GDS Global Limited

INNOVATION
OUR WAY FORWARD

Annual Report 2020

CONTENTS

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

The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.

CORPORATE **PROFILE**

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

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

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

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

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

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

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

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

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

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

BUSINESS **OVERVIEW**

DOOR SYSTEMS

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

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
- Crystal Clear 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

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

NON-DOOR SYSTEM

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

SERVICES

Service and Maintenance Works

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

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

CHAIRMAN'S MESSAGE
TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you our annual report for financial year ended 30 September 2020 ("**FY2020**"). Over the past 12 months, the COVID-19 pandemic and the unprecedented measures to curb its spread has weighed in on the already challenging operating environment in the doors and shutter industry.

GDS was able to navigate through this difficult period and achieved a slight uptick in the sale of doors and shutter systems as well as a lower net loss of S$1.15 million in FY2020 due to the Group's continuous efforts in its cost controlling measures and financial grants and reliefs received from several government support measures. Our operations and collections also remained healthy. As at 30 September 2020, our cash and cash equivalents improved 10.6% year-on-year ("**YOY**") to S$9.19 million, putting us in a good financial position to meet our financial obligations and ride out the pandemic.

During the year, we have also made significant progress in terms of innovation and process improvements which will have an important bearing on our product range and future growth trajectory.

IMPACT OF COVID-19

Along with most businesses in Singapore, the Group was hit hard during the Circuit Breaker period from 7 April 2020 to 1 June 2020, where all our projects and the majority of our revenue generation streams had ground to a literal halt. Even after resuming operations post-Circuit Breaker, we continued to encounter disruptions and manpower shortages as our migrant workers living in dormitories, who form more than half of our workforce, were subject to severe movement restrictions.

We have implemented safety control measures at our premises and project sites including the use of SafeEntry scanning, use of the TraceTogether app, temperature screening, use of masks, and safe distancing among employees which have protected the health and well-being of our employees and prevented the spread of the virus. To-date, none of our employees have been infected.

Financially, the impact of COVID-19 on the Group was partially alleviated by various support measures by the Singapore government such as the Job Support Scheme, the Foreign Worker Levy waiver and rental waiver and rebate, among others. We received around S$0.93 million in grants and relief in FY2020 which helped defray our manpower and rental costs during the peak of the pandemic.

Even now, the pace of our work and our supply of labour is hampered by the on-going COVID-19 control measures including intermittent quarantine orders. Moving forward, we expect to encounter delays in some scheduled installation works of doors and shutter systems as the pandemic is expected to impede the progress of construction projects, where GDS is typically an end-process contractor. For our business in the trading of production components, we foresee a decline in business volume from global markets, particularly Europe and the United States of America ("**USA**") where the outbreak is still rampant.

KEY DEVELOPMENTS IN FY2020

In the Group's annual report last year, we had shared that we were working on new shutter products in various stages of development that would hold strong appeal and relevance to overseas markets. I am happy to report we are making good progress and barring unforeseen circumstances, we expect to launch them in FY2021.

One of them is the Storm Shutter, an enhanced version of our existing Roller Shutter redesigned to withstand wind speeds in excess of 200 km/hour, equivalent to a Category 3 Hurricane. The Storm Shutter is a first-of-its-kind product on the market and can be applied to across the residential, industrial and commercial segments in countries that are prone to storms. Initial market interest has been encouraging and we have secured our first order with a Japanese industrial customer. For the residential segment, we plan to officially launch this product on e-commerce through our wholly owned subsidiary, Homegardd Pte. Ltd. ("**Homegardd**").

Meanwhile, our second-generation Insulated Fire Roller Shutters ("**IFS-2G**"), which we first launched in mid-2019, continued to do well. Revenue generated by this product accounted for approximately 55% of the Group's total revenue in FY2020, compared to 18% in the preceding financial year. In respect of IFS-2G, we have successfully registered the patent under PCT (Patent Cooperative Treaty)[1] which covers 52 countries. We have also filed applications for registration of the patent for IFS-2G in nine specific countries comprising Australia, Malaysia, China, Hong Kong, Japan, Singapore, Taiwan, United Kingdom and the USA, which are currently still pending. However, we expect the momentum of our overseas sales of IFS-2G and our implementation of automated production to be hindered by the COVID-19 pandemic.

Amidst these developments in FY2020, GDS completed the installation of doors and shutter systems for projects such as the JTC Bedok Food City – a multi-tenanted development comprising 135 factory units designed for the food and beverages industry and HomeTeams Clubhouse in Khatib – Singapore's first and largest 4-storey outdoor-to-indoor adventure centre.

Our current and upcoming projects comprise a mix of industrial, commercial and security related projects.

MOVING FORWARD: OUTLOOK AND PLANS

While there appears to be some recent breakthroughs in the development of an effective COVID-19 vaccine, the drag from the pandemic on the global economy is expected to linger. Based on statistics released by the Ministry of Trade and Industry ("**MTI**") on 23 November 2020, Singapore's construction sector shrank by 46.6% YOY in the third quarter of 2020.

CHAIRMAN'S MESSAGE
TO SHAREHOLDERS

However, on a quarter-on-quarter seasonally-adjusted basis, the sector grew by 34.5%, a reversal from the 59.5% decline registered in the second quarter of 2020. For 2021, MTI expects the construction sector to recover from the low base this year, although construction activity will continue to be dampened by the implementation of safe management measures.[2]

Against this backdrop, we expect operating conditions in FY2021 to remain challenging and competitive. Nevertheless, we have focused and will continue to focus on innovation and process improvements to ensure the long-term sustainability of our business.

Our upcoming Storm Shutter and our relatively new IFS-2G stand as testament to our strong innovation and R&D capabilities. I believe that these will be important growth drivers for GDS in the coming years.

We have been working to expand our playing field beyond Singapore and we plan to extend our reach to prospective customers in overseas markets using Homegardd as our digital marketing and distribution platform.

As we navigate through the uncertainties in this challenging environment, managing credit risks and cash flows will remain top priorities for us.

SUSTAINABILITY

This Annual Report includes our third Sustainability Report, prepared in accordance with the GRI Standards, the most widely recognised global standards for sustainability reporting.

Our sustainability efforts continue to focus on innovation, product quality, the safety and well-being of our employees, and resource efficiency. Out of these issues, employee well-being became one of our topmost priorities in FY2020 due to the COVID-19 pandemic. The report provides information about our measures to protect our people. This year's sustainability report also includes enhanced communication about our sustainability targets that would help us measure our progress.

APPRECIATION

FY2020 has been one of the most challenging years we have faced, and we have pulled through thanks to the hard work and support of many parties. On behalf of the Board, I would like to thank our customers, business partners, fellow management team and staff for their contribution and dedication. I would also like to thank our shareholders who have continued to believe in us.

We will continue to do our best to ensure that GDS rises above this pandemic and emerge better, stronger, and more resilient than before. To all our stakeholders, we hope you stay safe and healthy.

Yours sincerely,

MICHAEL WONG
Chairman and Chief Executive Officer

[1] The PCT, administered by the International Bureau (IB) of the World Intellectual Property Organization (WIPO) based in Geneva, Switzerland, is an international treaty to facilitate the applicant in seeking patent protection for its invention in several countries simultaneously by filing an international application with a single office, in one (1) language and a single set of forms and fees.

[2] https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Third-Quarter-2020/PR_3Q20.pdf

FINANCIAL **HIGHLIGHTS**
(FINANCIAL YEAR ENDED 30 SEPTEMBER)

	FY2020	FY2019	FY2018
Income Statement (S$'000)			
Revenue	14,282	14,260	17,744
Gross profit	4,443	4,244	5,434
Net (loss)	(1,148)	(1,764)	(630)
Gross profit margin (%)	31.1	29.8	30.6
Net (loss) margin (%)	(8.0)	(12.4)	(3.6)
Balance Sheet (S$'000)			
Total assets	29,374	20,562	23,564
Total liabilities	13,421	2,569	2,938
Total equity	15,953	17,993	20,626
Cash and cash equivalents	9,193	8,314	10,162
Cash Flows (S$'000)			
Operating cash flows	2,931	(905)	1,400
Capital expenditure	(112)	(139)	(158)
Per Share Information (Singapore cents)			
(Loss) per share	(1.31)	(1.91)	(0.89)
Net asset value per share	12.69	14.54	16.97
Dividend per share	-	0.3	0.5
Market Capitalisation (S$'000)[1]	9,296	39,200	**28,000**

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

OPERATIONS AND **FINANCIAL REVIEW**

REVIEW OF INCOME STATEMENT

Revenue

Despite the negative impact of the COVID-19 pandemic, the Group reported an improved revenue of S$14.28 million for the financial year ended 30 September 2020 ("**FY2020**"), a marginal increase of S$22,000 or 0.2% compared to S$14.26 million in the financial year ended 30 September 2019 ("**FY2019**").

The improved revenue was mainly from higher sales of doors and shutter systems, a segment that rose by S$0.79 million or 14.0% from S$5.63 million in FY2019 to S$6.42 million in FY2020, attributable to a S$0.92 million rise in sales of manufactured products, offset by a S$0.13 million decline in sales of distributed products.

At the same time, the Group's revenue from the provision of service and maintenance work decreased by S$0.14 million or 5.9% from S$2.36 million in FY2019 to S$2.22 million in FY2020. Further, the Group's revenue from the trading of production components decreased by S$0.63 million or 10.0% from S$6.27 million in FY2019 to S$5.64 million in FY2020.

Revenue in 1H2020 (1 October 2019 to 31 March 2020) increased by S$3.69 million or 62.2% year-on-year ("**YOY**") to S$9.62 million as the Group substantially completed the installation of doors and shutter systems for several projects including those carried over from FY2019. However, during the Circuit Breaker period from 7 April 2020 to 1 June 2020, most of the Group's operations in Singapore, apart from the provision of emergency repair and maintenance services for essential sectors, were temporarily suspended. As a result, the Group's revenue declined by S$3.66 million or 44.1% YOY to S$4.66 million in 2H2020 (1 April 2020 to 30 September 2020).

Even after exiting the Circuit Breaker, the Group encountered delays in scheduled installation works for its doors and shutter systems projects as the pandemic and safe distancing measures implemented to control its spread had impeded the progress of construction projects.

Singapore remained the Group's largest revenue contributor in FY2020 at 57.3%, with sales rising 12.1% to S$8.18 million. Overseas markets collectively accounted for 42.7% of FY2020 revenue, compared to 48.8% a year ago, reflecting the Group's continued focus on market diversification. Sales from United States of America and Others increased by 17.5% and 21.5% respectively in FY2020, while all other markets saw declines due to the impact of the pandemic.

Gross Profit

Gross profit increased by S$0.20 million or 4.7% from S$4.24 million in FY2019 to S$4.44 million in FY2020. The Group's gross profit margin also improved from 29.8% in FY2019 to 31.1% in FY2020, which reflected higher sales in manufactured products which typically have better margins.

Costs and Expenses

During the year, cost of sales decreased by S$0.18 million or 1.8% from S$10.02 million in FY2019 to S$9.84 million in FY2020. This was mainly from a decrease in labour and overhead costs of S$0.27 million and partially offset by a slight increase in material costs of S$0.09 million.

The Group continued to manage its operating expenses prudently. Marketing and distribution expenses decreased by S$0.13 million or 28.8% from S$0.46 million in FY2019 to S$0.33 million in FY2020 because of reduced freight charges, motor vehicle rental expenses and upkeep expenses. In addition, administrative expenses decreased by S$0.18 million or 3.3% from S$5.42 million in FY2019 to S$5.24 million in FY2020. This was mainly attributable to a decrease in personnel cost of S$0.24 million from staff attrition and a decrease in rental expenses of S$0.25 million which were partially offset by an increase in depreciation on rights-of-use assets of S$0.29 million.

However other operating expenses increased by S$0.28 million or 80.1% from S$0.35 million in FY2019 to S$0.63 million in FY2020. The increase was mainly due to an impairment loss of goodwill acquired in a business combination, that amounted to S$0.20 million, which arose when the Group wrote down the recoverable amount of the cash-generating unit.

In addition, there was an increase in finance costs of S$0.25 million arising from interest expense in lease liabilities following the adoption of Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 16 *Leases*.

Other Operating Income and Other Gains / Losses

The Group received government grants and reliefs relating to COVID-19, such as the Jobs Support Scheme, rental reliefs and foreign workers levy subsidy, totalling S$0.93 million in FY2020. As such, other operating income increased substantially by S$0.90 million from

S$0.22 million in FY2019 to S$1.12 million in FY2020. Interest revenue which mainly comprise interest from bank deposits, decreased from S$32,000 in FY2019 to S$20,000 in FY2020.

Other gains and losses reversed from a net gain of S$8,000 in FY2019 to a net loss of S$161,000 in FY2020. The loss was mainly due to an increase in loss on disposal of fixed assets relating to machinery and equipment of S$120,000 – a step taken by the Group to reduce its maintenance expenses – as well as a higher net foreign exchange loss of S$49,000 arising from the translation of trade receivables, payables and bank balances denominated in US Dollar in FY2020.

Income Tax Expense

The income tax expense for the Group increased by S$86,000 from S$39,000 in FY2019 to S$125,000 in FY2020 due to a lower tax refund and lower reversal of over provision of tax as compared to FY2019.

Loss for the year

As a result of the above, the Group recorded a lower loss of S$1.15 million in FY2020 as compared to loss of S$1.76 million in FY2019.

REVIEW OF FINANCIAL POSITION

Assets

Current assets

Current assets decreased by S$0.28 million from S$15.27 million as at 30 September 2019 to S$14.99 million as at 30 September 2020. This was due to decreases in contract assets of S$0.97 million and in inventories of S$0.52 million, which were partially offset by increases in cash and cash equivalents of S$0.88 million and in trade and other receivables of S$0.33 million.

Non-current assets

Non-current assets increased by S$9.08 million from S$5.30 million as at 30 September 2019 to S$14.38 million as at 30 September 2020 mainly due to the adoption of SFRS(I) 16 *Leases* where right-of-use assets of S$10.20 million was recognised. The increase was partially offset by impairment loss of goodwill of S$0.20 million and lower net book value in property, plant and equipment and intangible assets arising from depreciation and amortisation charges.

Liabilities

Current liabilities

Current liabilities increased by S$1.48 million from S$1.94 million as at 30 September 2019 to S$3.42 million as at 30 September 2020. This was a result of an increase in lease liabilities of S$0.99 million arising from the adoption of SFRS(I) 16 *Leases* and an increase in contract liabilities of S$0.77 million, which were partially offset by a decrease in trade and other payables of S$0.29 million.

Non-current liabilities

Non-current liabilities increased by S$9.37 million from S$0.63 million as at 30 September 2019 to S$10.00 million as at 30 September 2020 mainly due to an increase in lease liabilities of S$9.47 million arising from the adoption of SFRS(I) 16 *Leases*.

Capital, reserves and non-controlling interests

Total equity was S$15.95 million as at 30 September 2020 as compared to S$17.99 million as at 30 September 2019.

BOARD OF **DIRECTORS**

MR WU CHIAW CHING	MS PEBBLE SIA-HUEI CHIEH	MR MICHAEL WONG	MR TAN SOON LIANG
Lead Independent Non-Executive Director	*Independent Non-Executive Director*	*Chairman and Chief Executive Officer*	*Independent Non-Executive Director*

MICHAEL WONG

Chairman and Chief Executive Officer

Date of first appointment: 17 July 2012
Date of last re-election: 18 January 2019

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

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

Present and past directorships in other listed companies: Nil

WU CHIAW CHING

Lead Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 18 January 2019 (standing for re-election at the upcoming annual general meeting)

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

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

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

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

PEBBLE SIA HUEI-CHIEH

Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 19 January 2020

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

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

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

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

TAN SOON LIANG

Independent Non-Executive Director

Date of first appointment: 7 March 2020
Date of last re-election: N.A. (standing for re-election at the upcoming annual general meeting)

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

Mr Tan obtained a Bachelor of Business (Honours) Degree, majoring in Financial Analysis from Nanyang Technological University in 1997 and subsequently a Master of Business Administration Degree from University of Hull, United Kingdom, in 2001. He is a CFA® charterholder from CFA Institute, United States of America. He is a member of the Singapore Institute of Directors.

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

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

SENIOR MANAGEMENT

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 at 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.

LIM LAY KHIM

Financial Controller

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

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

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

LEOW CHYAN

Senior Manager (Technical)

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

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

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

SUSTAINABILITY REPORT 2020

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BOARD **STATEMENT**

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

ABOUT THIS REPORT

This is the third Sustainability Report issued by GDS. It covers the ESG performance of the Group's operations in Singapore, including its head office, and primarily relates to Gliderol Doors (S) Pte. Ltd. The report provides an overview of the Group's performance on its material ESG factors for the financial year from 1 October 2019 to 30 September 2020 ("**FY2020**").

Reporting Standards
This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core option. The GRI Standards is the most widely used and internationally accepted sustainability reporting framework. It also complies with Rule 711 and Practice Note 7F of the Singapore Exchange Securities Trading Limited Listing Manual: Section B: Rules of Catalist.

We have also aligned our sustainability reporting with the UN Sustainable Development Goals ("**SDGs**") to reflect our support for sustainable development.

Reporting Principles
We adhere to GRI's principles of stakeholder inclusiveness, sustainability context, materiality, and completeness to prepare our sustainability report content. We have applied GRI's principles of accuracy, balance, clarity, comparability, reliability, and timeliness to ensure the quality of the report content. We follow the GRI reporting principles to evaluate the material economic, environmental, and social impacts of our business operations and to identify the topics for this report. Potential ESG risks and opportunities arising from our business activities have been taken into account in the assessment of material factors.

Restatement
Figures for average training hours per employee and turnover rate by age group for FY2018 and FY2019 have been restated as we revised the calculation formula to ensure consistency and comparability.

External Assurance
We rely on internal verification to ensure ESG data reliability and do not seek external assurance.

Sustainability Approach
At GDS, sustainability is embedded in our management practices. We are committed to the highest standards of ethics and integrity in conducting our business. We take our social and environmental responsibility seriously. Our approach is to carefully assess and proactively address the economic, environmental, social and governance impacts of our business activities. Innovation, product quality, the safety and well-being of our employees and resource efficiency are crucial aspects of overall business strategy.

Sustainability Governance
Guided by the Board, the Chief Executive Officer ("**CEO**") provides the strategic direction for developing and implementing the Group's sustainability strategy as well as sustainability reporting. Reporting to the CEO, a team of the senior management team has the responsibility for implementing sustainability strategies, monitoring performance, and collecting data for sustainability reporting.

Availability
This report is available as part of our FY2020 annual report in PDF format for download on our website at www.gdsglobal.com.sg

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

ESG PERFORMANCE
OVERVIEW

KEY INDICATORS	Financial Year Ended 30 September 2020 ("FY2020")	Financial Year Ended 30 September 2019 ("FY2019")	Financial Year Ended 30 September 2018 ("FY2018")
ENVIRONMENTAL[1]			
Electricity used (kWh)[2]	**382,912**	415,698	454,610
Total energy consumption (GJ)[2]	**2,550**	3,167	3,357
Energy intensity (GJ / S$ million Revenue)	**179**	222	189
Carbon dioxide (CO_2) emissions (tCO_2)[2]	**241**	288	309
Carbon intensity (tCO_2 / S$ million Revenue)	**17**	20	17
Non-hazardous waste (Tonnes)	**85**	152	133
SOCIAL: EMPLOYEES[1]			
Full-time employees (Number)	**79**	82	102
New hires (Number)	**13**	12	14
Female employees (%)	**27**	26	27
Female managers and supervisors (%)	**63**	56	55
Female heads of department (%)	**71**	71	71
Average training hours per employee (Hours)	**4**	6	10
Employee turnover rate (%)	**23**	28	27
Injury rate (Times)[3]	**3,571**	2,222	2,752
Fatal accidents (Number)	**0**	0	0
ECONOMIC (S$'000)			
Revenue	**14,282**	14,260	17,744
Net (loss)	**(1,148)**	(1,764)	(630)
Employee wages and benefits	**4,776**	5,219	5,537
Income tax (expense) benefit	**(125)**	(39)	418
Dividends	**0**	336	560

Notes:

1 Environmental and social data refers to Gliderol Doors (S) Pte. Ltd.

2 Energy and emissions related to electricity, diesel, and petrol consumption.

3 The formula for calculating the injury rate: (no. of fatal and non-fatal workplace injuries / no. of employed persons) x 100,000

STAKEHOLDER **ENGAGEMENT**

Our stakeholders are people and groups who are impacted by our business activities or who have the potential to affect our operations. Ongoing communication with our stakeholders to understand their concerns and expectations is an integral part of our approach to business. Our key stakeholders include customers, employees, suppliers, contractors, regulators, investors, and shareholders. Our policy is to maintain open communication with stakeholders to address their issues promptly.

The frequency of our engagement with various stakeholders is need-based. We have engaged internal stakeholders to develop this report.

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

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

Membership of Associations

We support relevant industry and trade associations through our participation as a member. GDS is a member of the following associations:

- Singapore Business Federation (“**SBF**”)
- Singapore Manufacturers Federation (“**SMF**”)
- Association of Catalist Companies

MATERIALITY

We review and assess our material ESG topics regularly to identify our sustainability priorities. We focus on the issues that reflect the most significant impacts, risks, and opportunities of our business. In evaluating our material ESG factors, we also consider the feedback from our internal and external stakeholders.

Based on the review, we have concluded that the material factors covered in our previous sustainability reports continue to remain relevant. Product quality and safety, energy efficiency, resource conservation and waste reduction, workplace safety and health, employee welfare and good governance continue to be our focus areas.

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

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

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We are committed to supporting sustainable development through our responsible business practices. We have aligned our material sustainability topics with the relevant SDGs to underpin our contribution to sustainable development.

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

PRODUCT QUALITY **AND SAFETY**

Product quality and safety are of high importance to us, our customers, and the general public as any impact arising from the product's usability and safety extend far beyond its installation. Our focus on product quality, safety, innovation, and excellence has helped us forge a long-lasting relationship with many customers. We have implemented a robust quality management system and obtained ISO 9001:2015 certification from SGS United Kingdom Ltd.

We offer a wide range of fire shutters carrying different levels of fire and heat insulation for our customers. These shutters are developed using our patented technology after years of intense research and development and are tested by reputable international laboratories like Branz, TUV SUD, UL and FM to meet numerous industry standards like the EN, British and other International Standards.

We also emphasise quality by customising our other products to our customers' needs, such as having see-through panels and having additional safety devices to enhance user safety for our industrial and commercial door systems. One of our patented innovations is the Louvred Roller Shutter, which can be operated to provide natural ventilation to common areas.

Finally, we also provide after-sales services to our customers. These typically include preventive and general maintenance works, repair and replacement of faulty components and safety checks.

The end-users of our products operate across a broad spectrum of industries. Over the years, our products have been installed in iconic places like Marina Bay Sands Integrated Resort, Resorts World Sentosa, Rolls-Royce Singapore's facility and Marina Bay Financial Centre.

TARGET AND PERFORMANCE

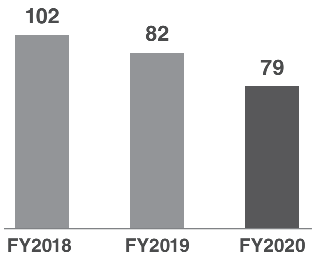
Material Factor	FY2020 Target	FY2020 Performance	FY2021 Target
Product Quality and Safety	No major safety issue and negative feedback	There were no major safety issues or negative feedback received from customers	No major safety issue and negative feedback

Our employees play a critical role in our success. Our approach is to hire, develop and retain the most suitable talent to serve our customers. Our human resource policies empower and motivate our people to do their best. We promote an inclusive work culture and support the personal and professional development of our people.

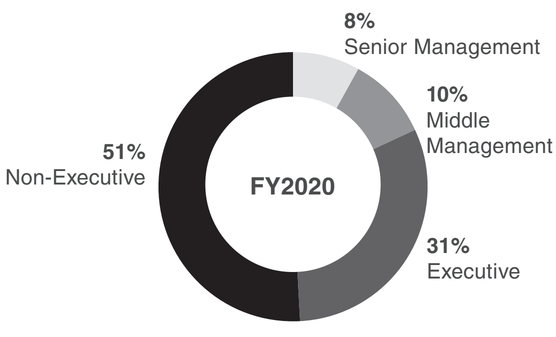
At the end of FY2020, our headcount was 84 employees. Out of the total workforce, 94% were full-time employees and the remaining 6% were on part-time employment. All 84 employees held permanent contracts and there were no temporary employees.

Local employees (citizens and permanent residents) accounted for 38% of the total staff at the end of FY2020 while the remaining were foreign nationals.

Full-time Employees (Number)



Employees by Category (%)



Employee Well-being

As the COVID-19 pandemic continues to impact economies and the societies, the well-being of our employees became our topmost concern.

We implemented a comprehensive Safe Management Measures Plan ("**SMMP**") to resume our operations after the circuit breaker period ended following the guidelines from the tripartite partners – the Ministry of Manpower ("**MOM**"), the National Trades Union Congress ("**NTUC**") and the Singapore National Employers Federation ("**SNEF**")

The foremost objectives of SMMP were to provide a safe working environment and minimise risks of further outbreaks as critical business functions are restored. The measures covered our entire organisation including office and project sites, both new and maintenance sites. The safe management procedures applied to all staff, sub-contractors, and visitors.

We designated Safe Management Officers and Safe Distancing Officers to ensure effective implementation of the measures. An emergency response team was set-up and procedures were laid out to respond to potential outbreaks or infections.

The safe procedures at our workplaces included:

- SafeEntry measures
- Heightened cleanliness and hygiene maintenance at workplaces
- Provision of face masks to staff
- A regular check for temperature and respiratory symptoms, twice daily or where relevant
- Maintaining physical distancing of at least one metre at all times
- Download and activate the TraceTogether app
- Encouraging employees to observe good personal hygiene, e.g. wash hands regularly and avoid touching the face
- Office staff transitioning to virtual communications through video/conference calls, emails, WhatsApp, or any other electronic means to avoid physical contact
- Implement work from home measures for relevant employees
- Minimise physical meetings with contractors and suppliers
- Providing adequate hand-sanitiser stations at exits of work areas; cleaning agents (e.g. hand soap, toilet paper) at all toilets and hand-wash stations; disinfecting agents (e.g. hand sanitiser) at all human traffic stoppage points within the office and worksites, such as entrances and reception areas

We remain committed to working closely with the relevant regulatory bodies to adjust our COVID-19 measures as required to ensure health, safety, and well-being of our employees.

EMPLOYEES

Occupational Health and Safety
Workplace safety is a core value for us. Ensuring people safety in our manufacturing facility as well as on project sites is our foremost priority. Our goal is to have zero workplace accidents or injuries.

Our manufacturing facility is certified to ISO 45001:2018, an international standard for occupational health and safety management system. Our occupational health and safety management system is designed to identify and control risks. The system enables the organisation to improve health and safety performance continuously.

We follow a three-step approach to ensure safety and health at the workplace that involves identifying hazards that affect organisational performance, assessing potential risks to employees' health and safety and implementing adequate controls to eliminate risks.

Our facility has also been awarded BizSafe Star certification from the Workplace Safety and Health Council, MOM in Singapore.

We regularly engage and train our employees in safe work practices. We ensure that the relevant employees renew their safe work certifications on a timely basis where applicable. Employee representatives from various departments participate in the development and monitoring of our health and safety programmes through our safety and health committee.

Over the years, many customers have recognised our exemplary safety performance.

TARGET AND PERFORMANCE

Material Factor	FY2020 Target	FY2020 Performance	FY2021 Target
Occupational Health and Safety	Zero fatalities	Zero fatalities	Zero fatalities
	Zero occupational diseases	Zero incidents of reportable occupational diseases	Zero occupational diseases
	10% year-over-year reduction in Accident Frequency Rate ("**AFR**")	AFR in FY2020 higher due to additional one accident and lower number of man hours worked	10% year-on-year reduction in AFR

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

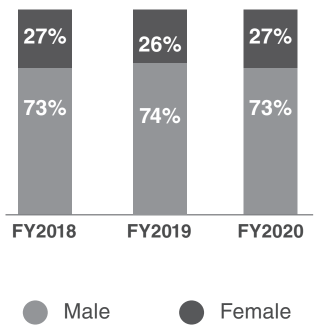
Occupational Health and Safety Performance								
Year	Workplace Injury Rate[1]		Accident Frequency Rate[2]		Occupational Disease Rate[3]		No. of Fatalities	
	Male	Female	Male	Female	Male	Female	Male	Female
FY2020	5,085	0	22.22	0	0	0	0	0
FY2019	3,175	0	13.88	0	0	0	0	0
FY2018	4,000	0	17.48	0	0	0	0	0

Notes:
1. Workplace Injury Rate = (no. of fatal and non-fatal workplace injuries by gender / no. of employees by gender) x 100,000
2. Accident Frequency Rate = (no. of workplace accidents reported by gender / no. of man hours worked by gender) x 1,000,000
3. Occupational Disease Incidence rate = (no. of occupational disease cases by gender / no. of employees by gender) x 100,000

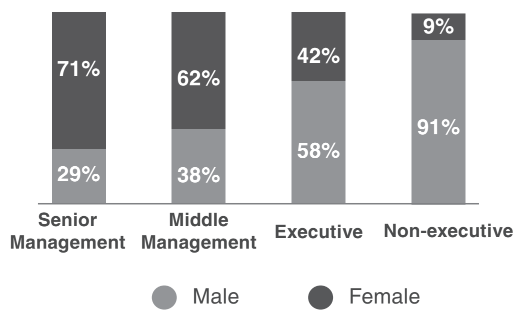
Diversity
Our workplace policies promote an inclusive workplace where diversity of background is respected. We operate in a physically demanding manufacturing environment which mainly attracts male workers. Female employees represent about 27% of our full-time headcount. We are pleased to share that women account for 63% of the managerial and supervisory jobs and 71% of the head of department ranks.

At the Board level, one out of the total four directors is a female who has been an Independent Non-Executive Director since March 2013.

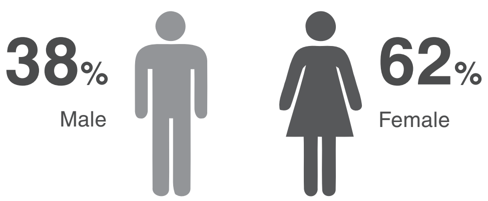
Gender Diversity (%)



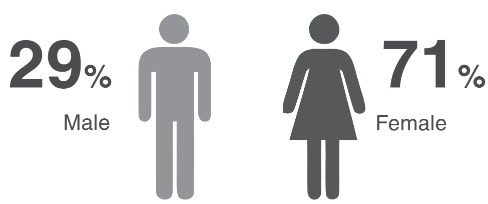
Gender Diversity by Employee Category - FY2020 (%)



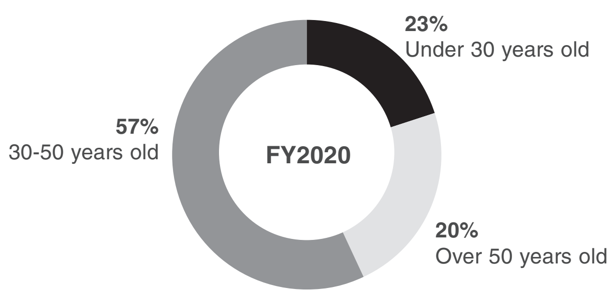
Supervisors and Managers - FY2020 (%)



Heads of Department - FY2020 (%)



Diversity by Age - FY2020 (%)



EMPLOYEES

Training and Education
GDS is an innovation-driven organisation focuses on continually improving the quality of our products. In this regard, regular training of employees is an essential part of our human resource policies.

Upon joining, all employees are required to complete a compulsory orientation programme to be familiar with the Group's corporate identity, policies, and standard operating procedures. After that, our employees receive continuous training in product knowledge, emerging industry trends and new technologies to keep them updated.

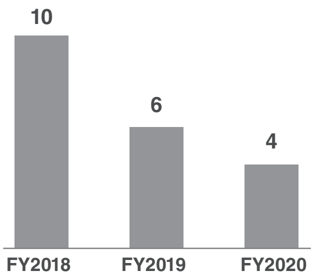
On-the-job training and mentoring by experienced supervisors are an integral part of our people development programme. Employees also have access to various training opportunities to upgrade their skills and knowledge.

Our employees also attend relevant training, workshops, seminars, and conferences throughout the year to keep abreast with the latest industry trends and standards.

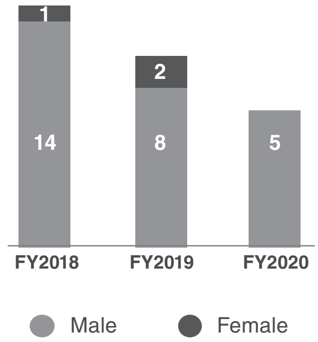
Our average training hours per employee were lower in FY2020 due to the disruptions caused by the COVID-19 pandemic.

Some of the courses attended by our staff in FY2020 included:
- WSQ Apply Workplace Safety & Health in Construction Sites ("**CSOC**") Re-Certification
- WSQ Apply Workplace Safety & Health in Metal Work ("**MSOC**") Re-Certification
- Occupational First Aid Refresher Course
- Operate Boom Lift
- Operate Scissor Lift
- Operate Vertical Personnel Platform
- CET For Reinforced Concrete Works
- Safe Management Officer Training
- WSQ Apply Workplace Safety and Health in Process Plant

Average Training Hours per Employee (Hours)

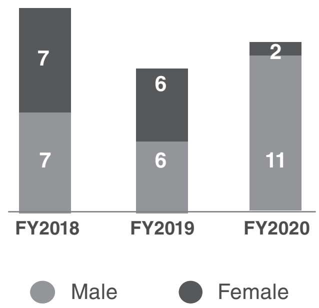


Training Hours per Employee by Gender (Hours)

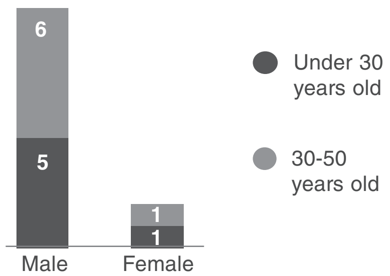


Hiring
We aim to hire the most qualified talent based on merit and competence. In FY2020, we hired 13 new employees, of which two were female.

New Hires (Number)



Hiring by Age and Gender - FY2020 (Number)

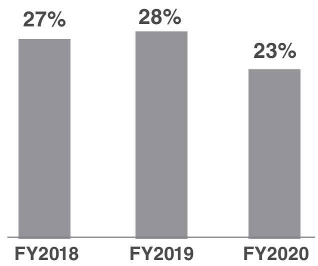


Talent Retention

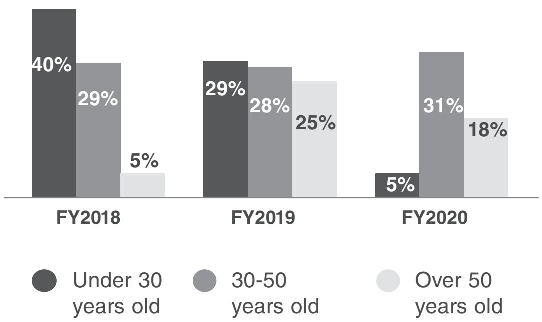
Our ability to retain talented and competent employees is crucial for us to maintain productivity and growth. Our human resources policies and management practices are designed to reward performance and offer development opportunities to employees.

In FY2020, our employee turnover rate was 23% as compared with the national industry average of 21.6% (2019) for the Fabricated Metal Products, Machinery & Equipment sector (Source: Ministry of Manpower Singapore, Labour Market Reports).

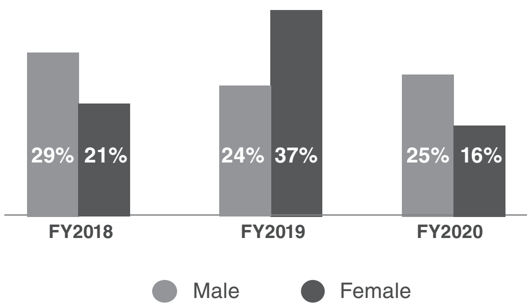
Employee Turnover Rate (%)



Employee Turnover by Age (%)



Employee Turnover by Gender (%)



TARGET AND PERFORMANCE

Material Factor	FY2020 Target	FY2020 Performance	FY2021 Target
Develop and Retain Talent	Annual turnover rate 23% or lower	23%	Annual turnover rate 23% or lower
	Average of 15 hours of training per employee	5 hours	Average of 15 hours of training per employee

Managing Performance

Our annual performance appraisal process is designed to manage and reward performance, ascertain development needs and motivate our employees. Employees' wage increases and promotions are determined based on their performance evaluation outcomes.

All employees participate in the performance evaluation conducted annually. Employees are assessed by their immediate supervisors using the Performance Appraisal Forms. The appraisal process involves a performance discussion between the supervisor and the employee to ensure openness and fairness. Finally, performance evaluations require approval from respective Department Heads.

Employee Benefits

We provide competitive wages and benefits to our employees. Among other perks, our employees are provided with Outpatient Medical Benefits and Hospitalisation and Surgical Benefits.

To support the welfare of our employees, we organise various recreational and sports activities to promote teamwork and bonding.

Freedom of Association

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

ENVIRONMENT

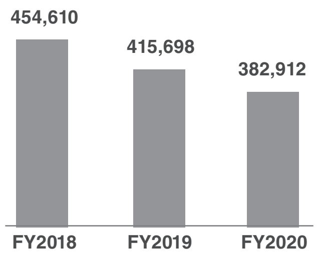
We are committed to run our business in an environmentally friendly manner. Our main environmental impacts are from the use of electricity, fuel, and manufacturing waste. Guided by the precautionary principle, we make efforts to improve energy and resource efficiency to reduce the impact of our business operations on the environment.

Energy

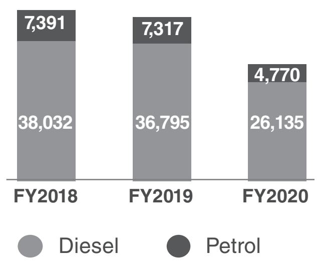
Electricity is used in our manufacturing facility to power tools and equipment and our office for air-conditioning and lighting. All our electricity is purchased from a utility supplier. Our delivery and service trucks consume diesel or petrol. We monitor and review our energy consumption regularly to measure our performance. We use energy intensity, the amount of energy used per million dollars in revenue (gigajoules ("**GJ**") / S$ million), to track our performance.

In FY2020, our total energy consumption was 2,550 GJ compared with 3,167 GJ in the prior year. The lower consumption is due to reduced diesel, petrol and electricity consumption due to lesser business activities amid the COVID-19 pandemic. Our energy intensity in FY2020 was 179 GJ / S$ million revenue as against 222 GJ / S$ million in FY2019.

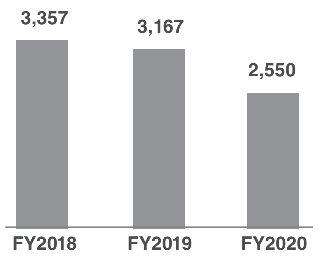
Electricity Consumption (kWh)



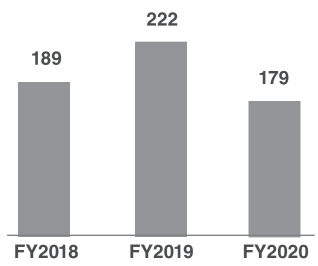
Fuel Consumption (Litres)



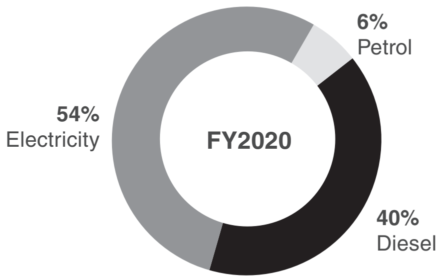
Energy Consumption (Gigajoule)



Energy Intensity (Gigajoule / S$ million revenue)



Energy Consumption by Source (%)



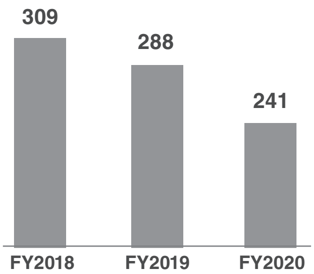
GHG Emissions

It is widely recognised that climate change caused by global warming is becoming an existential issue. There are international efforts to arrest the rise in global atmospheric temperature by reducing GHG Emissions. The Paris Agreement, a global pact by the world's governments in 2015, has set a target of limiting global warming to well below 2°C while making efforts to restrict it to 1.5°C.

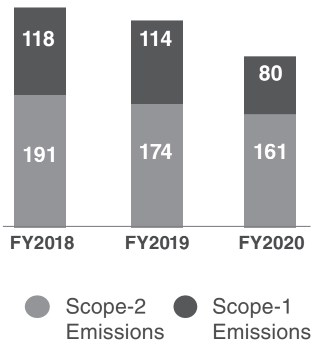
GDS is not a significant user of energy, and as such our GHG emissions are relatively low. However, we are supportive of the Paris Agreement goal and have committed to monitoring our carbon emissions closely and make efforts to reduce it.

Our GHG emissions arise from electricity, diesel and petrol consumption. We monitor, review, and report the CO_2 emissions, a significant greenhouse gas, resulting from our energy use.

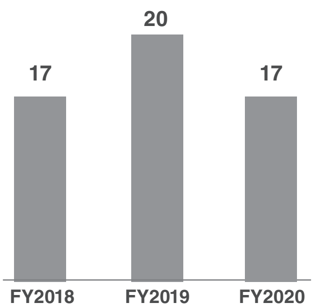
Carbon Emissions (tCO_2)



Carbon Emissions by Energy Source (tCO_2)



Carbon Intensity
(tCO_2 / S$ million revenue)

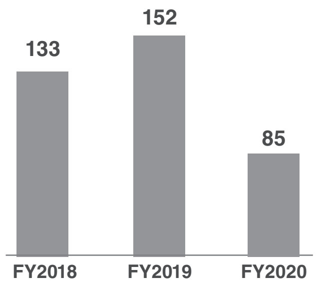


Reducing Waste

Our waste is primarily from our manufacturing processes. Our approach is to reduce, reuse and recycle waste where possible. The main types of waste generated by our production facility include metals, aluminium and wood. Metal accounts for more than half of our total waste. We sell metal waste as scrap for recycling by other users. In FY2020, metal waste accounted for 65% of our total non-hazardous waste, followed by the general waste of 23%.

We have implemented systems to segregate, store and safely dispose of our waste. We engage licensed waste management contractors for recycling or safe disposal of all waste as per local regulations.

Non-hazardous Waste (tonnes)



Regulatory Compliance

We are committed in complying with the applicable environmental regulations. There were no incidents of non-compliance against environmental laws or regulations in the reported periods.

SOCIETY

We are committed in operating our business with responsibility toward the environment, our people and society.

Anti-Corruption
Our policy mandates zero-tolerance towards bribery and corruption. All employees are made aware of our anti-corruption stance requiring strict adherence to our code of conduct. Our Whistle-Blowing Policy aims at maintaining a high standard of corporate governance and integrity.

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

TARGET AND PERFORMANCE

Material Factor	FY2020 Target	FY2020 Performance	FY2021 Target
Anti-corruption	Zero incidents of corruption	Zero incidents	Zero incidents of corruption
Socio-economic Compliance	Zero incidents of legal non-compliance	Zero incidents	Zero incidents of legal non-compliance

Whistle-Blowing Policy
Our Whistle-Blowing Policy provides a framework for maintaining a high standard of corporate governance. It provides a channel of communication for employees to report fraudulent practices and guides employees on actions to address their concerns on suspicions of fraudulent activities. The policy also provides the process for investigation and management reporting. This policy deals with:

- *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 gains or to compete with the Group.
- *Confidentiality:* Employees and Directors must maintain the confidentiality of information entrusted to them by the Group or its customers, except when disclosure is authorised or legally mandated.
- *Fair dealing:* Each employee and Director should endeavour to deal fairly with the Group's customers, suppliers, competitors and employees. 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.

Regulatory Compliance
GDS is committed in complying with applicable laws including the relevant socio-economic regulations. We have adopted measures to stay updated about any changes in regulations to ensure compliance.

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

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

Please refer to the Financial Statements in page 61 to 116 for the detailed information about our economic performance.

GRI CONTENT INDEX

GRI CONTENT INDEX 'IN ACCORDANCE' – CORE		
GRI STANDARD	**DISCLOSURE**	**PAGE NUMBER(S) / DIRECT REFERENCES**
GRI 101: Foundation 2016 (GRI 101 does not include any standards)		
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016		
102-1	Name of the organisation	Cover, 1
102-2	Activities, brands, products, and services	1-3
102-3	Location of headquarters	1, 34
102-4	Location of operations	1
102-5	Ownership and legal form	1, 117-118
102-6	Markets served	1-3, 115
102-7	Scale of the organisation	7, 21, 70
102-8	Information on employees and other workers	21-25
102-9	Supply chain	17, 28
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary Principle or approach	18, 26
102-12	External initiatives	15, 19, 20
102-13	Membership of associations	17
STRATEGY		
102-14	Statement from senior decision-maker	4-6
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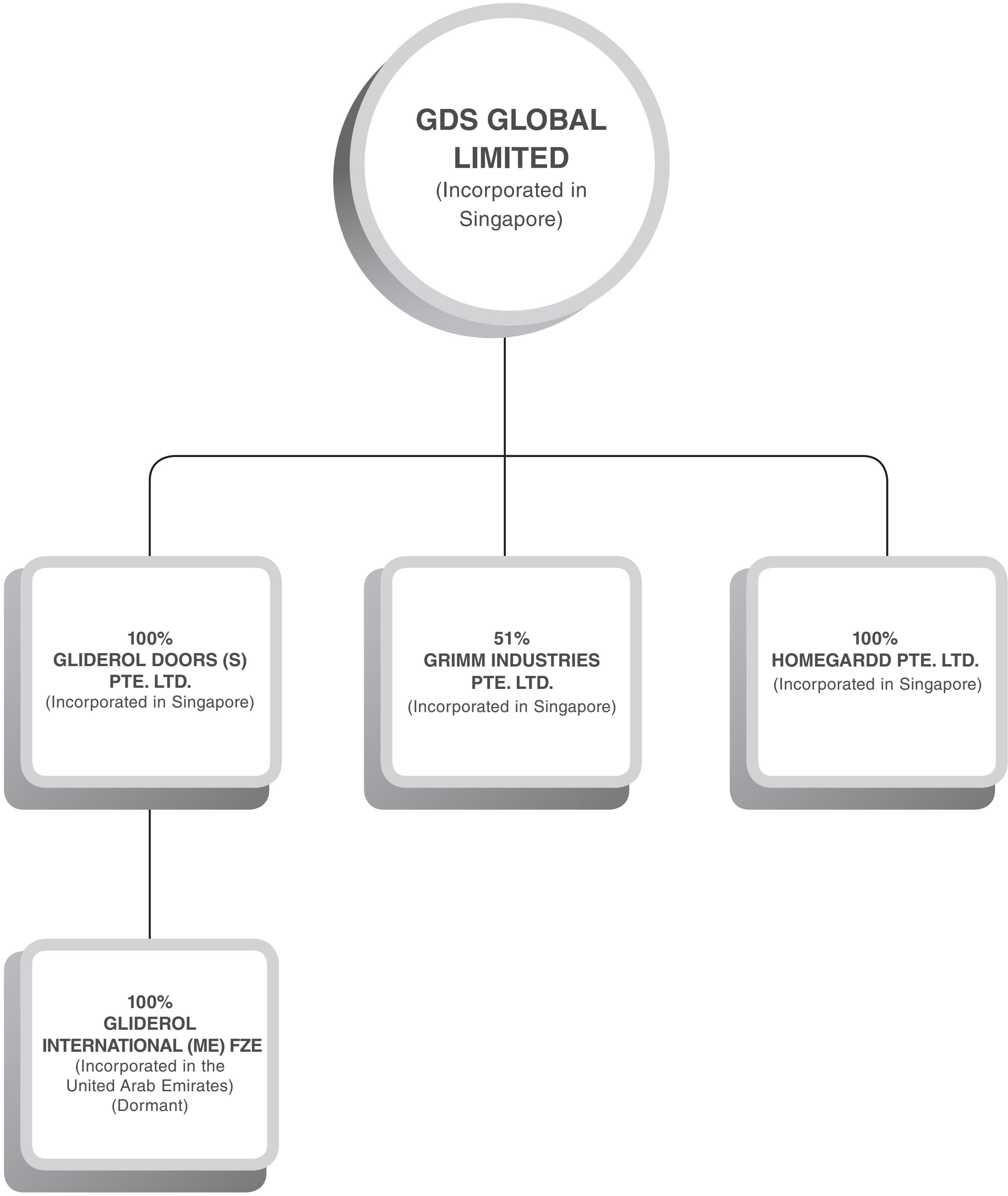
CORPORATE **STRUCTURE**



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARIES

Yeoh Kar Choo Sharon, ACIS
Chiang Wai Ming, ACIS

REGISTERED OFFICE

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

AUDITORS

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Singapore 068809
Partner-in-charge: Chua How Kiat (a member of the Institute of Singapore Chartered Accountants)
Date of Appointment: 18 January 2019

SPONSOR

CIMB Bank Berhad, Singapore Branch
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INVESTOR RELATIONS

GDS Global Limited
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GDS Global Limited (the "**Company**" or "**GDS**") and its subsidiaries (together with the Company, the "**Group**") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2018 (the "**Code**"). This report describes the Group's corporate governance practices that were in place during the financial year ended 30 September 2020 ("**FY2020**").

The board of directors (the "**Board**") is pleased to confirm that for FY2020, the Group has adhered to the principles and provisions as outlined in the Code except for the following provisions where the deviations and explanations have been provided in the relevant sections:-

(a) Provision 3.1 – Chairman and Chief Executive Officers are Separate Persons
(b) Provision 8.1 – Disclosure on Remuneration

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

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to the Company's shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:

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

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

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

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

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

- Considering sustainability issues as part of the strategic formulation.

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

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself/herself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue. The 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	Lead Independent Non-Executive Director	Chairman	Member	Member
3	Ms Pebble Sia Huei-Chieh	Independent Non-Executive Director	Member	Member	Chairman
4	Mr Tan Soon Liang	Independent Non-Executive Director	Member	Chairman	Member

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

Induction and Training of Directors

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

In accordance with recent revisions to the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**"), with effect from 1 January 2019, the Nominating Committee will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

During FY2020, Mr Tan Soon Liang was appointed as Independent Non-Executive Director of the Company on 7 March 2020. The Company had provided guidance and orientation to Mr Tan Soon Liang to enable him to familiarise with the Group's senior management, business activities, relevant regulations and governance requirements. Mr Tan Soon Liang has prior experience as an independent director of companies listed on SGX-ST.

Briefings, Updates and Trainings Provided for Directors in FY2020

The Nominating Committee ("**NC**") reviews and makes recommendations on the training and professional development programmes to the Board.

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

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

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

Board's Approval

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

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

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

Delegation by the Board

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

Directors' Attendance at Board and Board Committee Meetings in FY2020

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

* Appointment as director on 7 March 2020

** Cessation of directorship on 7 January 2020

Notes:

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

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

Multiple Directorships

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

Access to Information

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

Access to Management and Company Secretary

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

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

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

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

Principle 2: Board Composition and Guidance

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

Board Size, Composition and Diversity

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

The Company currently does not have a formal Board Diversity Policy. However, the Company recognises the benefits of having an effective and diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In reviewing the Board composition, the NC reviews, on a yearly basis, the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. These competencies include accounting and finance, business acumen, management consultancy experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with legal and regulatory requirements and knowledge of risk management. The Board considers its Directors to 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. The NC is of the opinion that the current Board composition represents a well-balanced mix of expertise and experience comprising accounting, finance, consultancy and legal knowledge to provide core competencies necessary to meet the requirements of the Company and the Group and also takes into consideration age and gender diversity. The Company currently has a 25% female representation on the Board.

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

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

Role of the Non-Executive Directors

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

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

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

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

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

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

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

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

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

The Company does not comply with Provision 3.1 of the Code as the Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Wong is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure. The Company has complied with Provision 3.2 of the Code as the responsibilities of the CEO are set out separately in a service agreement entered into between the Company and the CEO.

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

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

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

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

Principle 4: Board Membership

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

NC Composition

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

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

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

- review the size, structure and composition of the Board;

- identify, review and recommend candidates to the Board including the appointment of alternate directors, if any, board committee members, CEO, deputy CEO, Chief Financial Officer ("**CFO**") and key management;

- recommend to the Board re-nominations of existing directors for re-election in accordance with the Company's Constitution, taking into account the Director's competencies, commitment, contribution and performance;

- establish a process for the selection, appointment and re-appointment of Directors;

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

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

- determine annually whether or not a Director is independent;

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

- review training and professional development programmes for the Board;

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

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

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

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

Process for Selection and Appointment of New Directors

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

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

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

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

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

After 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.

Independence Review of Directors

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

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

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

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

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

(b) None of the Independent Directors have served on the Board beyond nine (9) years from the date of first appointment.

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

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

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

Process for Re-appointment of Directors

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

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. Regulation 114 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation while Regulation 118 provides that any Director so appointed shall hold office until the next AGM and be eligible for re-election at the Company's AGM. Mr Wu Chiaw Ching shall retire pursuant to Regulation 114 of the Company's Constitution, while Mr Tan Soon Liang shall retire pursuant to Regulation 118 of the Company's Constitution at the Company's forthcoming AGM and shall be eligible for re-election.

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

Under Rule 406(3)(d)(iii) of the Catalist Rules that will come into effect on 1 January 2022, the appointment of an independent director who has served an aggregate period of more than nine (9) years (whether before or after listing) will be subject to a two-tier voting process. The continued appointment of such person as an independent director has to be approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the CEO, and associates of such directors and CEO. For the purpose of the resolution referred to in (B), the directors and the CEO, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following: (i) the retirement or resignation of that director; or (ii) the conclusion of the third AGM of the company following the passing of the resolutions.

Mr Wu Chiaw Ching was first appointed to the Board as an Independent Director on 21 March 2013. The Board is of the view that Mr Wu has demonstrated strong independence and judgement over the years in discharging his duties and responsibilities as an Independent Director. Mr Wu had voluntarily offered himself to be subject to the two-tier voting process. The Company will adopt the two-tier voting process ahead of the Catalist Rule 406(3)(d)(iii) coming into effect on 1 January 2022 and table the respective resolutions proposing the re-election of Mr Wu and his continued appointment as an Independent Director at the forthcoming AGM.

Please refer to pages 55 to 60 in the annual report for detailed information required pursuant to Rule 720(5) of the Catalist Rules (as defined herein).

Directors' Time Commitments

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. These guidelines provide that, as a general rule, each Director should hold no more than six (6) listed company board representations.

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

The NC has reviewed and is satisfied that notwithstanding their multiple directorships and principal commitments, Mr Wu Chiaw Ching, Ms Pebble Sia Huei-Chieh and Mr Tan Soon Liang, who hold multiple listed company board representations, have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. None of the Directors currently hold more than six (6) listed company board representations and the NC is of the view that each Director has diligently discharged his/her duties adequately.

Alternate Directors

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

Succession Planning for the Board and Management

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

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

Principle 5: Board Performance

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

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

Board Evaluation Process

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

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

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

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

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

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

RC Composition

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 Tan Soon Liang - Member

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

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

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all 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.

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

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

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

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

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

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

The RC, where necessary, may seek advice from external remuneration 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 FY2020.

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

Principle 7: Level and Mix of Remuneration

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

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel. The Executive Director is paid a basic salary and a fixed bonus of two (2) month's basic salary.

Key management personnel are paid basic salary and variable bonus. The variable bonus is payable based on both qualitative and quantitative performance criteria. Qualitative criteria includes leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets.

The RC also ensures that the remuneration of the Independent Non-Executive Directors is 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 Executive Director and 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 the Executive Director and key management personnel.

Principle 8: Disclosure of Remuneration

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

Provision 8.1 of the Code recommends that companies fully disclose the name and remuneration of each individual Director and the CEO. The Company has not complied with this provision as the Board is of the opinion that it is in the best interest of the Company to maintain confidentiality of the exact remuneration details of the Company's CEO. As such, the Board has deviated from complying in full with Provision 8.1 and has instead provided below a breakdown showing the level and mix of remuneration of the CEO in a narrower band for FY2020:

Remuneration Band and Name of Director (1)	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
S$600,001 to S$700,000					
Mr Michael Wong (2)	86	14	–	–	100
Up to S$50,000					
Mr Wu Chiaw Ching	–	–	100	–	100
Ms Pebble Sia Huei-Chieh	–	–	100	–	100
Mr Tan Soon Liang (3)	–	–	100	–	100
Mr Goh Boon Kok (3)	–	–	100	–	100

Notes:

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

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

(3) On 7 January 2020, Mr Goh Boon Kok ceased to be an Independent Director of the Company. On 7 March 2020, Mr Tan Soon Liang was appointed as an Independent Director of the Company. The remuneration disclosed herein represents the actual remuneration for the period during FY2020 that Mr Goh or Mr Tan (as the case may be) had served as a director of the Company.

The service agreement between the Company and Mr Michael Wong in relation to his appointment as CEO was last renewed on 19 April 2019 for a period of three (3) years.

During FY2020, the amount of Directors' fees paid to the Non-Executive Directors were as follows:

Name	Amount
Mr Wu Chiaw Ching	S$50,000
Ms Pebble Sia Huei-Chieh	S$40,000
Mr Tan Soon Liang (1)	S$22,688
Mr Goh Boon Kok (1)	S$10,753

Note:

(1) On 7 January 2020, Mr Goh Boon Kok ceased to be an Independent Director of the Company. On 7 March 2020, Mr Tan Soon Liang was appointed as an Independent Director of the Company. The remuneration disclosed herein represents the actual remuneration for the period during FY2020 that Mr Goh or Mr Tan (as the case may be) had served as a director of the Company.

Provision 8.1 of the Code also recommends that companies disclose the name and remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000. In addition, companies should disclose the aggregate of the total remuneration paid or payable to the top five (5) key management personnel (who are not Directors or the CEO).

The Board has identified that the Company has only four (4) key management personnel (excluding the CEO). The breakdown showing the level and mix of remuneration of each of these top four (4) key management personnel (who are not Directors or the CEO) in bands of S$250,000 for FY2020 is set out below.

Remuneration Band and Name of Executive (1)	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Up to S$250,000				
Ms Gina Lee	86	7	7	100
Ms Karen Lim	87	7	6	100
Ms Lim Lay Khim	92	8	–	100
Mr Leow Chyan	86	7	7	100

Note:

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

	S$
Aggregate of the total remuneration paid or payable to the top four key management personnel (who are not Directors or the CEO)	491,320

Mr Michael Wong is the Controlling Shareholder of the Company and also the Chairman and CEO and his remuneration details are disclosed above in bands no wider than S$100,000. Save as aforementioned, the Company does not have any employee who is a substantial shareholder of the Company, or is an immediate family member of a Director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 in FY2020.

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

Further information on the Directors and key management personnel is on pages 10 to 13 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

The AC is responsible for making the necessary recommendations to the Board to form and provide an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group in the annual report of the Company according to the requirements in the Catalist Rules and the Code.

The Company has engaged an independent accounting firm, KPMG Services Pte. Ltd. ("**KPMG**"), as its internal auditors, and KPMG has presented their Enterprise Risk Management ("**ERM**") proposal to the AC and the Board to assist the AC and the Board in their review on the adequacy and effectiveness of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. KPMG carries out their internal audits with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors. The AC is satisfied with the qualification and competency of the team comprising a Partner who is a member of Institute of Chartered Accountants Singapore and the Institute of Internal Auditors Singapore while the team manager and members are suitably qualified experienced professionals with the requisite skill sets. The AC is of the view that the internal audit function as carried out by KPMG is independent, effective and adequately resourced.

During FY2020, KPMG has conducted review on risk mitigation, procurement and payment (trade), human resource and payroll, and finance management and 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.

<u>Assurance from the CEO and the FC</u>

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

a) The financial records of the Group have been properly maintained and the financial statements for FY2020 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 FC have obtained similar assurance from the business and corporate executive heads in the Group.

Comment on the Adequacy and Effectiveness of 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. Based on the internal controls established and maintained by the Group, the work performed by the internal auditors as well as the assurance received from the CEO and the FC, the Board with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks were adequate and effective as at 30 September 2020.

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

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

AC Composition

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

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

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

The AC does not comprise former partners or directors of the Company's existing auditing firm, Deloitte & Touche LLP.

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 scope and result of the external auditors' reports.

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

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

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

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

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

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

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

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

Summary of the AC's Activities

The AC met two (2) times during the financial year under review. Details of members and their attendance at meetings are provided on page 37. The FC, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of management are also invited to attend, as appropriate, to present reports.

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually. During FY2020, the AC had one (1) meeting with the internal auditors and external auditors separately, without the presence of management. These meetings enable the internal auditors and external auditors to raise issues encountered in the course of their work directly to the AC.

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

Financial reporting

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

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

- Significant 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.

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

Auditors' independence

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

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

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC received a half-yearly report setting out the non-audit services provided by Deloitte & Touche LLP and the fees charged. The aggregate amount of fees paid to Deloitte & Touche LLP is S$131,500. The audit and non-audit fees paid or payable to the external auditors for FY2020 were S$105,450 and S$26,050 respectively.

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

Internal audit

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

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

- Annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and

- significant internal audit observations and management's response thereto.

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

Interested person transactions

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

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

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

Whistle blowing

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in matters of financial reporting or other matters. 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.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11: Shareholders' Rights and Conduct of General Meetings

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

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

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

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

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

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. 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. All the Directors were present at the Company's last AGM held on 17 January 2020.

The Constitution of the Company allows any member of the Company, if he is unable to attend a general meeting, to appoint not more than two (2) proxies to attend and vote on his behalf at the meeting through a proxy form sent in advance. Pursuant to the amendments to the Companies Act effective from 1 January 2016, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

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

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

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

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of shareholders on SGXNET and/or its corporate website as soon as practicable and such minutes shall record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management. Accordingly, the Company will be adopting this practice with effect from the forthcoming AGM. The minutes of general meetings of the Company will be published on SGXNET and/or its corporate website as soon as practicable, for the information of the shareholders.

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

<u>Dividend Policy</u>

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 generally takes into account various factors including:

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

As disclosed in the Company's results announcement for FY2020, the Board did not recommend any dividend for FY2020 in order to conserve cash for working capital requirements during the uncertain business environment amidst the COVID-19 pandemic.

Principle 12: Engagement with Shareholders

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

Disclosure of Information on a Timely Basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

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

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

Interaction with shareholders/stakeholders

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

Principle 13: Managing Stakeholder Relationships

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

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, publications, surveys and feedback with material stakeholder groups which include shareholders, suppliers, customers and employees. The Group has identified the environmental, social and governance factors that are important to its stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in the Company's sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder groups and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2020 which is included in this annual report.

Dealing in Securities

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

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

Material Contracts

Save for the following material contracts previously disclosed in the Company's offer document in relation to its initial public offering dated 11 April 2013, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or Controlling Shareholder either still subsisting as at 30 September 2020 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 (2) inventions entitled "*Louvred Shutter*" and "*Security Shutter (Improvements to Roller Shutters)*";

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

(c) the Service Agreement of Mr Michael Wong dated 22 March 2013 which took effect from the date of the Company's admission to Catalist on 19 April 2013, such agreement having been renewed every three (3) years with the last renewal being 19 April 2019.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, 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 FY2020 were as follows:

Fees for tax compliance services rendered to the Group – S$26,050.

Additional Information on Directors Seeking Re-election Pursuant to Rule 720(5) of the Catalist Rules

Mr Wu Chiaw Ching and Mr Tan Soon Liang are the Directors seeking re-election at the forthcoming AGM to be convened on 22 January 2021 under Ordinary Resolutions 4 and 5 respectively as set out in the Notice of AGM dated 30 December 2020 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Date of appointment	21 March 2013	7 March 2020
Date of last re-appointment (if applicable)	19 January 2018	Not Applicable
Age	64	47
Country of principal residence	Singapore	Singapore

Name of Director	Wu Chiaw Ching	Tan Soon Liang
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the NC that Mr Wu Chiaw Ching remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure in office since March 2013, and is of the view that he is suitable for re-appointment as Lead Independent Director, the Chairman of the AC, member of the NC, and member of the RC	The Board having considered among others, the recommendation of the NC and the qualifications and work experience of Mr Tan, is of the view that he is suitable for re-appointment as an Independent Director of the Company, the Chairman of the NC, member of the AC and member of the RC
Whether appointment is executive, and if so, the area of responsibility	No	No
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Lead Independent Director • Chairman of AC • Member of NC • Member of RC	• Independent Non-Executive Director • Chairman of NC • Member of AC • Member of RC
Professional qualifications	• Bachelor of Commerce (Accountancy) from Nanyang University, Singapore • Post-graduate Diploma in Business and Administration from Massey University, New Zealand • Diploma in Management Consultancy from the National Productivity Board, Singapore • Master of Arts (Finance and Accounting) from Leeds Metropolitan University, United Kingdom	• Bachelor of Business (Honours) Degree, from Nanyang Technological University • Master of Business Administration Degree from University of Hull, United Kingdom • CFA® Charterholder from CFA Institute, United States of America
Working experience and occupation(s) during the past 10 years	Mr Wu is the proprietor of Wu Chiaw Ching & Company and has accumulated more than 30 years of experience in both auditing and accounting aspects.	Mr Tan Soon Liang is the founder and managing director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since 2009. He is also the managing director of Omnibridge Capital Pte. Ltd. which focuses on early-stage angel and venture capital investments in start-ups and fast-growing companies in Asia. Prior to that, he was the head of business advisory and subsequently, an advisor at BDO Raffles Advisory Pte Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments* including Directorships# *** "Principal commitments" has the same meaning as defined in the Code.** **# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)**		
Other principal commitments[1] including Directorships - Past (for the last five (5) years)	<u>Public Listed Companies</u> 1. Gaylin Holdings Limited 2. Natural Cool Holdings Limited 3. DLF Holdings Limited <u>Private Companies / Public Unlisted Companies / Other Organisations</u> 1. Arthur Wu Consultants Pte Ltd 2. EDC@SCCCI Pte. Ltd. 3. E-Freight Centre Pte Ltd 4. Financial Board of the Singapore Chinese Chamber of Commerce 5. Sun Yat Sen Nanyang Memorial Hall Company Limited 6. K & Q Realty Pte Ltd 7. Aegis Financial Circle Pte Ltd 8. Aegis Knowledge Pte Ltd 9. Aegis Portfolio Managers Pte Ltd 10. Aegis Private Capital Pte Ltd 11. Aegis Wealth Managers Pte Ltd 12. E-Freight Centre (2008) Pte Ltd 13. Shipping Freight Booking Centre Sendirian Berhad	<u>Public Listed Companies</u> 1. Wong Fong Industries Limited <u>Private Companies / Public Unlisted Companies / Other Organisations</u> 1. T10 Lifestyle Concepts Pte Ltd 2. Epika Pte Ltd 3. Allin International Holdings Pte Ltd 4. MG Investors Pte Ltd 5. The Learning Fort Pte Ltd 6. Omnibridge Investment Partners Pte Ltd

Name of Director	Wu Chiaw Ching	Tan Soon Liang
Other principal commitments[1] including Directorships - Present	Public Listed Companies 1. GDS Global Limited 2. Goodland Group Limited 3. LHT Holdings Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Pinpoint Pte Ltd 2. Singapore Shippers' Academy Pte Ltd 3. Singapore Teochew Foundation Limited 4. Ngee Ann Development Private Limited 5. South Grand Textiles (Private) Limited	Public Listed Companies 1. GDS Global Limited 2. ISDN Holdings Limited 3. Clearbridge Health Limited 4. Choo Chiang Holdings Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Ti Ventures Pte. Ltd. 2. Ti Investment Holdings Pte Ltd 3. Omnibridge Investments Ltd 4. Omnibridge Capital Ltd 5. Omnibridge Capital Pte. Ltd. 6. Omnibridge Investment Partners Ltd 7. ACH Investors Pte Ltd 8. Omnibridge Investments Pte Ltd 9. Allin Holdings Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Mr Tan was a non-executive director of T10 Lifestyle Concepts Pte Ltd ("**T10**") from April 2011 to November 2015, a company incorporated in Singapore. He was a non-executive nominee director on the board of directors of T10, representing the interests of Ti Investment Holdings Pte. Ltd., which had a 60.0% shareholding in T10. During the period of his directorship in T10, he was not involved in the daily business operations nor financial management of T10. On 12 November 2015, T10 was dissolved pursuant to a compulsory winding up application.
(c) Whether there is any unsatisfied judgment against him?	No	No

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

Name of Director	Wu Chiaw Ching	Tan Soon Liang
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Prior experience as a director of an issuer listed on the Exchange		
Any prior experience as a director of an issuer listed on the Exchange?	Yes Mr Wu is presently a director of Goodland Group Limited and LHT Holdings Limited. He has also been an Independent Director of GDS Global Limited since IPO.	Yes Mr Tan is presently an independent director of ISDN Holdings Limited, Clearbridge Health Limited and Choo Chiang Holdings Limited.

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

The directors present their statement together with the audited consolidated financial statements of GDS Global Limited (the "**Company**") and its subsidiaries (the "**Group**") and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2020.

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 69 to 116 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 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Wong Lok Yung	(Chairman, Executive Director and Chief Executive Officer)
Wu Chiaw Ching	(Lead Independent Non-Executive Director)
Pebble Sia Huei-Chieh	(Independent Non-Executive Director)
Tan Soon Liang	(Independent Non-Executive Director and appointed on 7 March 2020)

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

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

The directors' interests in the shares of the Company at 21 October 2020 were the same at 30 September 2020.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

5 AUDIT COMMITTEE

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

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

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

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

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

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

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

(e) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance 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 (International), concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to the Board for approval;

5 AUDIT COMMITTEE (cont'd)

(i) review 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.

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

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

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

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

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

17 December 2020

Report on the Audit of the Financial Statements

Opinion

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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 116.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter (s)	How the matter was addressed in the audit
Loss allowance The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied a simplified expected credit loss ("**ECL**") model to determine the loss allowance on trade receivables and contract assets. As at 30 September 2020, the Group has trade receivables amounting to \$2,252,000 (2019 : \$1,920,000) net of allowance amounting to \$1,278,000 (2019 : \$1,278,000) and contract assets amounting to \$871,000 (2019 : \$1,840,000) net of allowance amounting to \$199,000 (2019 : \$193,000). Management's judgement is required in assessing and determining the ECL of trade receivables and contract assets via evaluating expected future receipts from customers based on past payment trends, relative age of the debtors, knowledge of the customers' businesses and its financial condition and forward looking adjustments based on macro-economic factors.	We performed procedures to understand management's process over the monitoring of trade receivables and contract assets, the collection process and loss allowance assessment. We assessed the appropriateness of the Group's policy on expected credit loss allowance on trade receivables and contract assets and assessed the adequacy of the allowance, including discussing with management on the credit quality of the existing customers and collectability of significant past due trade receivables. For the assessment of ECL, we also considered amongst other factors, such as the credit risk, past payment history, settlement arrangements, subsequent receipts and on-going business dealings with the debtors involved and forward looking adjustments based on macro-economic factors to assess the appropriateness of any loss allowance to be made. The key assumptions and estimation on loss allowance are disclosed in Note 3 to the financial statements, and further information related to trade receivables and contract assets are provided in Note 7 and Note 8 to the financial statements respectively.

Impairment assessment of goodwill Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill impairment at least annually or more frequently when there is an indication that the cash generating unit ("**CGU**") may be impaired. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts. As at 30 September 2020, the carrying amount of goodwill amounting to $659,000 (2019 : $859,000) arose from the acquisition of Grimm Industries Pte. Ltd. The goodwill was impaired by $200,000 (2019 : $Nil) as the carrying amount of the CGU exceeded its recoverable amount. The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Notes 3 and 12 to the financial statements.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: ● involving valuation specialists to assess the reasonableness of the valuation methodology, independently developing expectations, in particular, the discount rate, growth rates, and comparing the independent expectations to those used by management; ● challenging the cash flow forecasts used, by comparing to current market performance and expectations of future changes in the market; ● conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and ● performing sensitivity analysis around the key drivers of the cash flow forecasts. We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 12 to the financial statements.
Impairment assessment of non-current assets Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to assess at the end of each reporting period whether there is any indication that its non-current assets may be impaired. If any such indicators exists, the Group shall estimate the recoverable amount of the non-current assets. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts. As at 30 September 2020, the carrying amount of property, plant and equipment, right-of-use assets and intangible assets held by its wholly-owned subsidiary Gliderol Doors (S) Pte. Ltd. amounted to $2,646,000 (2019 : $3,311,000), $10,139,000 (2019 : $Nil) and $795,000 (2019 : $889,000) respectively. The non-current assets were not impaired as the recoverable amount of the CGU exceeded the carrying amount of the CGU. The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 3 to the financial statements.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: ● involving valuation specialists to assess the reasonableness of the valuation methodology, independently developing expectations, in particular, the discount rate, growth rates, and comparing the independent expectations to those used by management; ● challenging the cash flow forecasts used, by comparing to current market performance and expectations of future changes in the market; ● conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and ● performing sensitivity analysis around the key drivers of the cash flow forecasts. We have also reviewed the adequacy and appropriateness of the disclosures made in Note 3 to the financial statements.

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

17 December 2020

STATEMENTS OF **FINANCIAL POSITION**

30 September 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	9,193	8,314	3,787	4,455
Trade and other receivables	7	2,701	2,370	1,203	623
Contract assets	8	871	1,840	–	–
Inventories	9	2,228	2,743	–	–
Total current assets		14,993	15,267	4,990	5,078
Non-current assets					
Property, plant and equipment	10	2,685	3,355	–	–
Right-of-use assets	11	10,195	–	–	–
Intangible assets	12	1,501	1,940	–	–
Subsidiaries	13	–	–	4,240	4,040
Total non-current assets		14,381	5,295	4,240	4,040
Total assets		29,374	20,562	9,230	9,118
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	1,197	1,486	236	216
Contract liabilities	15	1,034	262	–	–
Lease liabilities	16	987	–	–	–
Income tax payable		203	192	12	11
Total current liabilities		3,421	1,940	248	227
Non-current liabilities					
Deferred tax liabilities	17	192	217	–	–
Lease liabilities	16	9,473	–	–	–
Other payables	14	335	412	–	–
Total non-current liabilities		10,000	629	–	–
Total liabilities		13,421	2,569	248	227
Capital, reserves and non-controlling interests					
Share capital	18	5,245	5,245	5,245	5,245
Reserves		8,973	11,039	3,737	3,646
Equity attributable to owners of the Company		14,218	16,284	8,982	8,891
Non-controlling interests		1,735	1,709	–	–
Total equity		15,953	17,993	8,982	8,891
Total liabilities and equity		29,374	20,562	9,230	9,118

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2020

	Note	Group 2020	Group 2019
		$'000	$'000
Revenue	19	14,282	14,260
Cost of sales		(9,839)	(10,016)
Gross profit		4,443	4,244
Other operating income	20	1,121	216
Marketing and distribution expenses		(326)	(458)
Administrative expenses		(5,241)	(5,420)
Other operating expenses		(625)	(347)
Interest revenue	21	20	32
Other gains and losses	22	(161)	8
Finance costs	23	(254)	–
Loss before tax		(1,023)	(1,725)
Income tax expense	24	(125)	(39)
Loss for the year	25	(1,148)	(1,764)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		15	(15)
Other comprehensive income (loss) for the year, net of tax		15	(15)
Total comprehensive loss for the year		(1,133)	(1,779)
(Loss) Profit attributable to:			
- Owners of the Company		(1,468)	(2,143)
- Non-controlling interests		320	379
		(1,148)	(1,764)
Total comprehensive (loss) income attributable to:			
- Owners of the Company		(1,453)	(2,158)
- Non-controlling interests		320	379
		(1,133)	(1,779)
Basic and diluted loss per share (cents)	26	(1.31)	(1.91)

See accompanying notes to financial statements.

Group	Share capital	Translation reserve	Capital reserves (Note 27)	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2018	5,245	(57)	277	19	13,518	19,002	1,624	20,626
Total comprehensive (loss) income for the year:								
(Loss) Profit for the year	–	–	–	–	(2,143)	(2,143)	379	(1,764)
Other comprehensive loss for the year	–	(15)	–	–	–	(15)	–	(15)
Total	–	(15)	–	–	(2,143)	(2,158)	379	(1,779)
Transactions with owners, recognised directly in equity:								
Dividends (Note 28)	–	–	–	–	(560)	(560)	–	(560)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	(294)	(294)
Total	–	–	–	–	(560)	(560)	(294)	(854)
Balance at 30 September 2019	5,245	(72)	277	19	10,815	16,284	1,709	17,993
Adjustment on adoption of SFRS(I) 16	–	–	–	–	(277)	(277)	–	(277)
Balance at 1 October 2019	5,245	(72)	277	19	10,538	16,007	1,709	17,716
Total comprehensive (loss) income for the year:								
(Loss) Profit for the year	–	–	–	–	(1,468)	(1,468)	320	(1,148)
Other comprehensive income for the year	–	15	–	–	–	15	–	15
Total	–	15	–	–	(1,468)	(1,453)	320	(1,133)
Transactions with owners, recognised directly in equity:								
Dividends (Note 28)	–	–	–	–	(336)	(336)	–	(336)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	(294)	(294)
Total	–	–	–	–	(336)	(336)	(294)	(630)
Balance at 30 September 2020	5,245	(57)	277	19	8,734	14,218	1,735	15,953

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY

Year ended 30 September 2020

Company	Share capital	Retained earnings	Total
	$'000	**$'000**	**$'000**
Balance at 1 October 2018	5,245	3,777	9,022
Profit for the year, representing total comprehensive income for the year	–	429	429
Transactions with owners, recognised directly in equity:			
Dividends (Note 28)	–	(560)	(560)
Balance at 30 September 2019	5,245	3,646	8,891
Profit for the year, representing total comprehensive income for the year	–	427	427
Transactions with owners, recognised directly in equity:			
Dividends (Note 28)	–	(336)	(336)
Balance at 30 September 2020	5,245	3,737	8,982

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 30 September 2020

	Group	
	2020	2019
	$'000	$'000
Operating activities		
Loss before tax	(1,023)	(1,725)
Adjustments for:		
Interest income	(20)	(32)
Interest expense on lease liabilities	254	–
Depreciation of property, plant and equipment	556	577
Depreciation of right-of-use assets	1,391	–
Amortisation of intangible assets	239	239
Loss allowance on trade receivables and contract assets, net	6	3
Allowance for inventory obsolescence	15	21
Inventory written-off	297	–
Loss on disposal of property, plant and equipment	130	10
Net foreign exchange losses (gains)	23	(16)
Amortisation of deferred grant income	(81)	(57)
Impairment loss on goodwill	200	–
Operating cash flows before movements in working capital	1,987	(980)
Inventories	203	(286)
Trade and other receivables	(331)	815
Contract assets	963	(88)
Trade and other payables	(271)	(281)
Contract liabilities	772	31
Cash generated from (used in) operations	3,323	(789)
Interest paid on lease liabilities	(254)	–
Income tax paid	(138)	(116)
Net cash from (used in) operating activities	2,931	(905)
Investing activities		
Purchase of property, plant and equipment	(112)	(139)
Proceeds from disposal of property, plant and equipment	96	2
Interest received	20	32
Net cash generated from (used in) investing activities	4	(105)
Financing activities		
Dividends paid	(336)	(560)
Dividends paid to non-controlling shareholders by subsidiary	(294)	(294)
Repayment of lease liabilities	(1,403)	–
Net cash used in financing activities	(2,033)	(854)
Net increase (decrease) in cash and cash equivalents	902	(1,864)
Cash and cash equivalents at beginning of year	8,314	10,162
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(23)	16
Cash and cash equivalents at end of year (Note 6)	9,193	8,314

See accompanying notes to financial statements.

1 GENERAL INFORMATION

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

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2020 were authorised for issue by the board of directors on 17 December 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On 1 October 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 October 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 October 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 October 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

On initial application of SFRS(I) 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

SFRS(I) 16 *Leases* (cont'd)

(b) Impact on lessee accounting (cont'd)

Former operating leases (cont'd)

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use assets and the lease liability are accounted for applying SFRS(I) 16 from 1 October 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 October 2019 is 2.3%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 30 September 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

SFRS(I) 16 *Leases* (cont'd)

(d) Financial impact of initial application of SFRS(I) 16 (cont'd)

	2020
	$'000
Operating lease commitments at 30 September 2019	13,174
Less: Short-term leases and leases of low value assets	(66)
Less: Effect of discounting the above amounts	(1,245)
Lease liabilities recognised at 1 October 2019	11,863

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, except for the right-of-use assets for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date. Consequently, right-of-use assets of $11,585,800 were recognised on 1 October 2019 and the net impact on retained earnings of $277,000 was recognised on 1 October 2019.

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

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

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 SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

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

- Liabilities or equity instruments related to share-based payment 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 SFRS(I) 2 *Share-based Payment* at the acquisition date; and

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

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 SFRS(I).

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.

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All 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 assets within the timeframe established by the market concerned.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Classification of financial assets

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

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

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

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

Amortised cost and effective interest method

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

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

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

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

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

Foreign exchange gains and losses

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

Impairment of financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Impairment of financial assets (cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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

Significant increase in credit risk

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Definition of default

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

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

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

Credit-impaired financial assets

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

a) significant financial difficulty of the debtor; or

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Financial liabilities</u>

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

<u>Other financial liabilities</u>

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

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

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

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

<u>Derecognition of financial liabilities</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

LEASES (BEFORE 1 OCTOBER 2019)

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.

<u>The Group as lessor</u>

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.

<u>The Group as lessee</u>

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.

LEASES (FROM 1 OCTOBER 2019)

<u>The Group as lessor</u>

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (FROM 1 OCTOBER 2019) (cont'd)

The Group as lessee

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (FROM 1 OCTOBER 2019) (cont'd)

The Group as lessee (cont'd)

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

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

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

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

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

Depreciation is 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

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.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOODWILL (cont'd)

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

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

INTANGIBLE ASSETS - Intangible assets acquired 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 EXCLUDING GOODWILL - 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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS (cont'd)

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

Sale of doors and shutter systems

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

Payment for the delivery and installation of the doors and shutter systems is not due from the customer until the customer certifies the installed doors and therefore, a contract asset is recognised for the delivery and installations performed. The contract asset is reclassified to trade receivables when the customer certifies the installed doors as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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

Trading of production component

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

Service and maintenance works

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Dividend income

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

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.

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 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.

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.

<u>Loss allowance</u>

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

Management made a full loss allowance of $457,000 (2019 : $462,000) for an outstanding receivable of $457,000 (2019 : $462,000), which was under legal action.

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

As at 30 September 2020, the Group has trade receivables amounting to $2,252,000 (2019 : $1,920,000) net of allowance amounting to $1,278,000 (2019 : $1,278,000) and contract assets amounting to $871,000 (2019 : $1,840,000) net of allowance amounting to $199,000 (2019 : $193,000).

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

<u>Impairment of goodwill</u>

The recoverable amount is based on the value in use of the cash-generating unit. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates. The carrying amount of goodwill at the end of the reporting period was $659,000 (2019 : $859,000) after impairment loss of $200,000 (2019 : $Nil) was recognised during the financial year. Details of the impairment assessment are provided in Note 12.

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

Key sources of estimation uncertainty (cont'd)

Allowance for inventory obsolescence

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

Based on management's as sessment, an allowance for inventory obsolescence of $15,000 (2019 : $21,000) and a write-off of $297,000 (2019 : $Nil) was made as at 30 September 2020. The carrying amount of inventory is disclosed in Note 9 to the financial statements.

Impairment of non-current assets

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

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

The rate used to discount the cash flow forecasts from the subsidiary is 10.5% (2019 : 8.7%). As at 30 September 2020, any reasonably possibly change to the key assumptions applied is not likely to result in the recoverable amount to be lower than the carrying amount of the cash-generating unit.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at amortised cost	11,605	10,283	4,975	5,063
Financial liabilities at amortised cost	998	1,429	236	216
Lease liabilities	10,460	–	–	–

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

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

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

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

The Company's netting arrangement are as follows:

As at 30 September 2020

Financial assets	**a** **Gross amounts of recognised financial asset**	**b** **Gross amounts of recognised financial liabilities set off in the statement of financial position**	**c = a - b** **Net amounts of financial assets presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade receivable due from a subsidiary	2,651	1,463	1,188
	2,651	1,463	1,188

Financial liabilities	**a** **Gross amounts of recognised financial liabilities**	**b** **Gross amounts of recognised financial assets set off in the statement of financial position**	**c = a - b** **Net amounts of financial liabilities presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade payable due to a subsidiary	1,463	(1,463)	–
	1,463	(1,463)	–

As at 30 September 2019

Financial assets	**a** **Gross amounts of recognised financial asset**	**b** **Gross amounts of recognised financial liabilities set off in the statement of financial position**	**c = a - b** **Net amounts of financial assets presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade receivable due from a subsidiary	1,339	(731)	608
	1,339	(731)	608

Financial liabilities	**a** **Gross amounts of recognised financial liabilities**	**b** **Gross amounts of recognised financial assets set off in the statement of financial position**	**c = a - b** **Net amounts of financial liabilities presented in the statement of financial position**
	$'000	**$'000**	**$'000**
Trade payable due to a subsidiary	731	(731)	–
	731	(731)	–

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

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

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

(c) Financial risk management policies and objectives

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

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

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

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollar, Euro and Swiss Franc 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States dollar	2,647	2,269	36	86
Euro	126	231	3	6
Swiss Franc	–	45	–	–

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

(a) *Foreign currency sensitivity*

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

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)

(a) *Foreign currency sensitivity (cont'd)*

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

	United States dollar impact		Euro impact		Swiss Franc impact	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Loss	261	218	12	22	–	4

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

(ii) Interest rate risk management

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

(iii) Credit risk management

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

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

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

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

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

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

(iii) Credit risk management (cont'd)

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

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

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

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

	Note	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
				$'000	**$'000**	**$'000**
Group						
30 September 2020						
Trade receivables due from third parties	7	(i)	Lifetime ECL (simplified approach)	3,530	(1,278)	2,252
Other receivables due from third parties	7	Performing	12–month ECL	111	–	111
Deposits	7	Performing	12–month ECL	49	–	49
Contract assets	8	(i)	Lifetime ECL (simplified approach)	1,070	(199)	871
					(1,477)	

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

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

(iii) Credit risk management (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
30 September 2019						
Trade receivables due from third parties	7	(i)	Lifetime ECL (simplified approach)	3,198	(1,278)	1,920
Other receivables due from third parties	7	Performing	12–month ECL	1	–	1
Deposits	7	Performing	12–month ECL	48	–	48
Contract assets	8	(i)	Lifetime ECL (simplified approach)	2,033	(193)	1,840
					(1,471)	

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company						
September 30, 2020						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	1,188	–	1,188
September 30, 2019						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	608	–	608

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

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

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 minimises liquidity risk by keeping committed credit lines available.

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

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
30 September 2020						
Financial liabilities	–	998	–	–	–	998
Lease liabilities	2.3%	1,214	5,822	4,417	(993)	10,460
		2,212	5,822	4,417	(993)	11,458
30 September 2019						
Financial liabilities	–	1,429	–	–	–	1,429

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Company						
30 September 2020						
Financial liabilities	–	236	–	–	–	236
30 September 2019						
Financial liabilities	–	216	–	–	–	216

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

(v) Fair value of financial assets and financial liabilities

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

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

(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 2019.

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

5 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

Compensation of directors and key management personnel

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

	Group	
	2020	2019
	$'000	$'000
Short-term benefits	1,405	1,421
Post-employment benefits	76	77
	1,481	1,498

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash on hand	1	2	*	*
Cash at banks	5,533	3,672	167	852
Bank deposits	3,659	4,640	3,620	3,603
	9,193	8,314	3,787	4,455

* Less than $1,000.

Bank deposits bear an average effective interest rate of 0.50% (2019 : 0.60%) per annum.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables due from third parties	3,530	3,198	–	–
Less: Loss allowance	(1,278)	(1,278)	–	–
	2,252	1,920	–	–
Trade receivables due from a subsidiary	–	–	1,188	608
Other receivables due from third parties	11	1	–	–
Grant receivable	100	–	–	–
Deposits	49	48	–	–
Prepayments	196	148	15	15
Advances to supplier	93	253	–	–
	2,701	2,370	1,203	623

The average credit period for trade receivables is approximately 30 to 60 days (2019 : 30 to 60 days). No interest is charged on the outstanding trade receivables.

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

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

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

Grant receivable relates to the Job Support Scheme receivable due from the Singapore Government to provide wage support to employers to help retain their local employees during this period of economic uncertainty.

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current	881	1,105	280	608
Past due				
< 1 month	261	441	–	–
1 month to 3 months	141	355	–	–
3 months to 6 months	77	6	300	–
6 months to 12 months	892	12	–	–
> 12 months	1,278	1,279	608	–
	3,530	3,198	1,188	608

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

7 TRADE AND OTHER RECEIVABLES (cont'd)

Other receivables

Receivables from subsidiaries and third parties are unsecured, interest-free and repayable on demand.

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

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

8 CONTRACT ASSETS

	Group	
	2020	**2019**
	$'000	**$'000**
Contract assets	1,070	2,033
Less: Loss allowance	(199)	(193)
	871	1,840
Analysed as current	871	1,840

A contract asset is recognised over the period in which delivery and installations are performed, representing the Group's right to consideration for the performance obligation completed to date. However, payment for the delivery and installation of the doors and shutter systems is not due from the customer until the customer certifies the installed doors. The contract asset is then reclassified to trade receivables when the customer certifies the installed doors as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

There was a decrease in contract assets during the reporting period. This is due to the fewer delivery and installations performed in the second half of the year, reclassification to trade receivables when the customer certifies the installed doors as well as the on-going COVID-19 safe distancing and control measures that have impeded the progress of the Group's doors and shutter system projects.

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

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

8 CONTRACT ASSETS (cont'd)

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

	Individually assessed - lifetime ECL - credit-impaired
	$'000
Balance as at 1 October 2018	190
Change in loss allowance	3
Balance as at 30 September 2019	193
Change in loss allowance	6
Balance as at 30 September 2020	199

9 INVENTORIES

	Group	
	2020	2019
	$'000	$'000
Raw materials	1,808	2,415
Finished goods	420	328
	2,228	2,743

During the year, an allowance for inventory obsolescence of $15,000 (2019 : $21,000) was made and inventory of $297,000 (2019 : $Nil) was written-off.

10 PROPERTY, PLANT AND EQUIPMENT

	Renovations	Furniture and fittings	Computers	Motor vehicles	Machinery and equipment	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At 1 October 2018	840	354	282	1,231	3,461	171	6,339
Additions	–	1	8	–	130	–	139
Disposals	–	(3)	–	(58)	(4)	(31)	(96)
At 30 September 2019	840	352	290	1,173	3,587	140	6,382
Additions	–	–	21	–	87	4	112
Disposals	–	–	(12)	(127)	(433)	–	(572)
At 30 September 2020	840	352	299	1,046	3,241	144	5,922
Accumulated depreciation:							
At 1 October 2018	241	137	227	448	1,425	56	2,534
Depreciation	89	35	30	105	303	15	577
Disposals	–	(3)	–	(58)	(3)	(20)	(84)
At 30 September 2019	330	169	257	495	1,725	51	3,027
Depreciation	86	35	30	105	286	14	556
Disposals	–	–	(12)	(127)	(207)	–	(346)
At 30 September 2020	416	204	275	473	1,804	65	3,237
Carrying amount:							
At 30 September 2020	424	148	24	573	1,437	79	2,685
At 30 September 2019	510	183	33	678	1,862	89	3,355

11 RIGHT-OF-USE ASSETS

The Group leases leasehold buildings, motor vehicles and office equipment. The average lease term is 1 -10 years (2019 : 1 - 10 years).

	Leasehold buildings	Motor vehicles	Office equipment	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 October 2019 and 30 September 2020	13,004	131	41	13,176
Accumulated depreciation:				
At 1 October 2019	1,506	76	8	1,590
Depreciation	1,339	44	8	1,391
At 30 September 2020	2,845	120	16	2,981
Carrying amount:				
At 30 September 2020	10,159	11	25	10,195

12 INTANGIBLE ASSETS

	Patent	Goodwill	Other intangibles	Total
	$'000	$'000	$'000	$'000
<u>Group</u>				
Cost:				
At 1 October 2018, 30 September 2019 and 2020	1,698	859	824	3,381
Accumulated amortisation:				
At 1 October 2018	715	–	487	1,202
Amortisation	94	–	145	239
At 30 September 2019	809	–	632	1,441
Amortisation	94	–	145	239
At 30 September 2020	903	–	777	1,680
Impairment:				
Impairment loss recognised in the year ended 30 September 2020 and balance at 30 September 2020	–	200	–	200
Carrying amount:				
At 30 September 2020	795	659	47	1,501
At 30 September 2019	889	859	192	1,940

(a) Goodwill and other intangibles arise from the acquisition of a subsidiary, Grimm Industries Pte. Ltd ("**Grimm**") during the financial year 2016.

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

(c) Other intangibles comprise of customer relationships of $722,000 and order backlog of $102,000. The useful life of customer relationships is estimated to be 5 years and order backlog has been fully amortised in 2016.

(d) The amortisation expenses have been included in the line item "administrative expenses" in profit or loss.

(e) Goodwill acquired in a business combination is allocated to the cash generating units ("**CGUs**") that are expected to benefit from that business combination.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years based on estimated revenue from 2021 to 2025 and estimated growth rate of 1.0% beyond 5 years. The rate does not exceed the average long-term growth rate for the relevant markets.

12 INTANGIBLE ASSETS (cont'd)

The rate used to discount the cash flow forecasts for Grimm is 11.9% (2019 : 11.0%). In view of the overall weakness in the business environment, especially in the Europe market amid the COVID-19 pandemic, the Group has revised its cash flow forecasts for Grimm to reflect lower budgeted earnings before interest, tax and depreciation in 2021-2025 and a delay in return to the pre-crisis levels of turnover and profitability. The carrying value of goodwill has been reduced to $659,000 (2019 : $859,000) through a recognition of an impairment loss on goodwill of $200,000 (2019 : $Nil). The impairment loss has been included in "other operating expenses" in profit or loss.

Holding all other assumptions constant, if the discount rate is 100 basis points higher (lower), the impairment loss would increase by $90,000 (decrease by $105,000). In the prior year, any reasonably possible change in the discount rate was not likely to cause any impairment loss on goodwill.

13 SUBSIDIARIES

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost	4,240	4,040

(i) Details of the Groups subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held Principal activities		
		2020	2019	
		%	%	
Held by the Company				
Gliderol Doors (S) Pte. Ltd. (1)	Singapore	100	100	Manufacture of metal doors, window and door frames, grilles and gratings.
Grimm Industries Pte. Ltd. (1)	Singapore	51	51	Trading of production components.
Homegardd Pte. Ltd. (1) (2)	Singapore	100	–	Retail sale of metal doors via the internet.
Held by Gliderol Doors (S) Pte. Ltd.				
Gliderol International (ME) FZE	United Arab Emirates	100	100	Dormant.

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) During the year, Homegardd Pte. Ltd. was incorporated by the Company with a capital of $200,000.

13 SUBSIDIARIES (cont'd)

(ii) The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
		%	%	$'000	$'000	$'000	$'000
Grimm Industries Pte. Ltd.	Singapore	49	49	320	379	1,735	1,709

(iii) Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Grimm Industries Pte. Ltd.	
	2020	2019
	$'000	$'000
Current assets	3,289	3,081
Non-current assets	93	43
Current liabilities	(378)	(321)
Non-current liabilities	(8)	(3)

	2020	2019
	$'000	$'000
Revenue	5,820	6,385
Expenses	(5,022)	(5,612)
Profit for the year	798	773
Profit attributable to owners of the company	478	394
Profit attributable to the non-controlling interests	320	379
Profit for the year	798	773
Other comprehensive income attributable to owners of the company	–	–
Other comprehensive income attributable to non-controlling interests	–	–
Other comprehensive income	–	–
Total comprehensive income attributable to owners of the company	478	394
Total comprehensive income attributable to non-controlling interests	320	379
Total comprehensive income for the year	798	773
Dividend paid to non-controlling interests	294	294
Net cash inflow from operating activities	1,251	814
Net cash outflow from investing activities	(11)	(9)
Net cash outflow from financing activities	(650)	(599)
Net cash inflow	590	206

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables due to third parties	152	447	49	38
Accruals and other payables	846	982	187	178
Deferred grant income	534	469	–	–
	1,532	1,898	236	216
Less: Non-current deferred grant income	(335)	(412)	–	–
	1,197	1,486	236	216

The average credit period for trade payables is 30 to 60 days (2019 : 30 to 60 days). No interest is charged on the outstanding balances.

Included in the deferred grant income is government grant income relating to Job Support Scheme of $145,000 (2019 : $Nil) granted to certain subsidiaries of the Group by the Singapore government which is intended to defray certain manpower costs between the periods from April 2020 to January 2021.

15 CONTRACT LIABILITIES

	Group	
	2020	2019
	$'000	$'000
Contract liabilities	1,034	262
Analysed as current	1,034	262

Contract liabilities related to the Group's obligation to deliver and install the doors and shutter systems for which the Group has received or yet to receive the consideration from customer. Contract liabilities are recognised as revenue when control of the goods has transferred to the customer, being at the point the doors and shutter systems are delivered to the customer.

There was an increase in contract liabilities during the reporting period. This is due to the increase in the Group's obligation to transfer the goods or services to customers as the Group has a higher amount of consideration due from the customers during the year. This increase is also due to the fewer delivery and installations completed during the second half of the year.

The following table shows how much of the revenue recognised in the current reporting period that relates to brought–forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Group's revenue recognised that was included in the contract liability balance at the beginning of the period is as follows:

	Group	
	2020	2019
	$'000	$'000
Contract liabilities in prior reporting period recognised as revenue in current reporting period	262	231

16 LEASE LIABILITIES

Lease liabilities
(Disclosure required by SFRS(I) 16)

	Group 2020
	$'000
Year 1	1,214
Year 2	1,397
Year 3	1,450
Year 4	1,459
Year 5	1,516
Year 6 onwards	4,417
	11,453
Less: Unearned interest	(993)
	10,460
Analysed as:	
Current	987
Non-current	9,473
	10,460

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The fair value of the Group's lease obligations approximates their carrying amounts.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	30 September 2019	Adoption of SFRS(I) 16	1 October 2019	Financing cash flows	New lease liabilities	30 September 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	–	11,863	11,863	(1,403)	–	10,460

17 DEFERRED TAX LIABILITIES

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

	Group
	$'000
At 1 October 2018	334
Credit to profit or loss for the year (Note 24)	(117)
At 30 September 2019	217
Credit to profit or loss for the year (Note 24)	(25)
At 30 September 2020	192

18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Issued and paid up	
	2020	2019	2020	2019
	'000	'000	$'000	$'000
Issued and paid up:				
At the beginning and end of the year	112,000	112,000	5,245	5,245

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

19 REVENUE

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2020	2019
	$'000	$'000
Type of revenue		
Sale of doors and shutter systems	6,418	5,625
Trading of production components	5,643	6,272
Service and maintenance works	2,221	2,363
	14,282	14,260
Revenue recognised at a point in time:		
Sale of doors and shutter systems	6,418	5,625
Trading of production components	5,643	6,272
Service and maintenance works	2,221	2,363
	14,282	14,260

20 OTHER OPERATING INCOME

	Group	
	2020	2019
	$'000	$'000
Rental income	–	5
Sundry income	109	77
Government grant income	931	77
Amortisation of deferred income	81	57
	1,121	216

Government grant income represents support provided from government grants and relief related to the COVID-19 pandemic such as the Jobs Support Scheme, rental reliefs and foreign workers levy as well as grants received to support qualified research and development activities and various wage and employment credit schemes.

21 INTEREST REVENUE

	Group	
	2020	2019
	$'000	$'000
Interest income from bank deposits	20	32

22 OTHER GAINS AND LOSSES

	Group	
	2020	2019
	$'000	$'000
Loss on disposal of property, plant and equipment	130	10
Net foreign exchange losses (gains)	31	(18)
	161	(8)

23 FINANCE COSTS

	Group	
	2020	2019
	$'000	$'000
Interest expense on lease liabilities	254	–

24 INCOME TAX EXPENSE

	Group 2020 $'000	Group 2019 $'000
Income tax expense comprises:		
- Current tax expense	150	150
- Deferred tax benefit (Note 17)	(25)	(117)
- Adjustments recognised in the current year in relation to current tax of prior years	–	6
Total income tax expense	125	39

Domestic income tax is calculated at 17% (2019 : 17%) of the estimated assessable profit for the year.

	Group 2020 $'000	Group 2019 $'000
Numerical reconciliation of income tax expense		
Loss before tax	(1,023)	(1,725)
Income tax benefit calculated at 17% (2019 : 17%)	(174)	(293)
Effect of income that is exempt from taxation	(25)	(21)
Effect of expenses that are not deductible in determining taxable profit	13	15
Impairment loss on goodwill that are not deductible	34	–
Adjustments recognised in the current year in relation to current tax of prior years	–	6
Effect of unused tax losses not recognised as deferred tax assets	302	340
Others	(25)	(8)
Income tax expense	125	39

Deferred tax assets have not been recognised on unabsorbed tax losses of approximately $1,776,000 (2019 : $2,003,000).

The unabsorbed tax losses are allowed to be carried forward and used to offset against future taxable profits of a subsidiary in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in Singapore. Deferred tax assets have not been recognised due to the uncertainty on whether all conditions imposed by law in relation to the utilisation of the deferred tax asset will be met.

25 LOSS FOR THE YEAR

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

	Group	
	2020	2019
	$'000	$'000
Cost of inventories recognised as expenses	6,567	6,477
Loss allowance on trade receivables and contract assets, net	6	3
Allowance for inventory obsolescence	15	21
Inventory written-off	297	–
Depreciation of property, plant and equipment	556	577
Depreciation of right-of-use assets	1,391	–
Amortisation of intangible assets	239	239
Rental expense on leases	97	1,512
Net foreign exchange losses (gains)	31	(18)
Impairment loss on goodwill	200	–
Audit fees:		
- paid to auditors of the Company	105	111
Non-audit fees:		
- paid to auditors of the Company	26	29
Aggregate amount of fees paid to auditors	131	140
Directors' remuneration:		
- of the Company	733	740
- of the subsidiaries	139	141
Total directors' remuneration	872	881
Employee benefits expense (including directors' remuneration)		
Defined contribution plans	283	323
Salaries and related expenses	4,493	4,896
Total employee benefits expense	4,776	5,219

26 LOSS PER SHARE

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

	Group	
	2020	**2019**
	$'000	**$'000**
Loss		
Loss attributable to owners of the Company	1,468	2,143

	Group	
	2020	**2019**
	'000	**'000**
Number of shares		
Weighted average number of ordinary shares for the purpose of loss per share	112,000	112,000

There were no dilutive equity instruments for 2020 and 2019.

27 CAPITAL RESERVES

	Group		
	Acquisition deficit[1]	**Deemed capital contribution[2]**	**Total**
	$'000	**$'000**	**$'000**
At beginning and end of the year	(73)	350	277

The capital reserves represent:

(1) acquisition deficit arising from the changes in the Group's ownership interest in a subsidiary that did not result in change of control; and

(2) deemed capital contribution from former shareholders of Gliderol International (ME) FZE.

28 DIVIDENDS

On 7 February 2020, the Company paid a final tax-exempt (one-tier) dividend of $0.003 per ordinary share totalling $336,000 to the shareholders of the Company for the financial year ended 30 September 2019. On 8 February 2019, the Company paid a final tax-exempt (one-tier) dividend of $0.005 per ordinary share, totalling $560,000 to the shareholders for the financial year ended 30 September 2018.

The directors do not recommend any dividend for the financial year ended 30 September 2020.

29 GUARANTEES

Guarantees arising from investment in a subsidiary are as follows:

	Company	
	2020	**2019**
	$'000	**$'000**
Guarantees given to a bank in respect of banking facilities granted to a subsidiary:		
- Utilised	1,021	1,364
- Unutilised	2,204	1,861
	3,225	3,225

30 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Disclosure required by SFRS(I) 16

At 30 September 2020, the Group is committed to $152,880 for leases.

Disclosure required by SFRS(I) 1-17

	Group
	2019
	$'000
Minimum lease payments under operating leases recognised as an expense	1,512

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

	Group
	2019
	$'000
Within one year	1,491
In the second to fifth years inclusive	5,750
After five years	5,933
	13,174

Operating lease payments represent rentals payable by the Group for its office and manufacturing premises, workers dormitory and motor vehicles. The leases are negotiated for terms between 1 to 10 years and rentals have varying terms and escalation clauses to reflect current market rental and value.

31 SEGMENT INFORMATION

By business segment

The Group operates and manages its business primarily as a single operating segment in the manufacture, supply of doors and shutter systems, supply of production components products and provision of service and maintenance works. As such, no operating segmental revenue has been prepared. The Group's chief operating decision maker reviews the consolidated results prepared based on the Group's accounting policies when making decisions, including the allocation of resources and assessment of performance of the Group.

By geographical segment

The Group operates mainly in the geographical areas of Singapore, Europe, Australia, United States of America, 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	
	2020	**2019**
	$'000	**$'000**
Revenue from external customers (based on location of products delivered)		
Singapore	8,184	7,304
Europe	4,562	5,050
Australia	640	857
United States of America	309	263
Middle East	278	381
Greater China	77	214
Others *	232	191
	14,282	14,260

* Others include Myanmar, Mauritius, Brunei, Malaysia, Indonesia, Thailand, Maldives and India.

	Group	
	2020	**2019**
	$'000	**$'000**
Non-current assets (based on location of assets)		
Singapore	14,381	5,295

32 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but are not yet effective:

Effective for annual periods beginning on or after January 1, 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective for annual periods beginning on or after June 1, 2020

- Amendments to SFRS(I) 16 *Leases: COVID-19 Related Rent Concessions*

Effective for annual periods beginning on or after January 1, 2022

- Amendments to SFRS(I) 3 *Business Combinations: Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use*
- Annual improvement to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after January 1, 2023

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of liabilities as Current or Non-current*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*

The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
- provide additional guidance on determining whether a substantive process has been acquired.
- removed the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.
- removed the reference to the ability to reduce costs from the definition of business and of outputs.
- introduced an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business - it is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amendments will be applied prospectively to all business combinations and assets acquisitions for which the acquisition date is on or after January 1, 2020.

Issued and fully paid-up capital	:	S$5,480,000**
Number of shares issued	:	112,000,000 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
Number of subsidary holding	:	Nil

** This is based on records kept with the Accounting and Corporate Regulatory Authority ("**ACRA**") and differs from the accounting records of the Company which is $5,244,520 due to certain share issue expenses.

Analysis of Shareholders

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	%	No. of shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	128	52.25	125,200	0.11
1,001 - 10,000	49	20.00	211,800	0.19
10,001 - 1,000,000	63	25.71	9,050,300	8.08
1,000,001 and above	5	2.04	102,612,700	91.62
TOTAL	**245**	**100.00**	**112,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	D'Oasis Pte. Ltd.	88,500,000	79.02
2	UOB Kay Hian Private Limited	6,464,700	5.77
3	DB Nominees (Singapore) Pte Ltd	3,106,000	2.77
4	Raffles Nominees (Pte.) Limited	3,079,000	2.75
5	Lim Teck Chuan	1,463,000	1.31
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	775,000	0.69
7	Citibank Nominees Singapore Pte Ltd	600,000	0.54
8	DBS Nominees (Private) Limited	506,600	0.45
9	Siah Iek Hoi	500,000	0.45
10	United Overseas Bank Nominees (Private) Limited	500,000	0.45
11	Lee Pei Fang	498,000	0.44
12	Chua Kim Yan	400,000	0.36
13	Neo Aik Cheng	400,000	0.36
14	Ong Keow Hiong	400,000	0.36
15	Seah Chiong Soon	360,000	0.32
16	Lee Hui-Ling (Li Huiling)	270,900	0.24
17	Arleen Sanny	250,000	0.22
18	Lim Mui Guek	250,000	0.22
19	Suan Tju	220,000	0.20
20	Lee Wee Thuang	204,000	0.18
	TOTAL	**108,747,200**	**97.10**

STATISTICS OF
SHAREHOLDINGS

As at 7 December 2020

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	–	–
Michael Wong Lok Yung [1]	–	–	88,500,000	79.02

Note:

(1) Mr Michael Wong Lok Yung owns 90 ordinary shares representing 90.0% of the issued share capital of D'Oasis Pte. Ltd. Accordingly, Mr Michael Wong Lok Yung is deemed to be interested in all the shares held by D'Oasis Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided, to the best knowledge of the Directors and the substantial shareholder of the Company, 20.55% of the issued ordinary shares of the Company is held in the hands of the public as at 7 December 2020. 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 ("**AGM**") of GDS GLOBAL LIMITED (the "**Company**") will be held via electronic means on Friday, 22 January 2021 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 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the sum of S$130,000/- as Directors' fees for the financial year ending 30 September 2021 and the payment thereof on a half yearly basis. **(Resolution 2)**

3. To re-elect Mr Wu Chiaw Ching ("**Mr Wu**"), who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (i)] **(Resolution 3)**

4. That contingent upon the passing of Ordinary Resolution 3 above, shareholders to approve Mr Wu's continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii)(A) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), and such Resolution shall remain in force until the earlier of the following: (i) Mr Wu's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.
[See explanatory Note (ii)] **(Resolution 4)**

5. That contingent upon the passing of Ordinary Resolutions 3 and 4 above, shareholders (excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and the respective associates of such Directors and CEO) to approve Mr Wu's continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii)(B) of the Catalist Rules, and such Resolution shall remain in force until the earlier of the following: (i) Mr Wu's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.
[See explanatory note (ii)] **(Resolution 5)**

6. To re-elect Mr Tan Soon Liang, who is retiring by rotation in accordance with Regulation 118 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (iii)] **(Resolution 6)**

7. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. 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 Resolution, with or without modifications:

9. **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 Catalist Rules and the Constitution of the Company, authority be and is hereby given to the Directors to (i) issue shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

   (a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (a) above, the percentage of shares that may be issued shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities; and (ii) any subsequent bonus issue, consolidation or sub-division of shares;

(c) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next 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 (iv)] **(Resolution 8)**

By Order of the Board

Yeoh Kar Choo Sharon

Company Secretary
Singapore, 30 December 2020

Explanatory Notes:

(i) Mr Wu Chiaw Ching ("**Mr Wu**"), if re-elected, will remain as the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. The Board of Directors ("**Board**") of the Company considers Mr Wu to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Wu (including information as set out in Appendix 7F of the Catalist Rules) can be found under "Board of Directors" and "Corporate Governance" of this annual report.

(ii) Ordinary Resolutions 4 and 5 are subject to the continued appointment of Mr Wu as a Director of the Company. Mr Wu has served as an Independent Director since 21 March 2013 and has submitted himself for a two-tier voting process in accordance with Rule 406(3)(d)(iii) of the Catalist Rules which has yet to come into effect. Rule 406(3)(d)(iii) of the Catalist Rules will take effect on 1 January 2022.

The Company has decided to early adopt the practice of two-tier voting process. For the purpose of Ordinary Resolutions 4 and 5, in accordance with Rule 406(3)(d)(iii) of the Catalist Rules, the Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

Ordinary Resolutions 4 and 5, if passed, will remain in force until the earlier of the following: (i) the retirement or resignation of Mr Wu; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of such resolutions.

The Board of the Company and the Nominating Committee have evaluated the participation of Mr Wu at board and committee meetings and determined that he continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently.

(iii) Mr Tan Soon Liang, if re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. The Board of Directors of the Company considers Mr Tan Soon Liang to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(iv) Ordinary Resolution 8, 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 and subsidiary holdings), of which the total number of shares issued other than on a pro rata basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holding). This authority will, unless previously revoked or varied at a general meeting, expire at the next 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. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Due to the current COVID-19 restriction orders in Singapore, Members will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

3. Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast via their mobile phones, tablets or computers. In order to do so, Members must pre-register at the Company's pre-registration website at the URL **https://agm.conveneagm.com/gdsglobal** by 20 January 2021, 10.00 a.m. ("**Registration Deadline**"), to enable the verification of Members' status.

   Corporate shareholders must also submit the Corporate Representative Certificate to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at **srs.teamd@boardroomlimited.com** in addition to the registration procedures as set out in paragraph above, by 20 January 2021, 10.00 a.m., for verification purpose.

   Following the verification, authenticated Members will receive an email, which will contain the login instructions, password as well as the link to access the live audio-visual webcast of the AGM proceedings, by 21 January 2021, 12 noon. Members who do not receive an email by 21 January 2021, 12 noon, but have registered by the Registration Deadline should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. via email at **srs.teamd@boardroomlimited.com** or call the general telephone number at +65 6230 9580/586 during office hours for assistance.

   Members must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM to avoid any technical disruptions or overload to the live audio-visual webcast.

4. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. In order to do so, their questions must be submitted via the Company's pre-registration website at the URL **https://agm.conveneagm.com/gdsglobal** by the Registration Deadline, being 20 January 2021, 10.00 a.m.

   The Company will endeavour to address all substantial and relevant questions submitted in advance of the AGM prior to or during the AGM. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website within 1 month after the date of the AGM.

   Members will not be able to ask questions during the AGM held via live audio-visual webcast, and therefore it is important for Members who wish to ask questions to submit their questions in advance of the AGM.

5. Due to the current COVID-19 restriction orders in Singapore, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.

   In appointing the Chairman of the AGM as proxy, a Member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to in the following manner:

   (a) if submitted by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at **srs.teamd@boardroomlimited.com**.

   in either case, by the Registration Deadline, 20 January 2021, 10.00 a.m., being no later than 48 hours before the time fixed for the AGM.

   A Member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the COVID-19 restriction orders in Singapore and the related safe distancing measures which may make it difficult for Members to submit completed Proxy Forms by post, Members are strongly encouraged to submit completed Proxy Forms electronically via email.

7. Members who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast; (b) submitting questions in advance of the AGM; and/ or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks or SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

   In addition, CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 12 January 2021, being 7 working days before the date of the AGM.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50:

   (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 license 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 Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. The Chairman of the AGM, as proxy, need not be a Member of the Company

9. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised check the announcement on SGXNet for the latest updates on the status of the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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.

*This notice has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*

GDS GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No: 201217895H

PROXY FORM

IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
4. If a CPF or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes by 12 January 2021, being 7 working days before the date of the AGM.
5. Please read the AGM notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a Member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____

being a member /members of **GDS GLOBAL LIMITED** hereby appoint the Chairman as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held **via electronic means** on **Friday, 22 January 2021 at 10.00 a.m.** and at any adjournment thereof.

I/We direct my/our proxy to vote for, against or to abstain from voting 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 appointment of the Chairman of the AGM as proxy for that Resolution will be treated as invalid.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Resolutions Relating To:	For	Against	Abstain
AS ORDINARY BUSINESS				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2020			
2	Approval of Directors' fees for the financial year ending 30 September 2021			
3	Re-election of Mr Wu Chiaw Ching as a Director			
4	Approval of Mr Wu Chiaw Ching's continued appointment as an Independent Director by all shareholders			
5	Approval of Mr Wu Chiaw Ching's continued appointment as an Independent Director by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
6	Re-election of Mr Tan Soon Liang as a Director			
7	Re-appointment of Deloitte & Touche LLP as Auditors			
AS SPECIAL BUSINESS				
8	Authority to issue new shares			

Dated this __________ day of __________________ 2021

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1 Due to the current COVID-19 restriction orders in Singapore, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2 Members who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks or SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 12 January 2021, being 7 working days before the date of the AGM.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50:

(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 license 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 Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3 The Chairman of the AGM, as proxy, need not be a Member of the Company.

4 The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised. Where the instrument appointing Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

6 The Proxy Form must be submitted to in the following manner

(a) if submitted by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 or

(b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at **srs.teamd@boardroomlimited.com**.

in either case, by 20 January 2021, 10.00 a.m., being 48 hours before the time fixed for the AGM.

A Member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 December 2020.

GDS Global Limited

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