directors and key management personnel.

The members of the RC carried 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 aspect 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.

The RC from time to time and where necessary seeks advice from external remuneration consultant 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 FY2015.

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 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

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 Directors and key management personnel. The Executive Director is paid a basic salary and a fixed bonus of one month's basic salary. Key management personnel are paid basic salary and variable bonus. The variable bonus varies according to the Group's performance objectives.

The RC also ensures that the remuneration of the Independent Non-Executive Directors are appropriate to their level of contribution 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.

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 variable components of the remuneration packages for the key management personnel, which are moderate, the RC is of the view that 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 key management personnel.

Although Guideline 9.2 of the Code recommends that companies fully disclose the name and remuneration of each director and the CEO, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent. As such, the Board has deviated from complying with the above recommendation and has provided below a breakdown showing the level and mix of remuneration of each Director and the CEO in bands of S$250,000 for FY2015:

Remuneration Band and Name of Director	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
Up to S$250,000					
Mr Wu Chiaw Ching	–	–	100	–	100
Mr Goh Boon Kok	–	–	100	–	100
Ms Pebble Sia Huei-Chieh	–	–	100	–	100
S$250,001 to S$500,000					
Mr Michael Wong(1)	92	8	–	–	100

(1) Mr Michael Wong is Executive Director and Chief Executive Officer

Guideline 9.3 of the Code 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 of S$250,000. As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel. In addition, companies should also 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 is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent. As such, the Board has deviated from complying with the above recommendation. The Board only partially complies with the above recommendation by providing below a breakdown showing the level and mix of remuneration of each of the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000 for FY2015:

Remuneration Band and Name of Executive	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Up to S$250,000				
Ms Gina Lee	85	15	–	100
Ms Karen Lim	85	15	–	100
Ms Lee Li Huang	83	17	–	100
Mr Leow Chyan	86	14	–	100
Ms Angela Lin	73	27	–	100
				S$
Aggregate of the total remuneration paid or payable to the top five key management personnel (who are not Directors or the CEO)				773,575

There is no employee who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 in FY2015.

Further information on the Directors and key management personnel is on pages 16 to 19 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.

For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of the Company and the Group.

Principle 11: Risk Management and Internal Controls

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 and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to the requirements in the Listing Manual and the Code.

The Company has engaged an independent accounting firm, KPMG Services Pte. Ltd. ("KPMG"), as its internal auditors who have presented their Enterprise Risk Management ("ERM") proposal to the AC and the Board to assist the AC and the Board in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. 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.

With assistance from the internal auditors, key risk areas which have been identified are analysed, monitored and reported. In this connection, the Group has conducted the enterprise risk assessment and has established the risk reporting dashboard with a view to develop a detailed risk register and to develop a structured ERM to ensure that the Group's risk management and internal control systems are adequate and effective.

Assurance from the CEO and the CFO

The Board has received written assurance from the CEO and the CFO that:

a) The financial records of the Group have been properly maintained and the financial statements for the financial year ended 30 September 2015 give a true and fair view of the Group's operations and finances; and

b) 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 CFO has obtained similar assurance from the business and corporate executive heads in the Group.

Opinion on the adequacy and effectiveness of the risk management and internal control systems

The AC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. In addition, 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 CFO, 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 2015.

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 12: Audit Committee

<u>AC composition</u>

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

Mr Wu Chiaw Ching - Chairman
Mr Goh Boon Kok - Member
Ms Pebble Sia Huei-Chieh - Member

The members of the AC carried out their duties in accordance with the 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 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.

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 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, 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 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.

j) Review the transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual, if any.

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

l) 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.

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

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

o) 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.

p) 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.

q) 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.

Apart from the above, the AC shall:

r) 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.

s) 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).

The AC has explicit authority to investigate any matter within its term of reference and is authorised to obtain independent professional advice. It 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.

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 pages 23 to 24. The CFO, 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.

During the financial year, 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 CFO 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 adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Significant deficiencies in internal controls over financial reporting matters that came to the external auditors' attention during their audit together with their recommendations.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

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.

Pursuant to the requirement in the Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Deloitte & Touche LLP's audit partner for the Company was appointed on 22 April 2014. In appointing auditors for the Company and its subsidiaries, the Group has complied with Rules 712 and 715 of the Listing Manual.

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 audit and non-audit fees paid or payable to the external auditors for FY2015 are S$95,000 and S$10,000 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 reviewed 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 non-controlling shareholders. On a half-yearly basis, management reports to the AC the interested person transactions.

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. The AC exercises the overseeing function over the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigations to be carried out independently. The Whistle-Blowing Policy has been circulated to all employees.

Principle 13: Internal Audit

The AC approves the appointment, removal, evaluation and compensation of internal auditors. The internal audit function of the Group is outsourced to KPMG. The internal auditors' primary line of reporting is the AC Chairman. Administratively, the internal auditors report to the CEO. The selection of KPMG as the internal auditors, its fee proposal and the internal audit proposal were reviewed and approved by the AC. The internal auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The primary purpose of the internal audit function is to assist the Board and management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The internal audit approach focuses on key financial, operational, compliance and information technology risks. The annual internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the CEO, the external auditors and relevant management.

The AC ensures that management provides good support to the internal auditors and provides them with access to documents, records, properties and personnel when requested in order for the internal auditors to carry out their function accordingly. The AC meets with the internal auditors once a year, without the presence of management.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

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 non-controlling 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 could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be 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.

Principle 15: Communication with Shareholders

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.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price 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 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 financial results materials, it contains a wealth of investor related information on the Group, including annual reports, shares and dividend information and factsheets.

Interaction with shareholders

The Company has an internal investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and finance performance.

Dividend policy

The Company 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 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.

Principle 16: Conduct of Shareholders Meetings

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 published in local newspapers, as well as posted on the Company's website.

The Company's Articles of Association 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.

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. All Directors including Chairman of the Board and the respective Chairman of the AC, NC and RC, management, and the external auditors are intended to be in attendance at general meetings to address any queries of the shareholders.

The Company intends to record the minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from management. Such minutes will be available to shareholders upon their request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings held on and after 1 August 2015.

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 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 Listing Manual 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 Offer Document, 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 2015 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.

c) The Service Agreement of Mr Michael Wong dated 22 March 2013.

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Listing Manual, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, 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 FY2015 were as follows:

Fees for tax compliance services rendered to the Group – S$10,000.

DIRECTORS' **STATEMENT**

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 2015.

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 48 to 86 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 2015 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	(Executive Director and Chief Executive Officer)
Wu Chiaw Ching	(Independent Non-Executive Director)
Goh Boon Kok	(Independent Non-Executive Director)
Pebble Sia Huei-Chieh	(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 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The Company</u> (Ordinary shares)				
Wong Lok Yung	–	–	88,500,000	88,500,000
<u>Ultimate holding company</u> <u>D'Oasis Pte. Ltd.</u> (Ordinary shares)				
Wong Lok Yung	80	80	10	10

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

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

The directors' interests in the shares of the Company at 21 October 2015 were the same at 30 September 2015.

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
Goh Boon Kok – Member
Pebble Sia Huei-Chieh – 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 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;

5 AUDIT COMMITTEE (cont'd)

(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;

(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, 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 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;

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

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

(l) 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;

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

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

(o) 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;

(p) 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

(q) 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.

5 AUDIT COMMITTEE (cont'd)

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 Company at the forthcoming annual general meeting of the Company.

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

11 December 2015

Report on the Financial Statements

We have audited the accompanying 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 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 86.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

11 December 2015

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	8,094,517	8,098,806	684,202	2,025,154
Pledged bank deposits	6	1,000,000	–	–	–
Trade and other receivables	7	8,706,149	8,516,781	3,500,893	3,105,566
Inventories	8	2,226,248	2,291,086	–	–
Total current assets		20,026,914	18,906,673	4,185,095	5,130,720
Non-current assets					
Property, plant and equipment	9	2,550,018	1,571,561	–	–
Intangible asset	10	1,265,670	1,360,005	–	–
Subsidiaries	11	–	–	2,697,950	2,349,800
Pledged bank deposits	6	130,805	1,000,000	–	–
Total non-current assets		3,946,493	3,931,566	2,697,950	2,349,800
Total assets		23,973,407	22,838,239	6,883,045	7,480,520
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	12	130,800	–	–	–
Trade and other payables	13	3,116,324	4,513,732	212,527	230,968
Current portion of finance leases	14	–	3,480	–	–
Income tax payable		205,320	516,455	3,000	3,823
Total current liabilities		3,452,444	5,033,667	215,527	234,791
Non-current liabilities					
Bank borrowings	12	517,387	–	–	–
Deferred tax liabilities	15	424,000	336,000	–	–
Other payables		16,452	14,263	–	–
Total non-current liabilities		957,839	350,263	–	–
Total liabilities		4,410,283	5,383,930	215,527	234,791
Capital, reserves and non-controlling interests					
Share capital	16	5,244,520	5,244,520	5,244,520	5,244,520
Reserves		13,855,944	12,101,557	1,422,998	2,001,209
Equity attributable to owners of the Company		19,100,464	17,346,077	6,667,518	7,245,729
Non-controlling interests		462,660	108,232	–	–
Total equity		19,563,124	17,454,309	6,667,518	7,245,729
Total liabilities and equity		23,973,407	22,838,239	6,883,045	7,480,520

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 30 September 2015

	Note	Group 2015	Group 2014
		$	$
Revenue	17	**21,879,104**	23,872,589
Cost of sales		**(12,332,326)**	(12,779,492)
Gross profit		**9,546,778**	11,093,097
Other operating income	18	**300,873**	613,430
Marketing and distribution expenses		**(638,975)**	(780,211)
Administrative expenses		**(5,626,842)**	(5,620,850)
Other operating expenses		**(288,568)**	(342,911)
Investment revenue	19	**16,353**	15,676
Other gains and losses	20	**354,073**	41,040
Finance costs	21	**(609)**	(5,140)
Profit before tax		**3,663,083**	5,014,131
Income tax expense	22	**(318,076)**	(608,240)
Profit for the year	23	**3,345,007**	4,405,891
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(65,042)**	(12,625)
Other comprehensive loss for the year, net of tax		**(65,042)**	(12,625)
Total comprehensive income for the year		**3,279,965**	4,393,266
Profit (Loss) attributable to:			
Owners of the Company		**3,288,844**	4,511,294
Non-controlling interests		**56,163**	(105,403)
		3,345,007	4,405,891
Total comprehensive income (loss) attributable to:			
Owners of the Company		**3,210,387**	4,503,546
Non-controlling interests		**69,578**	(110,280)
		3,279,965	4,393,266
Basic and diluted earnings per share (cents)	24	**2.94**	4.03

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 30 September 2015

	Share capital	Translation reserve	Capital reserves (Note 25)	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	$	$	$	$	$	$	$	$
Group								
Balance at 1 October 2013	5,244,520	(783)	277,634	18,908	8,086,252	13,626,531	218,512	13,845,043
Total comprehensive income (loss) for the year								
Profit (Loss) for the year	–	–	–	–	4,511,294	4,511,294	(105,403)	4,405,891
Other comprehensive loss for the year	–	(7,748)	–	–	–	(7,748)	(4,877)	(12,625)
Total	–	(7,748)	–	–	4,511,294	4,503,546	(110,280)	4,393,266
Transactions with owners, recognised directly in equity								
Dividends (Note 26)	–	–	–	–	(784,000)	(784,000)	–	(784,000)
Balance at 30 September 2014	5,244,520	(8,531)	277,634	18,908	11,813,546	17,346,077	108,232	17,454,309
Total comprehensive income (loss) for the year								
Profit for the year	–	–	–	–	3,288,844	3,288,844	56,163	3,345,007
Other comprehensive (loss) income for the year	–	(78,457)	–	–	–	(78,457)	13,415	(65,042)
Total	–	(78,457)	–	–	3,288,844	3,210,387	69,578	3,279,965
Transactions with owners, recognised directly in equity								
Dividends (Note 26)	–	–	–	–	(1,456,000)	(1,456,000)	–	(1,456,000)
Capital contribution from non-controlling interests in a subsidiary	–	–	–	–	–	–	284,850	284,850
Total	–	–	–	–	(1,456,000)	(1,456,000)	284,850	(1,171,150)
Balance at 30 September 2015	5,244,520	(86,988)	277,634	18,908	13,646,390	19,100,464	462,660	19,563,124

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2015

	Share capital	Retained earnings	Total
	$	$	$
Company			
Balance at 1 October 2013	5,244,520	1,076,135	6,320,655
Profit for the year, representing total comprehensive income for the year	–	1,709,074	1,709,074
Transactions with owners, recognised directly in equity			
Dividends (Note 26)	–	(784,000)	(784,000)
Balance at 30 September 2014	5,244,520	2,001,209	7,245,729
Profit for the year, representing total comprehensive income for the year	–	877,789	877,789
Transactions with owners, recognised directly in equity			
Dividends (Note 26)	–	(1,456,000)	(1,456,000)
Balance at 30 September 2015	5,244,520	1,422,998	6,667,518

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 30 September 2015

	Group	
	2015	2014
	$	$
Operating activities		
Profit before income tax	3,663,083	5,014,131
Adjustments for:		
Interest income	(16,353)	(15,676)
Finance costs	609	5,140
Depreciation of property, plant and equipment	338,430	299,945
Amortisation of intangible asset	94,335	94,336
Gain on disposal of property, plant and equipment	(37,646)	(15)
Operating cash flows before movements in working capital	4,042,458	5,397,861
Inventories	64,838	448,182
Trade and other receivables	241,613	(2,129,997)
Trade and other payables	(1,395,219)	1,607,398
Cash generated from operations	2,953,690	5,323,444
Income tax paid	(541,211)	(38,125)
Net cash from operating activities	2,412,479	5,285,319
Investing activities		
Purchase of property, plant and equipment	(1,338,427)	(802,494)
Increase in pledged bank deposits	(130,805)	–
Advance of loan to a third party	(503,750)	–
Proceeds from disposal of property, plant and equipment	66,913	24,194
Interest received	16,353	15,676
Net cash used in investing activities	(1,889,716)	(762,624)
Financing activities		
Dividends paid	(1,456,000)	(784,000)
Repayment of bank borrowings	(5,813)	(183,136)
Repayment of obligations under finance leases	(3,480)	(19,986)
Capital contribution from non-controlling interests in a subsidiary	284,850	–
New bank loans raised	654,000	–
Interest paid	(609)	(5,140)
Net cash used in financing activities	(527,052)	(992,262)
Net (decrease) increase in cash and cash equivalents	(4,289)	3,530,433
Cash and cash equivalents at beginning of year	8,098,806	4,568,373
Cash and cash equivalents at end of year (Note 6)	8,094,517	8,098,806

See accompanying notes to financial statements.

1 GENERAL

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, 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.

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

The principal activities of the subsidiaries are disclosed in Note 11 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 2015 were authorised for issue by the board of directors on 11 December 2015.

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 in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities* and FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Improvements to FRSs (November 2014)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRSs 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 that 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.

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.

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

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 FRSs). 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 FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). 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. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) 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 interests were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit or loss ("FVTPL")</u>

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income.

Held-to-maturity financial assets

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Available-for-sale investments

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or 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 ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line in the statement of profit or loss and other comprehensive income.

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.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Depreciation is charged 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised 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.

INTANGIBLE ASSETS - Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 it is not possible to estimate the recoverable amount of an individual asset, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

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. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. 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 at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Service and maintenance works

Revenue from service and maintenance works is recognised upon the completion of the services rendered and acceptance by customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution 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 profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on the 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. 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.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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 arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated 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 separate component of equity under the header of foreign currency translation reserve.

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), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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, bank overdrafts, 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, 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.

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

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.

Allowance for trade and other receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The estimation of allowance for doubtful debts requires the use of estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The Group commenced legal actions to recover trade receivables of $476,840 (2014: $422,416) from a third party and the legal actions are still ongoing as at 30 September 2015. Management was of the view that no allowance for doubtful debts was required as at 30 September 2014 and continues to hold the same view that no allowance is required as at 30 September 2015 as management intends to recover the debts vigorously.

Based on management's assessment, an allowance for trade and other receivables of $154,858 (2014: $160,634) was made as at 30 September 2015. The carrying amount of trade and other receivables is disclosed in Note 7 to the financial statements.

Valuation of inventories

At the end of each reporting period, management assesses whether there is any objective evidence that certain inventories are stated at cost which are above their net realisable value. If so, these inventories are written down to their net realisable value. To determine whether there is such objective evidence, management identifies inventories that are slow moving and considers their physical conditions, market conditions and market prices for similar inventories. Based on management's assessment, no allowance for inventories is required as at 30 September 2015 and 2014. The carrying amount of inventories is disclosed in Note 8 to the financial statements.

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	
	2015	2014	**2015**	2014
	$	$	**$**	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**17,532,189**	17,365,082	**4,169,623**	5,098,508
Financial liabilities				
Amortised cost	**3,337,821**	2,101,777	**212,527**	230,968

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

The Group and the Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting 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.

(i) <u>Foreign exchange risk management</u>

The Group transacts business in various foreign currencies, including the United States dollar, Australian dollar and Euro and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2015	2014	**2015**	2014
	$	$	**$**	$
United States dollar	**948,493**	1,497,897	**39,394**	15,208
Australian dollar	**503,750**	7	**21,466**	2,354
Euro	**3,596**	3,620	**42,368**	7,365

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

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

(i) Foreign exchange risk management (cont'd)

The Company has a number of investments in foreign subsidiaries, 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.

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, profit or loss will increase (decrease) by:

	United States dollar impact		Australian dollar impact		Euro impact	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Group						
Profit or loss	**(90,910)**	(148,269)	**(48,228)**	235	**3,877**	375

If the relevant foreign currency strengthens by 10% against the functional currency of each entity, profit or loss will increase (decrease) by:

	United States dollar impact		Australian dollar impact		Euro impact	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Group						
Profit or loss	**90,910**	148,269	**48,228**	(235)	**(3,877)**	(375)

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. The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group's policy is to manage interest costs using a mix of fixed and floating rate debts. Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (iv) of this Note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used as this represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables are held constant, the Group's profit for the year ended 30 September 2015 would decrease/increase by $3,241 (2014: $Nil).

(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 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.

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. There is no concentration of credit risk as the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

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

Further details of credit risk on trade and other receivables are disclosed in Note 7 to the financial statements.

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

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

(iv) Liquidity risk management

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

Liquidity and interest risk analyses

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows. 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 on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2015						
Non-interest bearing	–	2,673,182	16,452	–	–	2,689,634
Finance lease liabilities (fixed rate)	–	–	–	–	–	–
Variable interest rate instruments	2.5	145,543	543,541	–	(40,897)	648,187
		2,818,725	559,993	–	(40,897)	3,337,821
2014						
Non-interest bearing	–	2,084,034	14,263	–	–	2,098,297
Finance lease liabilities (fixed rate)	3.5	4,089	–	–	(609)	3,480
Variable interest rate instruments	–	–	–	–	–	–
		2,088,123	14,263	–	(609)	2,101,777
Company						
2015						
Non-interest bearing	–	212,527	–	–	–	212,527
2014						
Non-interest bearing	–	230,968	–	–	–	230,968

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

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

(v) Fair value of financial assets and financial liabilities

The Group and the Company had no financial assets or financial liabilities carried at fair value as at 30 September 2015 and 2014. 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.

(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 2014.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

Management reviews the capital structure on an annual basis. As a 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 or the redemption of existing debt.

5 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of D'Oasis Pte. Ltd., 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	
	2015	2014
	$	$
Short-term benefits	**1,512,866**	1,385,333
Post-employment benefits	**90,644**	71,271
Total	**1,603,510**	1,456,604

6 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash on hand	4,010	9,875	7	7
Cash at banks	8,090,507	8,088,931	684,195	2,025,147
Bank deposits	1,130,805	1,000,000	–	–
	9,225,322	9,098,806	684,202	2,025,154
Less: Pledged bank deposits (shown under non-current assets)	(130,805)	(1,000,000)	–	–
Pledged bank deposits (shown under current assets)	(1,000,000)	–	–	–
Cash and cash equivalents	8,094,517	8,098,806	684,202	2,025,154

Bank deposits bear average effective interest rate of 1.5% (2014: 1.5%) per annum and for a tenure of approximately 1 to 5 years (2014: 2 years). Bank deposits of $1,000,000 (2014: $1,000,000) and $130,805 (2014: Nil) are pledged to banks to secure banking facilities and bank loans (Note 12) respectively.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Trade receivables due from third parties	7,840,063	7,040,099	–	–
Allowance for doubtful debts	(154,858)	(160,634)	–	–
	7,685,205	6,879,465	–	–
Trade receivables due from subsidiaries	–	–	655,421	1,043,354
Other receivables due from third parties	532,557	17,694	–	–
Other receivables due from a subsidiary	–	–	430,000	430,000
Dividends receivable from a subsidiary	–	–	2,400,000	1,600,000
Deposits	89,105	104,817	–	–
Advance payments to suppliers	–	1,264,300	–	–
Prepayments	399,282	250,505	15,472	32,212
	8,706,149	8,516,781	3,500,893	3,105,566

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

The average credit period for trade receivables is approximately 30 to 60 days (2014: 30 to 60 days). No interest is charged on the outstanding trade receivables.

Included in other receivables due from third parties is an advance of $503,750 (2014: Nil) to a third party under a loan agreement. This amount is unsecured, interest-free and expected to be repaid within the next twelve months.

7 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Not past due and not impaired	5,559,299	4,811,632	655,421	1,043,354
Past due but not impaired [(i)]	2,125,906	2,067,833	–	–
	7,685,205	6,879,465	655,421	1,043,354
Impaired receivables (individually assessed) [(ii)]				
- Customers placed under liquidation	150,949	150,949	–	–
- Past due more than 12 months and no response to repayment demands	3,909	9,685	–	–
Less: Allowance for impairment	(154,858)	(160,634)	–	–
	–	–	–	–
Total trade receivables, net	7,685,205	6,879,465	655,421	1,043,354

[(i)] Aging of trade receivables that are past due but not impaired is as follows:

	Group	
	2015	2014
	$	$
<1 month	794,595	586,677
1 month to 3 months	537,908	574,407
3 months to 6 months	89,659	162,824
6 months to 12 months	38,966	312,264
>12 months	664,778	431,661
	2,125,906	2,067,833

There has not been a significant change in credit quality of these trade receivables and the amounts are still considered recoverable. Included in trade receivables that are past due for more than 12 months is an amount of $476,840 (2014: $422,416) for which the Group has initiated legal actions (Note 3).

[(ii)] These amounts are stated before any deduction for impairment losses.

Movements in the allowance for doubtful debts are as follows:

	Group	
	2015	2014
	$	$
Balance at beginning of the year	160,634	–
(Decrease) Increase in allowance recognised in profit or loss	(5,776)	160,634
Balance at end of the year	154,858	160,634

8 INVENTORIES

	Group 2015	Group 2014
	$	$
Raw materials	**2,041,938**	1,794,939
Finished goods	**184,310**	496,147
	2,226,248	2,291,086

9 PROPERTY, PLANT AND EQUIPMENT

	Renovations	Furniture and fittings	Computers	Motor vehicles	Machinery and equipment	Office equipment	Total
	$	$	$	$	$	$	$
Group							
Cost:							
At 1 October 2013	–	479,125	240,668	803,532	5,013,156	180,129	6,716,610
Additions	–	–	72,973	252,080	471,048	6,393	802,494
Disposals	–	–	–	(64,284)	(2,826,718)	(2,080)	(2,893,082)
Exchange differences	–	67	–	314	(1,094)	(339)	(1,052)
At 30 September 2014	–	479,192	313,641	991,642	2,656,392	184,103	4,624,970
Additions	555,436	226,866	40,190	141,408	346,446	28,081	1,338,427
Disposals	–	(402,668)	(168,101)	(201,213)	(954,681)	(128,506)	(1,855,169)
Exchange differences	–	–	–	1,443	7,487	792	9,722
At 30 September 2015	555,436	303,390	185,730	933,280	2,055,644	84,470	4,117,950
Accumulated depreciation:							
At 1 October 2013	–	405,690	203,662	665,239	4,229,913	116,968	5,621,472
Depreciation	–	11,913	27,794	88,402	159,064	12,772	299,945
Disposals	–	–	–	(40,775)	(2,826,718)	(1,410)	(2,868,903)
Exchange differences	–	67	–	141	749	(62)	895
At 30 September 2014	–	417,670	231,456	713,007	1,563,008	128,268	3,053,409
Depreciation	4,628	12,072	30,738	58,629	221,905	10,458	338,430
Disposals	–	(397,174)	(168,101)	(187,691)	(954,682)	(118,254)	(1,825,902)
Exchange differences	–	–	–	260	1,496	239	1,995
At 30 September 2015	4,628	32,568	94,093	584,205	831,727	20,711	1,567,932
Carrying amount:							
At 30 September 2015	550,808	270,822	91,637	349,075	1,223,917	63,759	2,550,018
At 30 September 2014	–	61,522	82,185	278,635	1,093,384	55,835	1,571,561

10 INTANGIBLE ASSET

	Patent
	$
Group	
Cost:	
At 1 October 2013 and 30 September 2014 and 2015	1,698,040
Accumulated amortisation:	
At 1 October 2013	243,699
Amortisation	94,336
At 30 September 2014	338,035
Amortisation	94,335
At 30 September 2015	432,370
Carrying amount:	
At 30 September 2015	1,265,670
At 30 September 2014	1,360,005

The intangible asset pertains to a patent which has a finite useful life. Amortisation is charged using the straight-line method over its estimated useful life of 18 years.

The amortisation expense has been included in the line item "administrative expenses" in profit or loss.

11 SUBSIDIARIES

	Company	
	2015	2014
	$	$
Unquoted equity shares, at cost	2,697,950	2,349,800

During the financial year, the Company increased its shareholdings in a subsidiary, Gliderol Doors Asia Limited, from 825,000 ordinary shares to 1,650,000 ordinary shares by subscribing an additional 825,000 ordinary shares at NTD10 each totalling $348,150 (NTD8,250,000). Subsequent to the additional investment, Gliderol Doors Asia Limited remains as a 55% subsidiary of the Company.

11 SUBSIDIARIES (cont'd)

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2015 %	2014 %	
Held by the Company				
Gliderol Doors (S) Pte. Ltd. [1]	Singapore	**100**	100	Manufacture of metal doors, window and door frames, grilles and gratings
Gliderol Doors Asia Limited	Republic of China	**55**	55	Distribution of industrial doors and door components
Held by Gliderol Doors (S) Pte. Ltd.				
Gliderol International (ME) FZE	United Arab Emirates	**100**	100	Manufacture of doors and general trading

[1] Audited by Deloitte & Touche LLP, Singapore

12 BANK BORROWINGS

	Group 2015 $	Group 2014 $
Bank loans	**648,187**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(130,800)**	–
Amount due for settlement after 12 months	**517,387**	–

The bank loans were advanced to a subsidiary during the financial year ended 30 September 2015. Monthly repayments commenced in February 2015 and will continue until January 2020. The bank loans are secured by a pledge of the Group's bank deposits of $130,805 (2014: Nil) (Note 6). The bank loans carry interest at 1.2% above the bank's deposit rate and the effective interest rate is approximately 2.5% (2014: Nil) per annum.

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade payables due to third parties	**1,479,183**	793,330	**43,527**	40,768
Accruals	**1,193,999**	1,290,704	**169,000**	190,200
Deposits received from customers	**443,142**	2,429,698	**–**	–
	3,116,324	4,513,732	**212,527**	230,968

The average credit period for trade payables is 30 to 60 days (2014: 30 to 60 days). No interest is charged on the outstanding balances.

14 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	$	$	**$**	$
Amounts payable under finance leases:				
Within one year	**–**	4,089	**–**	3,480
Less: Future finance charges	**–**	(609)	**NA**	NA
Present value of lease obligations	**–**	3,480	**–**	3,480
Less: Amount due for settlement within 12 months (shown under current liabilities)			**–**	(3,480)
Amount due for settlement after 12 months			**–**	–

The lease term was 5 years and the effective interest rate was 3.5% per annum.

15 DEFERRED TAX LIABILITIES

Deferred tax liabilities arise from the excess of tax over book depreciation of plant and equipment and intangible asset.

	Group
	$
At 1 October 2013	281,320
Charged to profit or loss for the year (Note 22)	54,680
At 30 September 2014	336,000
Charged to profit or loss for the year (Note 22)	88,000
At 30 September 2015	424,000

16 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Issued and paid up	
	2015	2014	2015	2014
	'000	'000	$	$
Issued and paid up:				
At beginning and end of the year	112,000	112,000	5,244,520	5,244,520

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.

17 REVENUE

	Group	
	2015	2014
	$	$
Revenue from sale of doors	20,290,833	22,156,301
Revenue from service and maintenance works	1,588,271	1,716,288
	21,879,104	23,872,589

18 OTHER OPERATING INCOME

	Group	
	2015	2014
	$	$
Rental income	20,233	318,192
Sundry income	280,640	295,238
	300,873	613,430

19 INVESTMENT REVENUE

	Group	
	2015	2014
	$	$
Interest income from bank deposits	16,353	15,676

20 OTHER GAINS AND LOSSES

	Group	
	2015	2014
	$	$
Gain on disposal of property, plant and equipment	37,646	15
Net foreign exchange gains	316,427	41,025
	354,073	41,040

21 FINANCE COSTS

	Group	
	2015	2014
	$	$
Interest on obligations under finance leases	609	3,649
Interest on bank bills payable	–	1,234
Interest on bank loans	–	257
	609	5,140

22 INCOME TAX EXPENSE

	Group	
	2015	2014
	$	$
Income tax expense comprises:		
Current tax expense	227,000	524,560
Deferred tax expense (Note 15)	88,000	54,680
Adjustments recognised in the current year in relation to current tax of prior years	3,076	29,000
Total income tax expense	318,076	608,240

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

22 INCOME TAX EXPENSE (cont'd)

	Group	
	2015	2014
	$	$
Numerical reconciliation of income tax expense		
Profit before tax	3,663,083	5,014,131
Income tax expense calculated at 17% (2014: 17%)	622,724	852,402
Effect of different tax rates of subsidiaries operating in other jurisdictions	29,139	39,337
Effect of income that is exempt from taxation	(194,048)	(140,665)
Effect of expenses that are not deductible in determining taxable profit	111,880	99,416
Effect of tax concessions	(250,879)	(270,610)
Adjustments recognised in the current year in relation to current tax of prior years	3,076	29,000
Others	(3,816)	(640)
Income tax expense	318,076	608,240

23 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2015	2014
	$	$
Cost of inventories recognised as expenses	8,186,713	7,887,796
Impairment loss (reversed) recognised on trade receivables	(5,776)	160,634
Depreciation of property, plant and equipment	338,430	299,945
Amortisation of intangible asset	94,335	94,336
Net foreign exchange gains	(316,427)	(41,025)
Audit fees:		
- paid to auditors of the Company	95,000	107,200
- paid to other auditors	1,503	1,404
Total audit fees	96,503	108,604
Non-audit fees:		
- paid to auditors of the Company	10,000	10,000
Aggregate amount of fees paid to auditors	106,503	118,604

23 PROFIT FOR THE YEAR (cont'd)

	Group 2015	Group 2014
	$	$
Directors' remuneration		
- of the Company	631,000	606,160
- of the subsidiaries	142,998	128,585
Total directors' remuneration	773,998	734,745
Employee benefits expense (including directors' remuneration)		
Defined contribution plans	293,442	314,430
Salaries and related expenses	5,554,608	5,557,391
Total employee benefits expense	5,848,050	5,871,821

24 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group 2015	Group 2014
	$	$
Earnings		
Profit attributable to owners of the Company	3,288,844	4,511,294

	Group 2015	Group 2014
Number of shares		
Weighted average number of ordinary shares for the purpose of earnings per share	112,000,000	112,000,000

There were no dilutive equity instruments for 2015 and 2014.

25 CAPITAL RESERVES

	Group		
	Acquisition deficit[1]	Deemed capital contribution[2]	Total
	$	$	$
At beginning and end of the year	(72,206)	349,840	277,634

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.

26 DIVIDENDS

On 11 February 2015, the Company paid a final tax-exempt (one-tier) dividend of $0.013 per ordinary share totalling $1,456,000 to the shareholders of the Company. On 24 February 2014, the Company paid a final tax-exempt (one-tier) dividend of $0.007 per ordinary share totaling $784,000 to the shareholders.

Subsequent to 30 September 2015, the directors recommended that a final tax-exempt (one-tier) dividend of $0.010 (2014: $0.013) per ordinary share totaling $1,120,000 (2014: $1,456,000) be paid to shareholders for the financial year ended 30 September 2015. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

27 COMMITMENTS

	Group	
	2015	2014
	$	$
Commitments for the acquisition of plant and equipment	**152,948**	265,330

28 GUARANTEES

Guarantees arising from investment in a subsidiary are as follows:

	Company	
	2015	2014
	$	$
Guarantees given to a bank in respect of banking facilities granted to a subsidiary	**2,200,000**	2,200,000

29 OPERATING LEASE ARRANGEMENTS

	Group	
	2015	2014
	$	$
<u>The Group as lessee</u>		
Minimum lease payments under operating leases recognised as an expense	**1,471,897**	1,471,556

29 OPERATING LEASE ARRANGEMENTS (cont'd)

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2015	2014
	$	$
Within one year	1,306,773	1,296,386
In the second to fifth years inclusive	4,929,426	3,079,465
After five years	11,595,198	–
	17,831,397	4,375,851

Operating lease payments represent rentals payable by the Group for its office and manufacturing premises and certain equipment. The leases are negotiated for terms between 1 to 10 years (2014: 1 to 7 years) and rentals have varying terms and escalation clauses to reflect current market rental and value.

The Group as lessor

The Group has future lease income receivables in respect of the sub-leasing of its office and manufacturing premises. The rental income earned during the financial year is $19,800 (2014: $318,192).

At the end of the reporting period, the Group's future lease income receivables are as follows:

	Group	
	2015	2014
	$	$
Within one year	19,800	19,800
In the second to fifth years inclusive	3,300	23,100
	23,100	42,900

30 SEGMENT INFORMATION

The Group operates and manages its business primarily as a single operating segment in the manufacture and supply of door and shutter systems and provision of service and maintenance works. 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.

30 SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates mainly in the geographical areas of Singapore, Middle East, Greater China 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	
	2015	2014
	$	$
Revenue from external customers		
(based on location of customers)		
Singapore	14,353,187	20,591,736
Middle East	31,207	207,103
Greater China	7,273,909	2,100,103
Others *	220,801	973,647
	21,879,104	23,872,589
Non-current assets		
(based on location of assets)		
Singapore	3,638,592	3,744,525
Middle East	–	17,332
Greater China	307,901	169,709
	3,946,493	3,931,566

* Others include Thailand, Brunei, Malaysia, Australia and Indonesia.

SHARE CAPITAL

Issued and fully paid-up capital	:	S$5,480,000**
Number of shares issued	:	112,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per shares
Number of treasury shares	:	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 S$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	131	51.17	130,000	0.12
1,001 - 10,000	50	19.53	218,200	0.19
10,001 - 1,000,000	70	27.35	9,498,100	8.48
1,000,001 and above	5	1.95	102,153,700	91.21
Total	256	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	Raffles Nominees (Pte) Limited	6,009,000	5.37
3	DB Nominees (Singapore) Pte Ltd	3,106,000	2.77
4	UOB Kay Hian Private Limited	3,075,700	2.75
5	Lim Teck Chuan	1,463,000	1.31
6	CIMB Securities (Singapore) Pte. Ltd.	790,000	0.71
7	Siah Iek Hoi	500,000	0.45
8	United Overseas Bank Nominees (Private) Limited	500,000	0.45
9	Chua Kim Yan	400,000	0.36
10	Neo Aik Cheng	400,000	0.36
11	Ong Keow Hiong	400,000	0.36
12	Sim Cheng Huat	400,000	0.36
13	Seah Chiong Soon	360,000	0.32
14	Chua Kah Boey	304,000	0.27
15	Chew Chong King	300,000	0.27
16	Lim Pang Lin	300,000	0.27
17	Vincent Tay Wei Siong (Zheng Weixiong)	280,000	0.25
18	Arleen Sanny	250,000	0.22
19	Lim Ming Yu	250,000	0.22
20	Lim Mui Guek	250,000	0.22
	Total	107,837,700	96.31

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Shareholdings Registered in the Name of Substantial Shareholder		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	–	–
Rhodus Capital Limited [1]	–	–	6,000,000	5.36
Michael Wong Lok Yung [2]	–	–	88,500,000	79.02

Notes:

(1) 6,000,000 ordinary shares are beneficially owned by Rhodus Capital Limited and registered in the name of Raffles Nominees (Pte) Limited.

(2) Mr Michael Wong Lok Yung owns 80 ordinary shares representing 80.0% 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, 14.86% of the issued ordinary shares of the Company is held in the hands of the public as at 10 December 2015. Accordingly, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist has been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GDS GLOBAL LIMITED (the "Company") will be held at 86 International Road, Singapore 629176 on Friday, 22 January 2016 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 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a First and Final Dividend of 1.0 Singapore cent per ordinary share one-tier tax exempt for the financial year ended 30 September 2015. **(Resolution 2)**

3. To approve the sum of S$130,000/- as Directors' fees for the financial year ending 30 September 2016 and the payment thereof on a half yearly basis. **(Resolution 3)**

4. To re-elect Mr Wong Lok Yung, who is retiring by rotation in accordance with Article 114 of the Company's Articles of Association, as Director of the Company. **(Resolution 4)**

5. To re-appoint Mr Goh Boon Kok as Director of the Company. [See Explanatory Note (i)] **(Resolution 5)**

6. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolutions, with or without modifications:

8. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Act") and Rule 806 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and the Articles of Association of the Company (the "Articles of Association"), 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) 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) 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 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) 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 Articles of Association 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 Annual General Meeting of the Company; or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Yeoh Kar Choo Sharon
Company Secretary

Singapore, 7 January 2016

Explanatory Notes:

(i) Mr Goh Boon Kok who is over the age of 70 was re-appointed as Director to hold office from the date of the last Annual General Meeting (held on 23 January 2015) until this Annual General Meeting pursuant to Section 153(6) of the Act. Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment lapses at this Annual General Meeting, Mr Goh Boon Kok will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of this Annual General Meeting, going forward, Mr Goh Boon Kok's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Act as repealed. Mr Goh Boon Kok will then be subject to retirement by rotation under the Company's Articles of Association. Upon his re-appointment at the conclusion of this Annual General Meeting, Mr Goh Boon Kok will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board of Directors of the Company considers Mr Goh Boon Kok to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, 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), 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). This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the Annual General Meeting on his behalf. 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 needs not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   A proxy needs not be a member of the Company.

3. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorised officer on behalf of the corporation.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 86 International Road, Singapore 629176 not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (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.

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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	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at **86 International Road, Singapore 629176** on **Friday, 22 January 2016** at **10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions Relating To:	For	Against
AS ORDINARY BUSINESS			
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2015		
2	Declaration of First and Final Dividend		
3	Approval of Directors' fees for the financial year ending 30 September 2016		
4	Re-election of Mr Wong Lok Yung as a Director		
5	Re-appointment of Mr Goh Boon Kok as a Director		
6	Re-appointment of Deloitte & Touche LLP as Auditors		
AS SPECIAL BUSINESS			
7	Authority to issue new shares		

Dated this ________ day of ______________ 2016

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 no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2 A member of the Company (other than a member who is a relevant intermediary as defined in Note 4 below) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy needs not be a member of the Company but must attend the meeting in person to represent you.

3 Where a member appoints more than one proxy, the proportion of his/her 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 shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument appointing a proxy or proxies as invalid.

4 Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary is either:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
(c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

A proxy needs not be a member of the Company but must attend the meeting in person to represent you. Please note that if any of your proxy's/proxies' shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the participation of the said proxy/proxies at the AGM.

5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office, 86 International Road, Singapore 629176, not less than 48 hours before the time set for holding the AGM.

6 The instrument appointing a proxy or proxies shall be in writing and signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notarially certified copy thereof shall be deposited at the Company's registered office at 86 International Road, Singapore 629176 not less than 48 hours before the time for holding the AGM or adjourned meeting. Otherwise, the person so named in the instrument appointing a proxy or proxies shall not be entitled to vote in respect thereof.

8 A corporation which is a member may by resolution of its directors or other governing body authorise any person to act as its representative at the AGM.

9 The Company shall be entitled to reject this instrument appointing a proxy or proxies 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 appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 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 Annual General Meeting dated 7 January 2016.

GDS Global Limited

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