GDS Global Limited

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GDS Global Limited

REINFORCING OUR FOUNDATION

ANNUAL REPORT 2019

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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
- Model IFPS series fire insulated panel shutters

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 trades 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 present to you the annual report of GDS for the financial year ended 30 September 2019 ("**FY2019**"), a year during which we continued to reinforce our foundation to build a more resilient GDS.

Little had changed in FY2019's operating environment from the preceding year. With lingering uncertainty surrounding the European Union, US and China, the world's three largest economies, prospects for world trade growth remain muted. Export-driven economies including Japan, South Korea, Taiwan and Singapore are also experiencing either a slowdown or a contraction as a result of diminished sales amid ongoing geopolitical tensions, such as the US-China trade war and Brexit. At the same time, competition and price pressures in the doors and shutter systems industry remain.

Reflecting this challenging environment, the Group recorded a net loss of S$1.76 million on revenue of S$14.26 million in FY2019, against a net loss of S$0.63 million and revenue of S$17.74 million in the financial year ended 30 September 2018 ("**FY2018**"). Our revenue was largely weighed down by lower sales of our doors and shutter systems across most of our markets.

Nevertheless, our operations and collections remain progressive and healthy. As at 30 September 2019, we have cash and cash equivalents of S$8.31 million which puts us in a good financial position to ride out this period, and explore suitable opportunities should they ensue.

In appreciation of the continued support from our shareholders, the Board is pleased to propose a first and final dividend of 0.3 Singapore cent per ordinary share for FY2019.

Key Developments in FY2019

There were a few key developments in FY2019. For a start, the launch of our second generation Insulated Fire Roller Shutters ("**IFS-2G**") was met with positive response. The IFS-2G features an innovative method of lining steel curtain slats with insulation materials that will allow frequent shutter operations without stretching or tearing the insulation lining. It is also able to meet all the stringent regulatory requirements and performance criteria at affordable prices. Market interest has been encouraging since we launched this product in mid-2019, with the IFS-2G already contributing approximately 18% of our FY2019 doors and shutter systems revenue.

In keeping with our innovative edge, we continued to push the boundaries in research and development in FY2019, resulting in new shutter products that we believe have strong relevance and appeal to many markets. Right now, they are in various late stages of development and we hope to roll them out in the next 12 months subject to market and other commercial considerations.

At the same time, GDS was selected to provide doors and shutter systems for a number of prominent industrial, commercial and homeland security projects in Singapore. The trust placed in us to handle these jobs underscores the quality and performance levels of the products we offer.

Completed projects include Singapore Changi Airport's cargo agent buildings; Kallang Fire Station and the Home Team Joint Facility - a first-of-its-kind command and staging base within a fire station; Tower 2 of Google Singapore's headquarters; and Rolls-Royce's Seletar Assembly and Test Unit ("**SATU**") facility and Fan Blade facility at its Seletar Campus. SATU is the first facility in Asia that has been specifically designed to assemble and test Rolls-Royce Trent aero engines all under one roof, while the Fan Blade facility is the first of its kind outside of the United Kingdom.

Our order book as at 30 September 2019 is reasonably healthy, comprising jobs for customers with good credit profiles. Some of the key projects that we are currently working on include the JTC Bedok Food City, Micron Semiconductor's new expanded facility and Republic Polytechnic.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

OUTLOOK AND PROSPECTS

There are signs of stabilisation in the global economy even though global growth remains weak. The Ministry of Trade and Industry ("**MTI**") projects global growth in 2020 to see a modest pickup, led by an improvement in the growth outlook for emerging market and developing economies. Closer to home, the Singapore construction sector expanded by 2.9% year-on-year in 3Q2019, following the 2.8% expansion in the preceding quarter, supported by both public and private sector construction works. MTI foresees our domestic construction sector to see sustained growth in 2020[1].

For FY2020, we expect market conditions to remain challenging and competitive and we will continue to focus on innovation and production efficiency to keep our edge. To better diversify our exposure to market risks, we are mulling a different marketing and distribution strategy in FY2020 that will have a greater overseas focus. This will largely be helmed by the new products that are being developed, which we believe will be an important growth driver for us in the coming years.

With the success of IFS-2G in Singapore in FY2019, we intend to expand the sale to Malaysia, Macau as well as Hong Kong, where infrastructure investment and rebuilding will likely be required down the road. We are also looking at automating the production of IFS-2G as we expect future demand to be driven by our overseas markets.

At the same time, our team will continue to run a tight ship to stay operationally strong and resilient. Managing the Group's credit risk will remain a priority and we will continue to enforce stringent evaluations of potential customers and project tenders in order to safeguard trade collections.

In light of Singapore's tight labour policies, production efficiency and its impact on operating costs will continue to feature prominently. We have implemented a two-shift system in our production line since July 2019 which has served to raise the productivity per GDS employee and reduce unit cost. We may increase this to three shifts in the future if the need arises.

SUSTANABILITY

We remain committed to conducting our business with due attention to economic, social and environmental responsibility and good governance. We continue to report on how we manage our material sustainability issues in accordance with the internationally recognised GRI Standards for Sustainability Reporting as well as the SGX Sustainability Reporting Guide. This year's Sustainability Report also covers our commitment to supporting the UN Sustainable Development Goals.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to our customers, business partners, management team and staff for their contribution and dedication to the Group over the past year. With your help, we have been able to forge ahead and stay positive despite current economic headwinds.

Last but not least of all, I would like to take this final opportunity to thank our shareholders, we are beyond grateful for your unwavering support. Your confidence in the Group has, and will continue to motivate us to strive towards achieving better results in the years to come.

Yours sincerely,

MICHAEL WONG
Chairman and Chief Executive Officer

[1] MTI forecasts GDP to grow by 0.5 to 1.0 per cent in 2019 and 0.5 to 2.5 per cent in 2020: 21 November 2019, Ministry of Trade and Industry.

FINANCIAL HIGHLIGHTS
(FINANCIAL YEAR ENDED 30 SEPTEMBER)

	FY2019	FY2018	FY2017
Income Statement (S$'000)			
Revenue	14,260	17,744	23,878
Gross profit	4,244	5,434	9,012
Net (loss) profit	(1,764)	(630)	904
Gross profit margin (%)	29.8	30.6	37.7
Net (loss) profit margin (%)	(12.4)	(3.6)	3.8
Balance Sheet (S$'000)			
Total assets	20,562	23,564	25,906
Total liabilities	2,569	2,938	3,786
Total equity	17,993	20,626	22,120
Cash and cash equivalents	8,314	10,162	9,816
Cash Flows (S$'000)			
Operating cash flows	(905)	1,400	3,730
Capital expenditure	(139)	(158)	(1,853)
Per Share Information (Singapore cents)			
(Loss) earnings per share	(1.91)	(0.89)	0.54
Net asset value per share	14.54	16.97	18.37
Dividend per share	0.3	0.5	0.5
Market Capitalisation (S$'000)[1]	39,200	28,000	33,600

[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

For the financial year ended 30 September 2019 ("**FY2019**"), the Group reported a net loss of S$1.76 million as revenue declined 19.6% to S$14.26 million. This compared to a net loss of S$0.63 million and revenue of S$17.74 million for the previous financial year ended 30 September 2018 ("**FY2018**").

The Group's revenue was primarily weighed down by lower sales of doors and shutter systems, which has decreased by S$3.90 million or 41.4% from S$9.41 million in FY2018 to S$5.51 million in FY2019, on the back of decline in sale of distributed products and manufactured products of S$2.22 million and S$1.68 million respectively.

The lower revenue was partially offset by marginally higher revenue from service and maintenance work, which increased by S$0.23 million or 10.8% from S$2.13 million in FY2018 to S$2.36 million in FY2019 while revenue from the trading of production components rose S$0.19 million or 3.1% from S$6.20 million in FY2018 to S$6.39 million in FY2019.

In terms of revenue by geographical area, Singapore remained the main market for the Group at 51.2% in FY2019. This was followed by Europe at 35.4%, Australia 6.0%, Others 3.2%, the Middle East 2.7% and Greater China at 1.5%. Overseas markets collectively accounted for 48.8% of revenue in FY2019, as compared to 40.6% in FY2018, which is in line with the Group's continuous effort in exploring and expanding overseas markets.

Gross Profit

Gross profit of the Group decreased by S$1.19 million or 21.9% from S$5.43 million in FY2018 to S$4.24 million in FY2019. At the same time, gross profit margin decreased from 30.6% in FY2018 to 29.8% in FY2019 mainly due to lower sales in manufactured products which typically have better margins as compared to distributed products.

Costs and Expenses

Cost of sales decreased by S$2.29 million or 18.6% from S$12.31 million in FY2018 to S$10.02 million in FY2019. This was mainly due to lower material costs of S$2.05 million and labour cost of S$0.24 million, in line with lower revenue for FY2019.

In addition, the cost control measures that the Group has in place has seen an overall decrease in operating expenses. During the year, marketing and distribution expenses decreased by S$0.15 million or 24.3% from S$0.61 million in FY2018 to S$0.46 million in FY2019, mainly due to a decrease in transportation and advertisement expenses. Administrative expenses decreased by S$0.11 million or 2.0% from S$5.53 million in FY2018 to S$5.42 million in FY2019. The decrease was mainly due to reduction in personnel cost of S$0.05 million arising from a lower headcount as well as decreases in expenses like rental, depreciation and courses and training expenses amounting to total of S$0.05 million in aggregate.

At the same time, other operating expenses decreased by S$0.16 million or 32.5% from S$0.51 million in FY2018 to S$0.35 million in FY2019. This mainly resulted from lower loss allowance for receivables of S$0.20 million and increase in research and development expenses of S$0.06 million.

Other Operating Income and Other Gains / Losses

Other operating income increased by S$0.05 million or 24.1% from S$0.17 million in FY2018 to S$0.22 million in FY2019, largely from higher government incentives received in FY2019. The Group's investment revenue, which mainly comprise of interest from bank deposits, also increased from S$19,000 in FY2018 to S$32,000 in FY2019.

Meanwhile, other gains and losses reversed from a net loss of S$26,000 in FY2018 to a net profit of S$8,000 in FY2019. This was mainly attributable to a higher net foreign exchange gain of S$43,000 arising from the translation of USD denominated trade receivables, payables and bank balances and partially offset by an increase in loss on disposal of fixed assets of S$9,000.

Income Tax Expense

The income tax expense for the Group was S$39,000 in FY2019 as compared to income tax credit of S$0.42 million in FY2018. This was due to a lower tax refund and lower reversal of over provision of tax as compared to FY2018.

Loss for the year

As a result of the above, the Group recorded a loss of S$1.76 million in FY2019 as compared to a loss of S$0.63 million in FY2018.

REVIEW OF FINANCIAL POSITION

Assets

Current assets decreased by S$2.31 million from S$17.58 million as at 30 September 2018 to S$15.27 million as at 30 September 2019. This was due to decreases in trade and other receivables of S$0.82 million and cash and cash equivalents of S$1.85 million; partially offset by an increase in contract assets of S$0.09 million and in inventories of S$0.27 million.

Non-current assets decreased by S$0.68 million from S$5.98 million as at 30 September 2018 to S$5.30 million as at 30 September 2019. This was mainly attributable to lower net book value in property, plant & equipment and intangible assets arising from depreciation and amortisation charges.

Liabilities

Current liabilities decreased by S$0.20 million from S$2.14 million as at 30 September 2018 to S$1.94 million as at 30 September 2019. This was mainly due to a decrease in trade and other payables of S$0.27 million, offset by an increase in contract liabilities and income tax payable of S$0.03 million and S$0.04 million respectively.

Non-current liabilities decreased by S$0.17 million from S$0.80 million as at 30 September 2018 to S$0.63 million as at 30 September 2019. This was due to decreases in other payables of S$0.05 million which are deferred income on government grant received and decrease in deferred tax liabilities of S$0.12 million.

Capital, Reserves and Non-Controlling Interest

Total equity as at 30 September 2019 was S$18.0 million as compared S$20.63 million as at 30 September 2018.

Dividends

For FY2019, the Company has declared a first and final dividend of 0.3 Singapore cent per ordinary share, which shall be subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held in January 2020.

BOARD OF DIRECTORS

1. **Mr Wu Chiaw Ching**

   (Lead Independent Non-Executive Director)

2. **Ms Pebble Sia-Huei Chieh**

   (Independent Non-Executive Director)

3. **Mr Michael Wong**

   (Chairman and Chief Executive Officer)

4. **Mr Goh Boon Kok**

   (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 directorships in other listed companies: Nil
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

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
• LHT Holdings Limited

Past directorships in other listed companies:
• Gaylin Holdings Limited
• Natural Cool Holdings Limited
• DLF Holdings Limited

GOH BOON KOK

Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 19 January 2018 (standing for re-election at the upcoming annual general meeting)

Mr Goh Boon Kok runs his own practice, GBK Company, which he established in 2017. He was the founder of Goh Boon Kok & Co established in 1977 and retired in December 2016. Mr Goh is a member of the Institute of Singapore Chartered Accountants, the Chartered Institute of Management Accountants, United Kingdom and the Chartered Institute of Secretaries and Administrators, United Kingdom.

Mr Goh accumulated more than 30 years of experience in both auditing and accounting through holding various positions with companies and government agencies.

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

Present directorships in other listed companies: Nil
Past directorships in other listed companies:
• Magnus Energy Group Limited
• Pan Asian Holdings Limited

PEBBLE SIA HUEI-CHIEH

Independent Non-Executive Director

Date of first appointment: 21 March 2013
Date of last re-election: 19 January 2018 (standing for re-election at the upcoming annual general meeting)

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

Past directorships in other listed companies:
• Choo Chiang Holdings Ltd

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 2019

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BOARD STATEMENT

The Board of GDS Global Limited ("**GDS**" or together with its subsidiaries the "**Group**") considers sustainability issues as part of strategic 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, through periodic review of the key performance indicators.

ABOUT THIS REPORT

This is the second annual Sustainability Report of GDS (the "**Report**"). The report provides an overview of GDS performance on the Group's material ESG factors for the period 1 October 2018 to 30 September 2019 ("**FY2019**"). The ESG data presented in this report refer to the Group's manufacturing and business activities in Singapore, including the Group's head office, and relates to Gliderol Doors (S) Pte. Ltd.

Reporting Framework
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. A GRI Index at the end of the report specifies the location of the relevant disclosures. We have also aligned our sustainability reporting with the UN Sustainable Development Goals ("**SDGs**").

This report also complies with the SGX-ST Listing Manuals Section B: Rules of Catalist (711A and 711B) and the SGX Sustainability Reporting Guide.

Report Content and Quality
An evaluation of the material economic, environmental and social impact of our business operations and analysis of stakeholder expectations forms the basis for determining the content for this report. We have also considered potential ESG risks and opportunities arising from our business activities.

We have applied GRI's principles of accuracy, balance, clarity, comparability, reliability and timeliness in developing the content of the report to help stakeholders fairly assess our sustainability performance.

To ensure accuracy, ESG performance data presented in the report have primarily been extracted from internal management information systems and original records. To facilitate comparability, we have presented the ESG data using international measurement units. Financial figures are in Singapore dollars unless specified otherwise.

Restatement
A minor revision has been made to the carbon emissions figures owing to adjustments in the grid emission factors by the Energy Market Authority, Singapore.

External Assurance
Our current practice is to rely on internal verification mechanism to ensure data reliability. As such, we did not seek external assurance for the ESG information.

Availability
This report is available as part of our FY2019 annual report in PDF format for download on our website at http://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

MATERIAL ESG FACTORS	Financial Year Ended 30 September 2019 ("FY2019")	Financial Year Ended 30 September 2018 ("FY2018")	Financial Year Ended 30 September 2017 ("FY2017")
ENVIRONMENTAL[2]			
Electricity used (kWh)[1]	**415,698**	454,610	471,608
Total energy consumption (GJ)[1]	**3,167**	3,357	3,904
Carbon dioxide (CO_2) emissions (tCO_2)[1]	**289**	308	349
Non-hazardous waste (Tonnes)	**152**	133	220
SOCIAL: EMPLOYEES[2]			
Full-time employees (Number)	**82**	102	111
New hires (Number)	**12**	14	35
Female employees (%)	**26**	27	22
Female managers and supervisors (%)	**56**	55	40
Female heads of department (%)	**71**	71	63
Average training hours per employee	**10**	15	26
Training expenditure per employee ($)	**112**	180	294
Employee turnover rate (%)	**28**	27	41
Injury rate (Times)[3]	**2,222**	2,752	840
Fatal accidents (Number)	**0**	0	0
ECONOMIC (S$'000)			
Revenue	**14,260**	17,744	23,878
Net (loss) profit	**(1,764)**	(630)	904
Employee wages and benefits	**5,219**	5,537	6,407
Income tax (benefit) expense	**39**	(418)	22
Dividends	**336**	560	560

Notes:

1 Energy and emissions relate to electricity, diesel and petrol consumption.

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

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

Maintaining trusted relationship with our stakeholders is an important aspect of our management approach. Our open interaction with customers, employees, suppliers and contractors helps us understand their expectations and concerns. Addressing the issues raised by these primary stakeholders who are crucial for the smooth running of our operations is of utmost importance to us.

Though we did not undertake stakeholder engagement specifically to develop this report, we have benefitted from the insight we gather through our routine communication and dialogue with the key stakeholders.

An overview of our stakeholders and how we engage with them is illustrated below.

Stakeholders	Expectations	How we Engage
Customers	• Product quality and safety standards • Innovative solutions • Timely completion of projects	• Sales meetings • Quality inspections
Employees	• 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
Government agencies and regulators	• Compliance applicable regulations • Productivity and innovation	• Timely filing of reports and returns as required by regulations • Attending meetings, briefings and seminars organised by government agencies
Suppliers and contractors	• Clarity of specifications and quality standards • Payment according to contractual terms	• Request for proposal and purchase agreements • Meetings • Quality inspections
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 regulatory rulings 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

Our engagement with relevant industry and trade associations is through our participation as a member. GDS is a member of the following associations:

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

MATERIAL ESG FACTORS

Material ESG Factors				
	Material Topics (GRI Standards)	**The Group's Involvement**	**Area of Impact**	**Management Approach, Goals and Targets**
ENVIRONMENT	Energy Consumption and Greenhouse Gas ("**GHG**") Emissions	Direct	GDS Head Office, manufacturing facility and transport for deliveries	Explore ways to improve energy efficiency Launch an employee awareness campaign in FY2020 for energy conservation
	Waste	Direct	Generated in the manufacturing process	Minimise waste by better resource utilisation, reuse and recycling (In FY2019, 76.2% of the total non-hazardous waste was recycled)
SOCIAL	Occupational Health and Safety	Direct and Indirect	Manufacturing facility and installations on sites	Maintain zero accident at the workplace
	Employment (Attracting and retaining talent)	Direct	Across the Group	Hire and retain suitable talent through effective human resources policies
	Employee Training and Education	Direct	Across the Group	Provide opportunities for skills development Provide at least 8 hours of average training per two-year basis per employee during FY2020
	Product Quality and Safety	Direct	Across the Group	Maintain high standards of product quality and safety
GOVERNANCE	Anti-corruption	Direct and Indirect	Across the Group	Maintain zero-tolerance policy against corruption and bribery No incidents of bribery or corruption
	Regulatory Compliance (Socio-economic and environmental compliance)	Direct and Indirect	Across the Group	No violations of applicable laws and regulations

SUPPORTING THE SDGS

The following table illustrates the relevant SDGs that align with our material ESG topics and where we make a contribution through addressing those topics.

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

GDS is a leading provider of commercial and industrial doors and shutter solutions in Singapore and the South East Asia region with a history spanning more than 30 years. We carry and supply an extensive range of doors and shutter products comprising industrial door systems, fire-rated shutter systems, commercial door systems, hangar door systems and special applications door systems. We operate one of the largest manufacturing facilities in the doors and shutter solutions industry in Singapore.

GDS is one of the few players in the industry who is capable of supplying steel insulated fire shutters with an insulation value of up to 240 minutes. GDS is Singapore's only manufacturer which can offer UL and FM listed fire shutters, which building and construction companies may require for overseas projects.

GDS is an innovation-driven business to constantly excel in the manufacturing of products. For example, we use our extensive expertise in materials and manufacturing to develop insulated fire door and shutters that prevent fire from spreading in buildings and warehouses.

We are committed to assessing and addressing the most material ESG impact, risks and opportunities arising from our manufacturing activities to drive sustainable business growth. Our approach to managing sustainability issues also considers the concerns and expectations of our stakeholders.

MATERIAL ESG FACTORS

We have reviewed the material factors covered in our first sustainability report and have determined that they remain valid for this report. As part of the materiality review, we have identified the relevant SDGs that align with our material factors.

Our sustainability priorities include product quality and safety, energy efficiency, resource conservation and waste reduction, workplace safety and health, employee welfare and good governance.

We have outlined our material ESG factors in the table on page 18.

Sustainability Governance

Guided by the Board, the Chief Executive Officer ("**CEO**") provides the strategic direction for developing and implementing sustainability strategy as well as sustainability reporting. As part of the reporting process to the CEO, a team of senior management is responsible for implementing sustainability strategies, monitoring performance and collecting data for sustainability reporting.

PRODUCT QUALITY AND SAFETY

Product quality and safety are of high importance to us, our customers, and the general public as the 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 a large number of 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.

Lastly, 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.

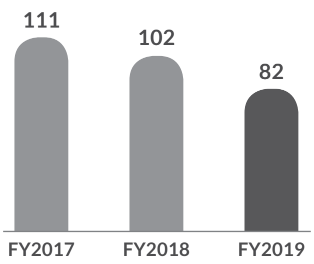
The end users of our products operate across a broad spectrum of industries. Over the years, our products have been installed in iconic places like Marina Bay Sands Integrated Resort, Resorts World Sentosa, Rolls-Royce Singapore's facility and Marina Bay Financial Centre.

EMPLOYEES

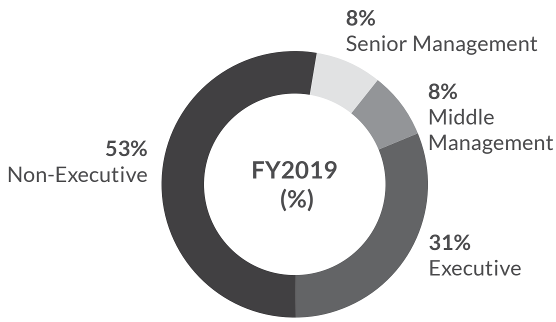
We are committed to empower our people to bring out the best in them. Our approach is to attract, develop and retain the most suitable talent to support our customers. Our workplace policies promote an inclusive working environment and support the personal and professional development of our people.

We employed 82 full-time employees and 8 part-time employees as at 30 September 2019. Permanent employees represented 91% of our workforce with the remaining 9% on fixed-term employment contracts.

Full-time Employees (Number)



Employees by Category



Occupational Health and Safety

We are committed to ensuring safety and health of our people in our manufacturing facility as well as at project sites. Our target is to have zero accidents or injuries.

We have implemented a comprehensive occupational health and safety management system to address health and safety risks at workplace. Our manufacturing facility is certified to the OHSAS18001:2007 standard. Our facility has also been recognised with BizSAFE Star certification from the Workplace Safety and Health Council, Ministry of Manpower in Singapore.

Our three-step approach to ensuring safety and health at workplace involves identifying hazards that affect organisational performance, assessing potential risks to employees' health and safety and implementing necessary control measures to eliminate risks.

Employees play an important part in making our workplace safer. Employee representatives from various departments participate in the development and monitoring of our health and safety programmes through our safety and health committee.

In FY2019, our safety performance was recognised by Kajima Overseas Asia (Singapore), one of our customers, with an award for Good Safety Performance 2018 for the Integrated Care Hub project at Health City Novena. We also received recognition award for Accident-Free Million Hours from Exyte Singapore Pte Ltd for the Siltronic CZ Expansion Project.

Indicator	FY2019	FY2018	FY2017
Workplace Injury Rate[1]	2,222	2,752	840
Accident Frequency Rate[2]	9.71	12.03	3.67
Occupational Disease Incidence Rate[3]	0	0	0
Fatalities	0	0	0

Notes:

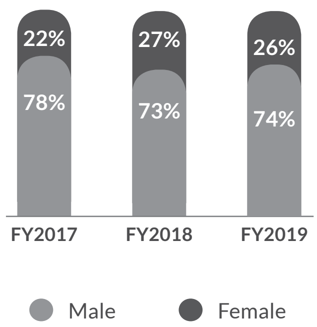
1 Workplace Injury Rate = No. of fatal and non-fatal workplace injuries / No. of employees x 100,000
2 Accident Frequency Rate = No. of workplace accidents reported / No. of man hours worked x 1,000,000
3 Occupational Disease Incidence Rate = No. of occupational disease cases / No. of employees x 100,000

EMPLOYEES

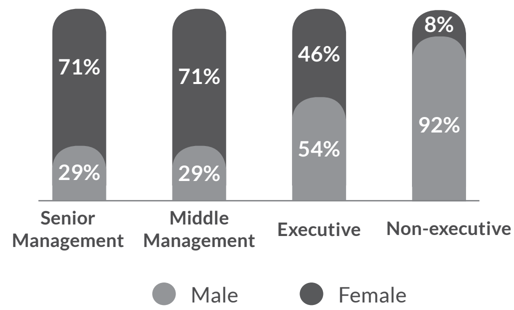
Diversity

At GDS, we are committed to nurturing an inclusive workplace where diversity of background is respected. Even though it is challenging to attract women to work in a manufacturing environment which is physically demanding, female employees represented 26% of our full-time headcount. Women account for 56% of the managerial and supervisory responsibilities and 71% of the head of department positions.

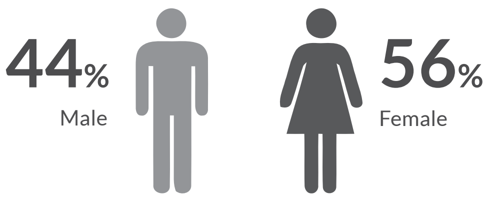
Gender Diversity (%)



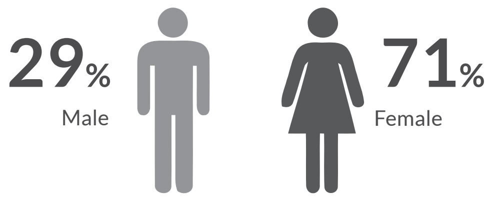
Gender Diversity by Employee Category - FY2019 (%)



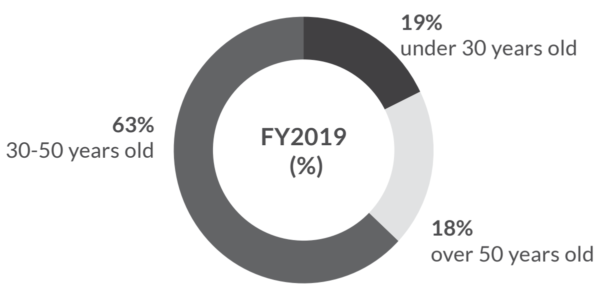
Supervisors and Managers - FY2019 (%)



Heads of Department - FY2019 (%)



Diversity by Age - FY2019 (%)



Training and Education

As an innovation driven organisation, ongoing training of employees is an important part of our human resource policy. Our employees' development journey begins right after joining the organisation with a compulsory orientation programme to familiarise them with the Group's corporate identity, policies and standard procedures. Thereafter, our employees receive ongoing training in product knowledge, emerging industry trends and new technologies to keep them to speed.

Our people development programme includes on-the-job practical training and mentoring under the guidance of experienced supervisors. Employees with non-operational responsibilities also have access to the various training opportunities to supplement their skills and knowledge.

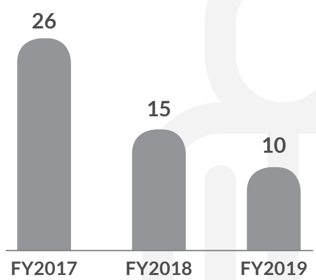
Our employees also attend relevant training, workshops, seminars and conferences throughout the year to stay tuned to the latest industry trends and standards.

In FY2019, we invested approximately $9,000 in employee training for various disciplines.

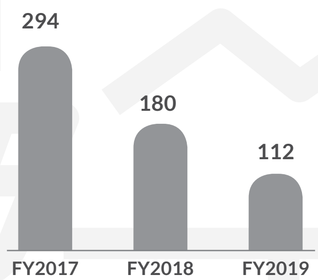
Some of the courses attended by our staff in FY2019 included:

- WSQ Apply Workplace Safety & Health in Construction Sites Re-Certification
- Pre-stressing
- WSQ Apply Workplace Safety & Health in Metal Work Re-Certification
- WSQ Apply Workplace Safety & Health in Construction Sites
- WSQ Apply Workplace Safety & Health in Metal Work
- Occupational First Aid Refresher Course (With CPR & AED)
- Operation of Vertical Personnel Platform Lifts
- Operation of Scissor and Boom Lifts
- Apply Workplace Safety and Health in Process Plant
- Fire Patrollers
- Fundamentals of GST Filing Seminar
- Seminar on Financial Reporting Standards

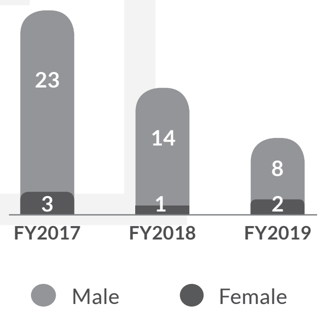
Average Training Hours per Employee (Hours)



Average Training Expenditure per Employee ($)



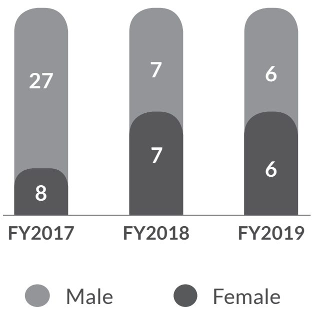
Training Hours per Employee by Gender (Hours)



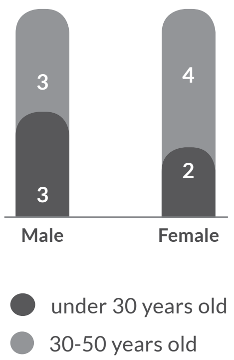
EMPLOYEES

Hiring
We remain committed to our policy of hiring the most suitable talent based on merit and competence. In FY2019, we hired 12 new employees of which 6 were female.

New Hires (Number)



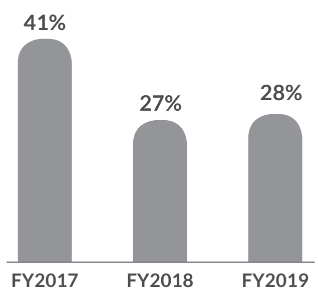
Hiring by Age and Gender - FY2019



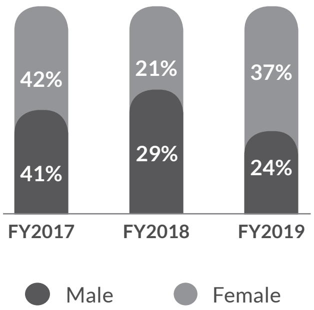
Talent Retention
In order to maintain productivity and growth, it is important for us to have the ability to retain high performing employees. Our human resources policies and management practices are geared to attract, develop and retain talent.

In FY2019, our employee turnover rate was 28% as compared with the national industry average of 18% (2018) for the Fabricated Metal Products, Machinery & Equipment sector (Source: Ministry of Manpower Singapore, Labour Market Reports).

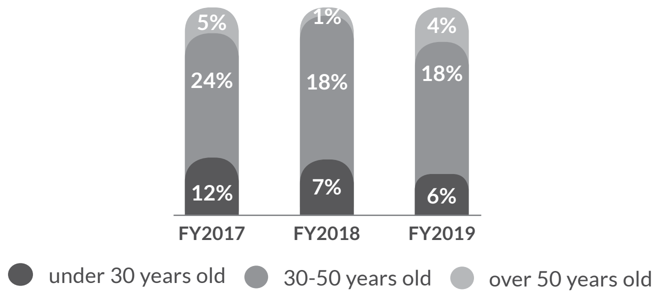
Employee Turnover Rate (%)



Employee Turnover by Gender (%)



Employee Turnover by Age (%)



Managing Performance
We consider performance appraisals as an important tool to manage and reward performance, ascertain development needs and motivate our employees. Wage increments and promotions are determined by the rating of an employee's performance evaluation.

Performance evaluations are conducted for all employees on an annual basis. Each employee is assessed by their immediate supervisors using the Performance Appraisal Forms. The process includes a performance discussion between the immediate supervisor and the employee to ensure openness and fairness. Finally, performance evaluations require approval from respective Department Heads.

Welfare and Benefits
Our employee welfare initiatives include Outpatient Medical Benefits and Hospitalisation & Surgical Benefits. We also 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 in accordance with applicable laws. Currently, our employees are not unionised.

ENVIRONMENT

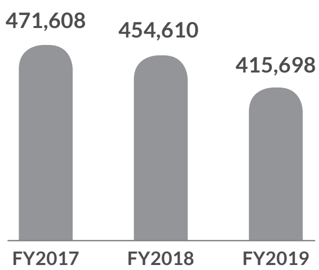
Our direct environmental impact arises from energy use and manufacturing waste. Our approach is to constantly find ways to improve energy and resource efficiency across our operations to minimise the impact on the environment.

Minimising Energy Use

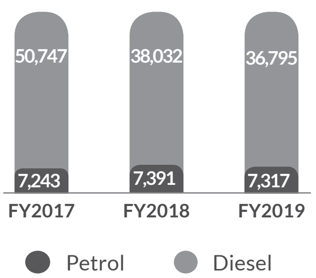
We use electricity in our manufacturing plant as well as in our office to power tools, air-conditioning and lighting. Our delivery and service trucks consume diesel. We track and monitor our energy use to identify opportunities for optimising consumption. All of our electricity is drawn from the national grid produced.

In FY2019, our total energy consumption stood at 3,167 gigajoules for our Singapore operations compared with 3,357 gigajoules in FY2018.

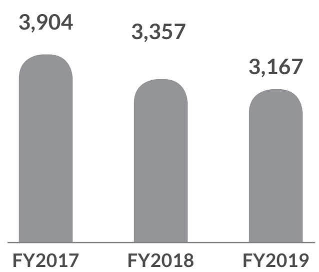
Energy Consumption (kWh)



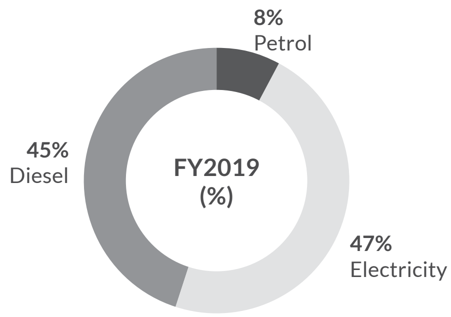
Fuel Consumption (Litres)



Energy Consumption (Gigajoule)



Energy Consumption by Source (%)

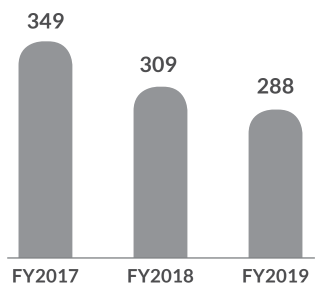


Reducing GHG Emissions

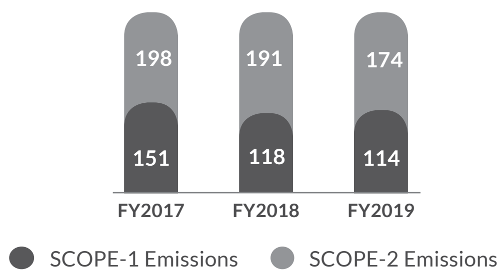
Climate change due to global warming is a worldwide concern requiring urgent action to reduce the GHG emissions. Even though our GHG emissions are relatively small, we are supportive of the Paris Agreement that aims to restrict the rise in global temperatures to less than 1.5^{0}C, revised from the earlier 2^{0}C, from pre-industrial levels by 2030.

Our GHG emissions are attributed to electricity and diesel consumption. We monitor, review and report our CO_2, a major greenhouse gas emission, resulting from our energy use.

Carbon Emissions (tCO_2)



CO_2 Emissions by Sources (tCO_2)



ENVIRONMENT

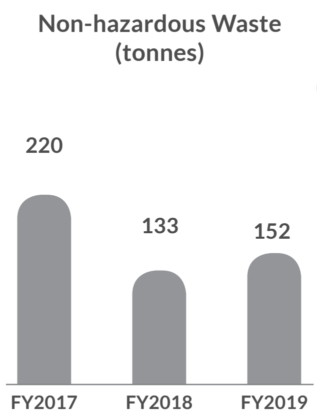
Reducing Waste

Waste is a by-product of our manufacturing processes. Our approach is to reduce, reuse and recycle waste where possible. Metal waste, aluminium, wood and general waste constitute the primary types of waste from our operations. Metal accounts for more than half of our total waste. We sell metal waste as scrap for recycling by other users. In FY2019, metal waste accounted for 65% of our total non-hazardous waste followed by general waste of 23%.

Our policy is to dispose waste through licensed waste management contractors for recycling or safe disposal in accordance with local regulations.

Complying with Laws

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



COMMUNITY

As a responsible corporate citizen, our business philosophy is centered on an unwavering commitment to improve the economic, environmental and social well-being of our stakeholders.

Anti-Corruption	Our policy requires zero-tolerance towards bribery and corruption. There were no known incidents of corruption in the reported period.
Whistle-Blowing Policy	Our Whistle-Blowing Policy aims at maintaining a high standard of corporate governance; providing 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 to conducting its business activities in a lawful manner. We have implemented measures to stay updated about the regulations that apply to our business to ensure compliance. There were no known incidents of non-compliance with socio-economic laws or regulations in the reported period.

GRI CONTENT INDEX

GRI CONTENT INDEX 'IN ACCORDANCE' – CORE		
GRI STANDARD	**DISCLOSURE**	**PAGE NUMBER(S) / DIRECT REFERENCE**
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
102-4	Location of operations	1
102-5	Ownership and legal form	1, 110-111
102-6	Markets served	1-3, 106
102-7	Scale of the organisation	1-3, 7, 21
102-8	Information on employees and other workers	16, 21-24
102-9	Supply chain	17, 27
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary principle or approach	19, 25
102-12	External initiatives	15, 19, 20, 21
102-13	Membership of associations	17
STRATEGY		
102-14	Statement from senior decision-maker	4-6
102-15	Key impacts, risks, and opportunities	18-19
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102-16	Values, principles, standards, and norms of behaviour	15, 19, 21
GOVERNANCE		
102-18	Governance structure	35-56
102-19	Delegating authority	20, 36
102-20	Executive-level responsibility for economic, environmental, and social topics	20
102-21	Consulting stakeholders on economic, environmental, and social topics	35
102-22	Composition of the highest governance body and its committees	37-39
102-23	Chair of the highest governance body	39
102-24	Nominating and selecting the highest governance body	37-41

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) / DIRECT REFERENCE
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102-25	Conflicts of interest	59
102-26	Role of highest governance body in setting purpose, values, and strategy	35
102-27	Collective knowledge of highest governance body	27
102-28	Evaluating the highest governance body's performance	41
102-29	Identifying and managing economic, environmental, and social impacts	15, 35
102-30	Effectiveness of risk management processes	45-47
102-31	Review of economic, environmental, and social topics	15, 35
102-32	Highest governance body's role in sustainability reporting	15
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	17
102-41	Collective bargaining agreements	24
102-42	Identifying and selecting stakeholders	17
102-43	Approach to stakeholder engagement	17
102-44	Key topics and concerns raised	17
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	96
102-46	Defining report content and topic boundaries	15, 18
102-47	List of material topics	18
102-48	Restatements of information	15
102-49	Changes in reporting	None
102-50	Reporting period	15
102-51	Date of most recent report	30 September 2018
102-52	Reporting cycle	15
102-53	Contact point for questions regarding the report	15
102-54	Claims of reporting in accordance with the GRI Standards	15
102-55	GRI content index	28-32
102-56	External assurance	15

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) / DIRECT REFERENCE
ECONOMIC PERFORMANCE		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its boundaries	4-7,18
103-2	The management approach and its components	4, 7, 18
103-3	Evaluation of the management approach	4, 7, 18
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	7, 16, 64-65
ANTI-CORRUPTION		
GRI 103: Management approach 2016		
103 -1	Explanation of the material topic and its boundaries	18
103-2	The management approach and its components	18, 27
103-3	Evaluation of the management approach	27
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	18, 27
205-3	Confirmed incidents of corruption and actions taken	18, 27
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GRI 103: Management approach 2016		
103 -1	Explanation of the material topic and its boundaries	18, 25
103-2	The management approach and its components	18, 25
103-3	Evaluation of the management approach	18, 25
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	25
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103 -1	Explanation of the material topic and its boundaries	18, 25
103-2	The management approach and its components	18, 25
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GRI 305: Emissions 2016		
305-1	Energy indirect (Scope 1) GHG emissions	25
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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) / DIRECT REFERENCE
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103-2	The management approach and its components	18, 26
103-3	Evaluation of the management approach	18, 26
GRI 306: Effluents and waste 2016		
306-2	Waste by type and disposal methods	26
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GRI 103: Management approach 2016		
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103-2	The management approach and its components	18
103-3	Evaluation of the management approach	18
GRI 307: Environmental compliance 2016		
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103 -1	Explanation of the material topic and its boundaries	18, 21-24
103-2	The management approach and its components	18, 21-24
103-3	Evaluation of the management approach	18, 21-24
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401-1	New Employee hires and employee turnover	24
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GRI 103: Management approach 2016		
103 -1	Explanation of the material topic and its boundaries	18, 21
103-2	The management approach and its components	18, 21
103-3	Evaluation of the management approach	18, 21
GRI 403: Occupational health and safety 2016		
403-1	Workers representation in formal joint management-worker health and safety committees	21
403-2	Types of injury and rate of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	21

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103-2	The management approach and its components	18, 23
103-3	Evaluation of the management approach	18, 23
GRI 404: Training and education 2016		
404-1	Average hours of training per year per employee	23
404-2	Programmes for upgrading employee skills and transition assistance programmes	23
404-3	Percentage of employees receiving regular performance and career development reviews	24
SOCIO-ECONOMIC COMPLIANCE		
GRI 103: Management approach 2016		
103 -1	Explanation of the material topic and its boundaries	18
103-2	The management approach and its components	18
103-3	Evaluation of the management approach	18
GRI 419: Socio-economic compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	None in the reported period

SGX PRIMARY COMPONENTS INDEX

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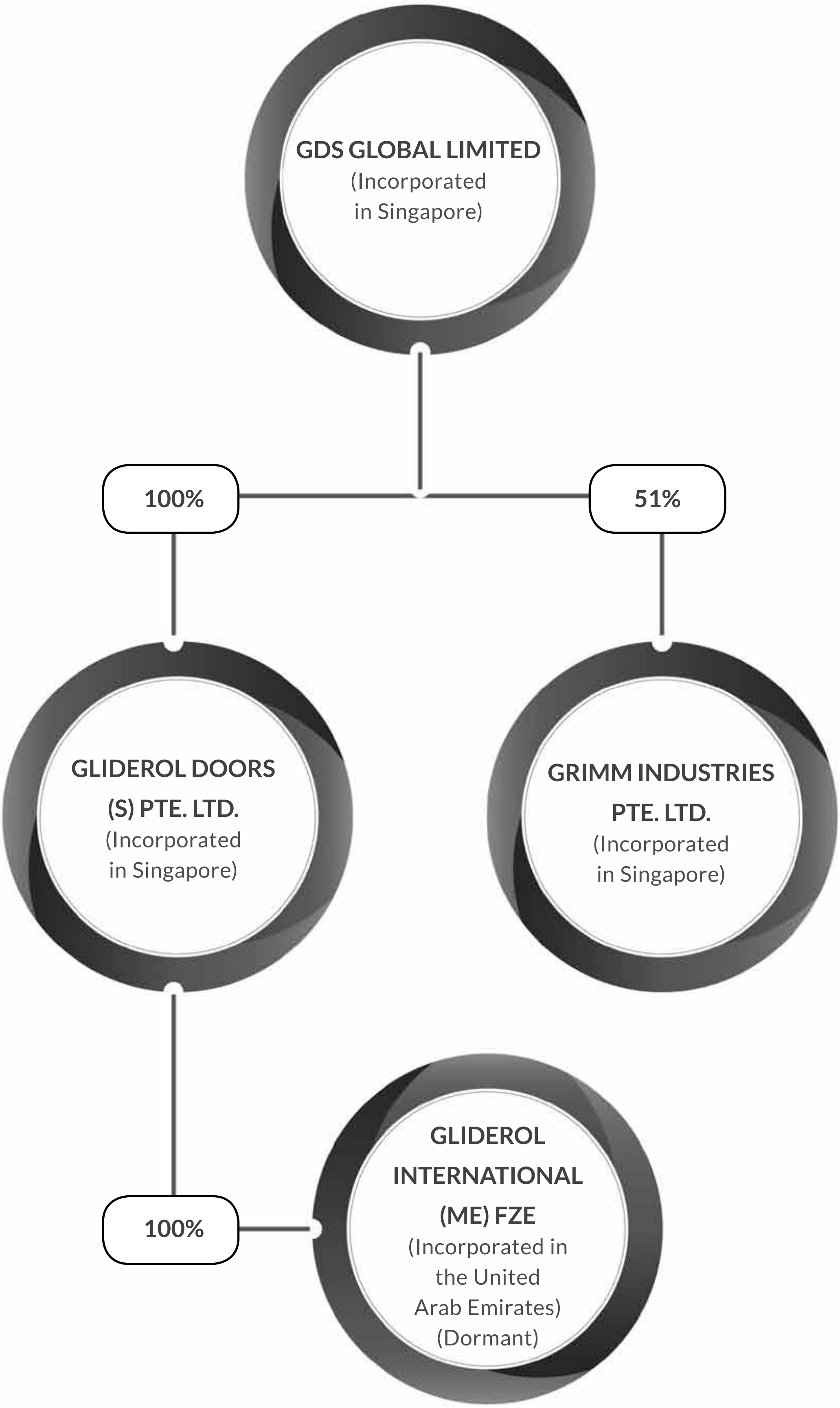
Policies, practices and performance	16, 18, 21-27
Targets	18
Sustainability Reporting framework	15
Board Statement	15

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARIES

Yeoh Kar Choo Sharon, ACIS
Chiang Wai Ming, ACIS

REGISTERED OFFICE

86 International Road
Singapore 629176
Tel: (65) 6266 6668
Fax: (65) 6266 6866
Website: www.gdsglobal.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge: Chua How Kiat
(a member of the Institute of Singapore Chartered Accountants)
Date of Appointment: 18 January 2019

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

INVESTOR RELATIONS

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

August Consulting
Silvia Heng
silviaheng@august.com.sg

GDS Global Limited (the "**Company**" or "**GDS**") and its subsidiaries (together with the Company, the "**Group**") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance (the "**Code**") which was issued on 2 May 2012. This report describes the Group's corporate governance practices that were in place during the financial year ended 30 September 2019 ("**FY2019**").

On 6 August 2018, a revised Code was issued. The revised Code, together with associated changes to the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), will be effective for financial years beginning from 1 January 2019, except for specified requirements that take effect in 2022. Accordingly, the revised Code will take effect for the Company in respect of its annual report relating to financial year beginning on 1 October 2019 and ending on 30 September 2020. The Group will review and set out the corporate practices in place to comply with the revised Code, where appropriate, in the next annual report.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary function of the board of directors (the "**Board**") is to provide effective leadership and direction to enhance the long-term value of the Group to 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 control, 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 recognize 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.

Independent judgement

The Company's directors ("**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	Mr Goh Boon Kok	Independent Non-Executive Director	Member	Chairman	Member
4	Ms Pebble Sia Huei-Chieh	Independent Non-Executive Director	Member	Member	Chairman

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

Delegation by the Board

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

Key features of board processes

The dates of Board and board committee meetings as well as annual general meetings ("**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 FY2019

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

Notes:

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

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

Board's approval

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

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

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

Induction and training of Directors

The Board ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. 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.

Briefings, updates and trainings provided for Directors in FY2019

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

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

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

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

Principle 2: Board Composition and Guidance

Board size and composition

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

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

Taking into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making. 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 gender diversity.

Directors' independence review

A Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factor which would render a Director to be deemed not independent. Each of the Independent Directors has provided declaration of their independence to the NC and none of the Independent Directors has any relationships or falls into circumstances as described under Guidelines 2.3 and 2.4 the Code which may deem him or her to be not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

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

The Independent Directors make up more than half of the Board. 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

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

Mr Michael Wong is the Chairman of the Board and the Chief Executive Officer (the "**CEO**"). He leads the Board to ensure its effectiveness on all aspects of its role; assumes responsibility for the smooth functioning of the Board and ensures adequate and timely flow of information between management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; facilitates the effective contribution of Non-Executive Directors; promotes a culture of openness and debate at the Board; ensure effective communication with shareholders; encourage constructive relations within the Board and between Board and management and promotes high standards of corporate governance. In addition, he also assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

The Board has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. The Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Board has also appointed Mr Wu Chiaw Ching as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the Independent Directors and the Chairman. He is available to shareholders 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

<u>NC composition</u>

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

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

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

- Review and recommend to the Board on the appointment and re-appointment of Directors (including alternate Directors, if applicable).
- Review the skills required by the Board and the size of the Board.
- Determine annually whether or not a Director is independent.
- Develop a process for evaluating the performance of the Board, its board committees and Directors and implementing such process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director.
- Evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company.
- Make recommendation to the Board in determining the maximum number of listed company board representations which any Director may hold.
- Review the training and professional development programs for the Board.
- Review the Board's succession plans for Directors, in particular, the Chairman and the CEO.

<u>Directors' independence review</u>

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

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

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

Directors' time commitments and multiple directorships

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

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

The NC has reviewed and is satisfied that notwithstanding their multiple directorships and principal commitments, Mr Wu Chiaw Ching and Ms Pebble Sia Huei-Chieh who hold multiple listed company board representations, have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. The NC is of the view that each Director's directorships is in line with the Company's guideline of a maximum of six listed company board representations and that each Director has discharged his/her duties adequately.

Alternate Directors

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

Succession planning for the Board and management

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

Process for selection and appointment of new Directors

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

In identifying suitable candidates, the NC may:

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

2. Approach alternative sources such as the SID.

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

4. After short listing the candidates, the NC shall:

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

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

Process for re-appointment of Directors

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

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. 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 and be subject to re-appointment at the Company's AGM. Pursuant to the one-third rotation rule, Mr Goh Boon Kok and Ms Pebble Sia Huei-Chieh will retire and submit themselves for re-appointment at the forthcoming AGM.

The NC is satisfied that Mr Goh Boon Kok and Ms Pebble Sia Huei-Chieh who are retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations. Please refer to pages 52 to 56 in the annual report for detailed information required pursuant to Rule 720(5) of the Listing Manual (as defined herein).

Principle 5: Board Performance

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

Evaluation process

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

The completed Questionnaires and Checklists are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improving and enhancing the effectiveness of the Board. The 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 operates effectively and the contribution by each individual Director is satisfactory.

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

Principle 6: Access to Information

Complete, adequate and timely information

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to the Directors a week in advance of the meetings. The Board also receives regular reports pertaining to the operational and financial performance of the Group with explanations for material variance between budget and actual performance. Any additional material or information requested by the Directors is promptly furnished.

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

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

Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual Section B: Rules of Catalist (the "**Listing Manual**"), are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value. She also facilitates orientation and assisting with professional development as required.

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

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

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

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

Independent professional advice

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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 Goh Boon Kok - Member

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

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

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.
- Review and recommend to the Board the specific remuneration packages for each Director as well as for key management personnel.
- Review the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel.
- Review the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC from time to time and where necessary seeks advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2019.

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

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

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel. The Executive Director is paid a basic salary and a fixed bonus of two month's basic salary. Key management personnel are paid basic salary and variable bonus. The variable bonus was payable based on both qualitative and quantitative performance criteria. Qualitative criteria include leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets.

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.

Although Guideline 9.2 of the Code recommends that companies fully disclose the name and remuneration of each Director and the CEO, the Board is of the opinion that it is in the best interest of the Company to maintain confidentiality of the exact remuneration details of the Executive Director of the Group. As such, the Board has deviated from complying in full with the above recommendation and has instead provided below a breakdown showing the level and mix of remuneration of the Chairman and CEO in a narrower band for FY2019:

Remuneration Band and Name of Director[1]	**Salary**	**Bonus**	**Fees**	**Other Benefits**	**Total**
	%	**%**	**%**	**%**	**%**
S$500,001 to S$700,000					
Mr Michael Wong[2]	86	14	–	–	100
Up to S$50,000					
Mr Wu Chiaw Ching	–	–	100	–	100
Mr Goh Boon Kok	–	–	100	–	100
Ms Pebble Sia Huei-Chieh	–	–	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 Chief Executive Officer of the Company.

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

During FY2019, the amount of Directors' fees paid to the Non-Executive Directors were as follows:

Name	Amount
Mr Wu Chiaw Ching	S$50,000
Mr Goh Boon Kok	S$40,000
Ms Pebble Sia Huei-Chieh	S$40,000

Guideline 9.3 of the Code recommends that companies disclose the name and remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000. As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel. In addition, companies should also disclose the aggregate of the total remuneration paid or payable to the top five key management personnel (who are not Directors or the CEO).

The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the remuneration of the Company's top four key management personnel due to the competitiveness of the industry for key talent. As such, the Board has deviated from complying with the above recommendation. The Board only partially complies with the above recommendation by providing below a breakdown showing the level and mix of remuneration of each of the top four key management personnel (who are not Directors or the CEO) in bands of S$250,000 for FY2019:

Remuneration Band and Name of Executive(1)	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Up to S$250,000				
Ms Gina Lee	85	7	8	100
Ms Karen Lim	85	7	8	100
Ms Lim Lay Khim	92	8	–	100
Mr Leow Chyan	84	7	9	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)	496,720

There is no employee who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 in FY2019.

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 10: Accountability

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

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

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

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

Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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

The Company has engaged an independent accounting firm, KPMG Services Pte. Ltd. ("**KPMG**"), as its internal auditors, 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.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

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

<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 the financial year ended 30 September 2019 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.

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

The AC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. 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 2019.

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

Principle 12: Audit Committee

AC composition

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

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

Members of the AC have extensive management and financial or legal experience. The Board considers them as having sufficient financial or legal knowledge and experience to discharge their responsibility in the AC.

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 Listing Manual and the Code.

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

h) Review the financial statements of the Company and the Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (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 Listing Manual, if any.

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

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

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

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

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

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

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

Apart from the above, the AC shall:

r) Commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

s) Commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any).

The AC has explicit authority to investigate any matter within its term of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer to attend its meetings.

Summary of the AC's activities

The AC met two times during the financial year under review. Details of members and their attendance at meetings are provided on page 36. 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.

During the financial year, the AC had one meeting with the internal auditors and external auditors separately, without the presence of management. These meetings enable the internal auditors and external auditors to raise issues encountered in the course of their work directly to the AC.

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

Financial reporting

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

The AC reviewed the annual financial statements and also discussed with management, the 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.

Pursuant to the requirement in the Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The previous Deloitte & Touche LLP's audit partner who was appointed on 22 April 2014 has stepped down after five years in appointment. The current audit partner has been appointed since then and is responsible for audit commencing financial year 2019. In appointing auditors for the Company and its subsidiaries, the Group has complied with Rules 712 and 715 of the Listing Manual.

Auditors' independence

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

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

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC received a half-yearly report setting out the non-audit services provided by Deloitte & Touche LLP and the fees charged. The aggregate amount of fees paid to Deloitte & Touche LLP is S$139,987. The breakdown of audit and non-audit fees paid or payable to the external auditors for FY2019 are S$111,000 and S$28,987 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 non-controlling shareholders. On a half-yearly basis, management reports to the AC the interested person transactions.

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

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

Whistle blowing

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in matters of financial reporting or other matters. The AC exercises the overseeing function over the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigations to be carried out independently. The Whistle-Blowing Policy has been circulated to all employees.

Principle 13: Internal Audit

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

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

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

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

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

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters.

The Company allows corporations which provide nominee or custodial services to appoint not more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

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

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

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

Interaction with shareholders

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

Dividend policy

The Company does not have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

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

A first and final dividend of 0.3 Singapore cent per ordinary share for FY2019 has been recommended by the Board and is subject to the approval by shareholders at the forthcoming AGM.

Principle 16: Conduct of Shareholders Meetings

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

The Company's 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.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including Chairman of the Board and the respective Chairman of the AC, NC and RC, management, and the external auditors are intended to be in attendance at general meetings to address any queries of the shareholders.

The Company 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. Such minutes will be available to shareholders upon their request.

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.

Dealing in Securities

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the one month before the announcement of the Company's half-year and full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Listing Manual and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Material Contracts

Save for the following material contracts previously disclosed in the 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 2019 or if not then subsisting, entered into since the end of the previous financial year:

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

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

(c) the Service Agreement of Mr Michael Wong dated 22 March 2013 which took effect from the date of the Company's admission to Catalist on 19 April 2013. The Service Agreement has been renewed every three years and the last renewal was on 19 April 2019.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Listing Manual, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, during the financial year under review.

Interested Person Transactions

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

Non-Audit Fees

The nature of the non-audit services that were rendered by the Company's auditors, Deloitte & Touche LLP, to the Group and their related fees for FY2019 were as follows:

Fees for tax compliance services rendered to the Group – S$28,987.

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

Mr Goh Boon Kok and Ms Pebble Sia Huei-Chieh are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 17 January 2020 ("**AGM**") under Ordinary Resolutions 4 and 5 respectively as set out in the Notice of AGM dated 30 December 2019 (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, set out in Appendix 7F of the Catalist Rules are described in the table below and to be read in conjunction with their respective profiles under the "Board Of Directors" section of this annual report.

Name of Director	**Goh Boon Kok**	**Pebble Sia Huei-Chieh**
Date of appointment	21 March 2013	21 March 2013
Date of last re-appointment (if applicable)	19 January 2018	19 January 2018
Age	79	46
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the NC and the qualifications and work experience of Mr Goh, is of the view that he is suitable for reappointment as an Independent Director of the Company.	The Board having considered among others, the recommendation of the NC and the qualifications and work experience of Ms Sia, is of the view that she is suitable for reappointment as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	● Independent Non-Executive Director ● Chairman of Nominating Committee ● Member of Audit Committee ● Member of Remuneration Committee	● Independent Non-Executive Director ● Chairman of Remuneration Committee ● Member of Audit Committee ● Member of Nominating Committee

Name of Director	Goh Boon Kok	Pebble Sia Huei-Chieh
Professional qualifications	● Bachelor of Accountancy from the University of Singapore ● A member of the Institute of Singapore Chartered Accountants ● A member of the Chartered Institute of Management Accountants, United Kingdom ● A member of the Chartered Institute of Secretaries and Administrators, United Kingdom	● Bachelor of Laws with Honours, Second Upper Division from King's College London ● Barrister at Law, Middle Temple ● Advocate & Solicitor, Supreme Court of Singapore
Working experience and occupation(s) during the past 10 years	Mr Goh accumulated more than 30 years of experience in both auditing and accounting through holding various positions with companies and government agencies.	Ms Pebble Sia Huei-Chieh is the founder director of Esquire Law Corporation since 2002.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments[1] including Directorships – Past (for the last 5 years)	Public Listed Companies 1. Magnus Energy Group Limited 2. Pan Asian Holdings Limited Private Companies / Public Unlisted Companies / Other Organisations 1. W D Moore (2013) Pty Ltd 2. Super Group Pte. Ltd. (f.k.a Super Group Limited) 3. Goh Boon Kok & Co 4. RZ Capital Pte Ltd 5. Himley & Hawkins Ltd.	Public Listed Companies 1. Choo Chiang Holdings Ltd Private Companies / Public Unlisted Companies / Other Organisations 1. Bao Hua International (HK) Limited 2. Bernard Quaritch (Asia) Pte. Ltd. 3. Radical Studios Asia Pte. Ltd. 4. Quanah Empathy Foundation Singapore Limited (Struck off) 5. Cappelletti Limited (Struck off) 6. Prudential Advisory Services Pte. Ltd. 7. Aracari Verlag Asia Pte. Ltd.

Name of Director	Goh Boon Kok	Pebble Sia Huei-Chieh
Other principal commitments[1] including Directorships – Present	Public Listed Companies 1. GDS Global Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Venture Consulting Enterprise Pte Ltd 2. GBK Company	Public Listed Companies 1. GDS Global Limited 2. Singapore Shipping Corporation Limited Private Companies / Public Unlisted Companies / Other Organisations 1. Basslet Group Limited 2. Chrysses Limited 3. Esquire Law Corporation 4. Hexagon Residences Pte. Ltd. 5. Lacho Calad Pte. Ltd. 6. Maria Grachvogel Pte. Ltd. 7. Jade Mountain Group Limited 8. Jade Palace Trading Limited 9. Found8 Pte. Ltd. 10. City Gallery Investments Limited 11. Volari Investments Limited 12. Tamariki 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 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 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	No
(c) Whether there is any unsatisfied judgment against him?	No	No

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

Name of Director	Goh Boon Kok	Pebble Sia Huei-Chieh
(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	Goh Boon Kok	Pebble Sia Huei-Chieh
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
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 Goh was previously a director at Magnus Energy Group Limited and Pan Asian Holdings Limited. He has also been an Independent Director of GDS Global Limited since IPO.	Yes Ms Sia is presently a director at Singapore Shipping Corporation Limited. She was also previously a director of Choo Chiang Holdings Ltd and has been an Independent Director of GDS Global Limited since IPO.

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 2019.

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 64 to 109 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 2019 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)
Goh Boon Kok	(Independent Non-Executive Director)
Pebble Sia Huei-Chieh	(Independent Non-Executive Director)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of 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 2019 were the same at 30 September 2019.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

5 AUDIT COMMITTEE

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

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

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

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

(b) review the 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;

5 AUDIT COMMITTEE (cont'd)

(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 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

13 December 2019

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 2019, 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 64 to 109.

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 2019 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 adopted SFRS(I) 9 *Financial Instruments* with effect from 1 October 2018 which supersedes the requirements of FRS 39 *Financial Instruments – Recognition and Measurement*. 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 2019, the Group has trade receivables amounting to $1,920,000 (2018 : $2,878,000) net of allowance amounting to $1,278,000 (2018 : $1,278,000) and contract assets amounting to $1,840,000 (2018 : $1,755,000) net of allowance amounting to $193,000 (2018 : $190,000). 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.

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

13 December 2019

STATEMENTS OF FINANCIAL POSITION

30 September 2019

		Group			Company		
	Note	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	6	8,314	10,162	9,816	4,455	4,041	542
Trade and other receivables	7	2,370	3,185	3,692	623	1,151	1,798
Contract assets	8	1,840	1,755	2,806	–	–	–
Inventories	9	2,743	2,478	2,905	–	–	–
Total current assets		15,267	17,580	19,219	5,078	5,192	2,340
Non-current assets							
Property, plant and equipment	10	3,355	3,805	4,269	–	–	–
Intangible assets	11	1,940	2,179	2,418	–	–	–
Subsidiaries	12	–	–	–	4,040	4,040	4,040
Total non-current assets		5,295	5,984	6,687	4,040	4,040	4,040
Total assets		20,562	23,564	25,906	9,118	9,232	6,380
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	13	1,486	1,753	2,586	216	202	207
Contract liabilities	14	262	231	242	–	–	–
Finance lease payable	15	–	–	60	–	–	–
Income tax payable		192	151	198	11	8	4
Total current liabilities		1,940	2,135	3,086	227	210	211
Non-current liabilities							
Deferred tax liabilities	16	217	334	624	–	–	–
Other payables	13	412	469	76	–	–	–
Total non-current liabilities		629	803	700	–	–	–
Total liabilities		2,569	2,938	3,786	227	210	211
Capital, reserves and non-controlling interests							
Share capital	17	5,245	5,245	5,245	5,245	5,245	5,245
Reserves		11,039	13,757	15,326	3,646	3,777	924
Equity attributable to owners of the Company		16,284	19,002	20,571	8,891	9,022	6,169
Non-controlling interests		1,709	1,624	1,549	–	–	–
Total equity		17,993	20,626	22,120	8,891	9,022	6,169
Total liabilities and equity		20,562	23,564	25,906	9,118	9,232	6,380

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2019

	Note	Group 2019	Group 2018
		$'000	$'000
Revenue	18	14,260	17,744
Cost of sales		(10,016)	(12,310)
Gross profit		4,244	5,434
Other operating income	19	216	174
Marketing and distribution expenses		(458)	(605)
Administrative expenses		(5,420)	(5,528)
Other operating expenses		(347)	(514)
Investment revenue	20	32	19
Other gains and losses	21	8	(26)
Finance costs	22	–	(2)
Loss before tax		(1,725)	(1,048)
Income tax (expense) benefit	23	(39)	418
Loss for the year	24	(1,764)	(630)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(15)	(10)
Other comprehensive loss for the year, net of tax		(15)	(10)
Total comprehensive loss for the year		(1,779)	(640)
(Loss) profit attributable to:			
- Owners of the Company		(2,143)	(999)
- Non-controlling interests		379	369
		(1,764)	(630)
Total comprehensive (loss) income attributable to:			
- Owners of the Company		(2,158)	(1,009)
- Non-controlling interests		379	369
		(1,779)	(640)
Basic and diluted loss per share (cents)	25	(1.91)	(0.89)

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 September 2019

Group	Share capital	Translation reserve	Capital reserves (Note 26)	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 2017 (1)	5,245	(47)	277	19	15,077	20,571	1,549	22,120
Total comprehensive (loss) income for the year:								
(Loss) profit for the year	–	–	–	–	(999)	(999)	369	(630)
Other comprehensive (loss) income for the year	–	(10)	–	–	–	(10)	–	(10)
Total	–	(10)	–	–	(999)	(1,009)	369	(640)
Transactions with owners, recognised directly in equity:								
Dividends (Note 27)	–	–	–	–	(560)	(560)	–	(560)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	(294)	(294)
Total	–	–	–	–	(560)	(560)	(294)	(854)
Balance at 30 September 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) income for the year	–	(15)	–	–	–	(15)	–	(15)
Total	–	(15)	–	–	(2,143)	(2,158)	379	(1,779)
Transactions with owners, recognised directly in equity:								
Dividends (Note 27)	–	–	–	–	(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

(1) The summary of the reconciliation of historical financial information prepared in accordance with Financial Reporting Standards in Singapore ("**FRSs**") to SFRS(I) and the effects of adoption of SFRS(I) 15 are detailed in Note 31 of the financial statements.

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 September 2019

Company	**Share capital**	**Retained earnings**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 October 2017	5,245	924	6,169
Profit for the year, representing total comprehensive income for the year	–	3,413	3,413
Transactions with owners, recognised directly in equity:			
Dividends (Note 27)	–	(560)	(560)
Balance at 30 September 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 27)	–	(560)	(560)
Balance at 30 September 2019	5,245	3,646	8,891

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2019

	Group	
	2019	2018
	$'000	$'000
Operating activities		
Loss before tax	(1,725)	(1,048)
Adjustments for:		
Interest income	(32)	(19)
Finance costs	–	2
Depreciation of property, plant and equipment	577	615
Amortisation of intangible assets	239	239
Loss allowance on trade receivables and contract assets, net	3	193
Allowance for inventory obsolescence	21	26
Loss on disposal of property, plant and equipment	10	1
Net foreign exchange (gains) losses	(16)	5
Amortisation of deferred grant income	(57)	(40)
Operating cash flows before movements in working capital	(980)	(26)
Inventories	(286)	401
Trade and other receivables	815	329
Contract assets	(88)	1,036
Trade and other payables	(281)	(411)
Contract liabilities	31	(11)
Cash (used in) generated from operations	(789)	1,318
Income tax (paid) refund	(116)	82
Net cash (used in) from operating activities	(905)	1,400
Investing activities		
Purchase of property, plant and equipment	(139)	(158)
Proceeds from disposal of property, plant and equipment	2	6
Interest received	32	19
Net cash used in investing activities	(105)	(133)
Financing activities		
Dividends paid	(560)	(560)
Repayment of obligations under finance leases	–	(60)
Interest paid	–	(2)
Dividends paid to non-controlling shareholders by subsidiary	(294)	(294)
Net cash used in financing activities	(854)	(916)
Net (decrease) increase in cash and cash equivalents	(1,864)	351
Cash and cash equivalents at beginning of year	10,162	9,816
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	16	(5)
Cash and cash equivalents at end of year (Note 6)	8,314	10,162

See accompanying notes to the 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 12 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 2019 were authorised for issue by the board of directors on 13 December 2019.

For all periods up to and including the year ended 30 September 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("**FRSs**"). These financial statements for the year ended 30 September 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). Details of first-time adoption of SFRS(I) are included in Note 31.

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) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 (before 1 October 2018)

<u>Effective interest method</u>

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

<u>Financial assets</u>

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

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

<u>Loans and receivables</u>

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

<u>Impairment of financial assets</u>

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

<u>Derecognition of financial assets</u>

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

Financial assets (from 1 October 2018)

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.

<u>Classification of financial assets</u>

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**").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 "investment 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

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

Financial liabilities

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

Other financial liabilities

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

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

Financial guarantee contracts 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.

Derecognition of financial liabilities

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.

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

The Group as lessor

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee

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

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

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

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

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

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

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 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)

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.

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

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

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.

<u>Trading of production component revenue</u>

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

<u>Service and maintenance works</u>

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Loss allowance

The Group makes loss 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 $462,000 (2018 : $457,000) for an outstanding receivable of $462,000 (2018 : $457,000), which was under legal action and management is of the view that the amount is no longer recoverable.

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 2019, the Group has trade receivables amounting to $1,920,000 (2018 : $2,878,000) net of allowance amounting to $1,278,000 (2018 : $1,278,000) and contract assets amounting to $1,840,000 (2018 : $1,755,000) net of allowance amounting to $193,000 (2018 : $190,000).

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

Impairment of goodwill

The recoverable value is based on the value in use of the cash-generating unit. The value in use methodology that is based on cash flows requires significant management's judgement about future market conditions, including growth rates and discount rates. As disclosed in Note 11, the carrying amount of goodwill as at 30 September 2019 was $859,000 (2018 : $859,000).

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 assessment, an allowance for inventory obsolescence of $21,000 (2018 : $26,000) was made as at 30 September 2019. The carrying amount of inventory is disclosed in Note 9 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group			Company		
	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets at amortised cost	10,283	13,098	12,843	5,063	5,177	2,324
Financial liabilities at amortised cost	1,429	1,695	2,636	216	202	207

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

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

The Company's netting arrangement are as follows:

As at 30 September 2019

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

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

As at 30 September 2018

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	1,304	(728)	576
	1,304	(728)	576

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	728	(728)	–
	728	(728)	–

As at 1 October 2017

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	2,653	(1,431)	1,222
	2,653	(1,431)	1,222

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	1,431	(1,431)	–
	1,431	(1,431)	–

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		
	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000	$'000	$'000	$'000
United States dollar	2,269	2,514	2,466	86	177	164
Euro	231	76	42	6	7	260
Swiss Franc	45	96	14	–	–	–

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.

(i) 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)

(i) Foreign currency sensitivity (cont'd)

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

	United States dollar impact		Euro impact		Swiss Franc Impact	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Profit	(218)	(234)	(22)	(7)	(4)	(10)

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

The 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 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)	

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

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

(iii) Credit risk management (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company						
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 Note 7 and Note 8 to the financial statements.

(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.

At the reporting date, the contractual and undiscounted future cash flows of the Group's financial liabilities approximate the carrying amounts and are expected to be settled within the next twelve months or repaid on demand.

(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.

(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 2018.

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	
	2019	**2018**
	$'000	**$'000**
Short-term benefits	1,421	1,493
Post-employment benefits	77	78
	1,498	1,571

6 CASH AND CASH EQUIVALENTS

	Group			Company		
	30 September 2019	**30 September 2018**	**1 October 2017**	**30 September 2019**	**30 September 2018**	**1 October 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash on hand	2	2	3	*	*	*
Cash at banks	3,672	5,687	7,798	852	1,595	542
Bank deposits	4,640	4,473	2,015	3,603	2,446	–
	8,314	10,162	9,816	4,455	4,041	542

* Less than $1,000.

Bank deposits bear an average effective interest rate of 0.60% (2018 : 0.56%; 2017 : 0.49%) per annum.

7 TRADE AND OTHER RECEIVABLES

	Group			Company		
	30 September 2019	**30 September 2018**	**1 October 2017**	**30 September 2019**	**30 September 2018**	**1 October 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables due from third parties	3,198	4,156	4,005	–	–	–
Less: Loss allowance	(1,278)	(1,278)	(1,096)	–	–	–
	1,920	2,878	2,909	–	–	–
Trade receivables due from a subsidiary	–	–	–	608	576	1,222
Other receivables due from third parties	1	1	2	–	–	–
Dividends receivable from a subsidiary	–	–	–	–	560	560
Deposits	48	57	116	–	–	–
Prepayments	148	130	466	15	15	16
Advances to supplier	253	119	199	–	–	–
	2,370	3,185	3,692	623	1,151	1,798

7 TRADE AND OTHER RECEIVABLES (cont'd)

The average credit period for trade receivables is approximately 30 to 60 days (2018 : 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.

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
	2019	**2019**
	$'000	**$'000**
Current	1,105	608
Past due		
< 1 month	441	–
1 month to 3 months	355	–
3 months to 6 months	6	–
6 months to 12 months	12	–
> 12 months	1,279	–
	3,198	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.

Previous accounting for impairment of trade receivables under FRS 39 (before 1 October 2018)

In 2018, allowance made for uncollectable amounts of trade receivables are recognised in profit or loss when there is objective evidence that the asset is impaired. Specific allowance is made for trade receivables that are unlikely to be collected.

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Not past due and not impaired	1,091	979	576	1,222
Past due but not impaired (i)	1,787	1,793	–	–
	2,878	2,772	576	1,222
Impaired receivables (individually assessed) (ii)				
- Customers placed under liquidation	619	582	–	–
- Customer under litigation	457	454	–	–
- Past due more than 12 months and no response to repayment demands	202	197	–	–
Less: Loss allowance	(1,278)	(1,096)	–	–
	–	137	–	–
Total trade receivables, net	2,878	2,909	576	1,222

7 TRADE AND OTHER RECEIVABLES (cont'd)

Previous accounting for impairment of trade receivables under FRS 39 (before 1 October 2018) (cont'd)

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

	Group	
	2018	2017
	$'000	$'000
< 1 month	801	1,009
1 month to 3 months	808	662
3 months to 6 months	140	37
6 months to 12 months	3	80
> 12 months	35	5
	1,787	1,793

There has not been a significant change in credit quality of these trade receivables and the amounts are still considered recoverable. Included in trade receivables that are past due for more than 12 months is an amount of $462,000 (2018 : $457,000) for which legal actions for recovery are ongoing (Note 3).

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

Movements in the allowance for doubtful debts are as follows:

	Group	
	2018	2017
	$'000	$'000
Balance at beginning of the year	1,096	376
Increase in allowance recognised in profit or loss	191	725
Amounts received during the year	(13)	–
Exchange differences	4	(5)
Balance at end of the year	1,278	1,096

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		
	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000
Contract assets	2,033	1,945	2,981
Less: Loss allowance	(193)	(190)	(175)
	1,840	1,755	2,806
Analysed as current	1,840	1,755	2,806

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

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

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 2017	175
Change in loss allowance	15
Balance as at 30 September 2018	190
Change in loss allowance	3
Balance as at 30 September 2019	193

9 INVENTORIES

	Group		
	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000
Raw materials	2,415	2,125	2,625
Finished goods	328	353	280
	2,743	2,478	2,905

During the year, an allowance for inventory obsolescence of $21,000 (2018 : $26,000) was made.

10 PROPERTY, PLANT AND EQUIPMENT

Group	Renovations	Furniture and fittings	Computers	Motor vehicles	Machinery and equipment	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At 1 October 2017	840	354	281	1,197	3,405	145	6,222
Additions	–	–	1	75	56	26	158
Disposals	–	–	–	(41)	–	–	(41)
At 30 September 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
Accumulated depreciation:							
At 1 October 2017	152	101	181	378	1,103	38	1,953
Depreciation	89	36	46	104	322	18	615
Disposals	–	–	–	(34)	–	–	(34)
At 30 September 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
Carrying amount:							
At 30 September 2019	510	183	33	678	1,862	89	3,355
At 30 September 2018	599	217	55	783	2,036	115	3,805
At 1 October 2017	688	253	100	819	2,302	107	4,269

In 2017, included in the carrying amount of the Group's property, plant and equipment of $308,000 is an amount of $60,000 held under finance lease (Note 15).

11 INTANGIBLE ASSETS

Group	Patent	Goodwill	Other intangibles	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 October 2017, 30 September 2018 and 2019	1,698	859	824	3,381
Accumulated amortisation:				
At 1 October 2017	621	–	342	963
Amortisation	94	–	145	239
At 30 September 2018	715	–	487	1,202
Amortisation	94	–	145	239
At 30 September 2019	809	–	632	1,441
Carrying amount:				
At 30 September 2019	889	859	192	1,940
At 30 September 2018	983	859	337	2,179
At 1 October 2017	1,077	859	482	2,418

(a) Goodwill and other intangibles arise from the acquisition of a subsidiary 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 and extrapolates cash flows for the following five years based on an estimated growth rate of 2% and estimated growth rate of 0.5% beyond 5 years. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from Grimm Industries Pte. Ltd. is 11.0% (2018 : 14.0%; 2017 : 14.9%). As at 30 September 2019, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount of the CGU.

12 SUBSIDIARIES

	Company		
	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	4,040	4,040	4,040

(i) Details of the Group's subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held			Principal activities
		30 September 2019	30 September 2018	1 October 2017	
		%	%	%	
Held by the Company					
Gliderol Doors (S) Pte. Ltd. (1)	Singapore	100	100	100	Manufacture of metal doors, window and door frames, grilles and gratings.
Grimm Industries Pte. Ltd. (1)	Singapore	51	51	51	Trading of production components.
Held by Gliderol Doors (S) Pte. Ltd.					
Gliderol International (ME) FZE	United Arab Emirates	100	100	100	Dormant.

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

12 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 (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
		30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
		%	%	%	$'000	$'000	$'000	$'000	$'000	$'000
Grimm Industries Pte. Ltd.	Singapore	49	49	49	379	369	383	1,709	1,624	1,549
Individually immaterial subsidiary with non-controlling interests					–	–	(88)	–	–	–
Total					379	369	295	1,709	1,624	1,549

12 SUBSIDIARIES (cont'd)

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

	Grimm Industries Pte. Ltd.		
	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000
Current assets	3,081	3,027	2,781
Non-current assets	43	55	83
Current liabilities	(321)	(453)	(385)
Non-current liabilities	(3)	(2)	(2)

	2019	2018
	$'000	$'000
Revenue	6,385	6,197
Expenses	(5,612)	(5,447)
Profit for the year	773	750
Profit attributable to owners of the company	394	381
Profit attributable to the non-controlling interests	379	369
Profit for the year	773	750
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	394	381
Total comprehensive income attributable to non-controlling interests	379	369
Total comprehensive income for the year	773	750
Dividend paid to non-controlling interests	294	294
Net cash inflow from operating activities	814	566
Net cash outflow from investing activities	(9)	(1)
Net cash outflow from financing activities	(599)	(600)
Net cash inflow (outflow)	206	(35)

13 TRADE AND OTHER PAYABLES

	Group			Company		
	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables due to third parties	447	680	1,123	38	41	42
Accruals and other payables	982	1,015	1,453	178	161	165
Deferred grant income	469	527	86	–	–	–
	1,898	2,222	2,662	216	202	207
Less : Non-current deferred grant income	(412)	(469)	(76)	–	–	–
	1,486	1,753	2,586	216	202	207

The average credit period for trade payables is 30 to 60 days (2018 : 30 to 60 days; 2017 : 30 to 60 days). No interest is charged on the outstanding balances.

14 CONTRACT LIABILITIES

	Group		
	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000
Contract liabilities	262	231	242
Analysed as current	262	231	242

Contract liabilities related to the Group's obligation to deliver and install the doors and shutter systems for which the Group has received 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 were no significant changes in the contract liability balances during the reporting period.

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	
	2019	2018
	$'000	$'000
Contract liabilities recognised as revenue in subsequent reporting period	231	242

15 FINANCE LEASE PAYABLE

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	30 September 2019	30 September 2018	1 October 2017	30 September 2019	30 September 2018	1 October 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts payable under finance leases:						
Within one year	–	–	62	–	–	60
Less: Future finance charges	–	–	(2)	–	NA	NA
Present value of lease obligations	–	–	60	–	–	60
Less: Amount due for settlement within 12 months (shown under current liabilities)				–	–	(60)
Amount due for settlement after 12 months				–	–	–

In 2017, the lease term was 1 year and the applied interest rate was 2.99% per annum.

16 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 2017	624
Credit to profit or loss for the year (Note 23)	(290)
At 30 September 2018	334
Credit to profit or loss for the year (Note 23)	(117)
At 30 September 2019	217

17 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Issued and paid up	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	'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.

18 REVENUE

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

	Group 2019 $'000	Group 2018 $'000
Type of revenue		
Sale of doors and shutter systems	5,625	9,474
Trading of production components	6,272	6,136
Service and maintenance works	2,363	2,134
	14,260	17,744
Revenue recognised at a point in time:		
Sale of doors and shutter systems	5,625	9,474
Trading of production components	6,272	6,136
Service and maintenance works	2,363	2,134
	14,260	17,744

19 OTHER OPERATING INCOME

	Group 2019 $'000	Group 2018 $'000
Rental income	5	20
Sundry income	77	51
Government grant	77	63
Amortisation of deferred income	57	40
	216	174

20 INVESTMENT REVENUE

	Group 2019 $'000	Group 2018 $'000
Interest income from bank deposits	32	19

21 OTHER GAINS AND LOSSES

	Group 2019 $'000	Group 2018 $'000
Loss on disposal of property, plant and equipment	(10)	(1)
Net foreign exchange gains (loss)	18	(25)
	8	(26)

22 FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest on obligations under finance leases	–	2

23 INCOME TAX EXPENSE (BENEFIT)

	Group	
	2019	2018
	$'000	$'000
Income tax expense (benefit) comprises:		
- Current tax expense	150	122
- Deferred tax benefit (Note 16)	(117)	(126)
- Adjustments recognised in the current year in relation to current tax of prior years	6	(250)
- Adjustments recognised in the current year in relation to deferred tax of prior years (Note 16)	–	(164)
Total income tax expense (benefit)	39	(418)

Domestic income tax is calculated at 17% (2018 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2019	2018
	$'000	$'000
Numerical reconciliation of income tax expense (benefit)		
Loss before tax	(1,725)	(1,048)
Income tax benefit calculated at 17% (2018 : 17%)	(293)	(178)
Effect of income that is exempt from taxation	(21)	(40)
Effect of expenses that are not deductible in determining taxable profit	15	16
Effect of tax concessions	–	(12)
Adjustments recognised in the current year in relation to current tax of prior years	6	(250)
Adjustments recognised in the current year in relation to deferred tax of prior years	–	(164)
Effect of unused tax losses not recognised as deferred tax assets	340	194
Others	(8)	16
Income tax expense (benefit)	39	(418)

Deferred tax assets have not been recognised on unabsorbed tax loss of approximately $2,003,000 (2018 : $1,139,000).

The unabsorbed tax loss 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.

24 LOSS FOR THE YEAR

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

	Group	
	2019	2018
	$'000	$'000
Cost of inventories recognised as expenses	6,477	8,532
Loss allowance on trade receivables and contract assets, net	3	193
Allowance for inventory obsolescence	21	26
Depreciation of property, plant and equipment	577	615
Amortisation of intangible assets	239	239
Net foreign exchange (gains) losses	(18)	25
Audit fees:		
- paid to auditors of the Company	111	111
Non-audit fees:		
- paid to auditors of the Company	29	13
Aggregate amount of fees paid to auditors	140	124
Directors' remuneration:		
- of the Company	740	737
- of the subsidiaries	141	140
Total directors' remuneration	881	877
Employee benefits expense (including directors' remuneration)		
Defined contribution plans	323	331
Salaries and related expenses	4,896	5,206
Total employee benefits expense	5,219	5,537

25 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	
	2019	2018
	$'000	$'000
Loss		
Loss attributable to owners of the Company	2,143	999

	Group	
	2019	2018
	'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 2019 and 2018.

26 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.

27 DIVIDENDS

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 of the Company. On 20 February 2018, the Company paid a final tax-exempt (one-tier) dividend of $0.005 per ordinary share, totalling $560,000 to the shareholders.

Subsequent to 30 September 2019, the directors recommended that a final tax-exempt (one-tier) dividend of $0.003 (2018 : $0.005) per ordinary share totalling $336,000 (2018 : $560,000) be paid to shareholders for the financial year ended 30 September 2019. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

28 GUARANTEES

Guarantees arising from investment in a subsidiary are as follows:

	Company	
	2019	2018
	$'000	$'000
Guarantees given to a bank in respect of banking facilities granted to a subsidiary:		
- Utilised	1,364	1,590
- Unutilised	1,861	1,635
	3,225	3,225

29 OPERATING LEASE ARRANGEMENTS

	Group	
	2019	**2018**
	$'000	**$'000**
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense	1,512	1,383

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

	Group	
	2019	**2018**
	$'000	**$'000**
Within one year	1,491	1,528
In the second to fifth years inclusive	5,750	5,687
After five years	5,933	7,390
	13,174	14,605

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 (2018 : 1 to 10 years) and rentals have varying terms and escalation clauses to reflect current market rental and value.

The Group as lessor

In 2018, the Group has future lease income receivables in respect of the sub-leasing of its office and manufacturing premises and it has since been terminated in 2019. The rental income earned during the financial year is $5,000 (2018 : $20,000).

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

	Group	
	2019	**2018**
	$'000	**$'000**
Within one year	–	3

30 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, 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	
	2019	**2018**
	$'000	**$'000**
Revenue from external customers (based on location of products delivered)		
Singapore	7,304	10,540
Europe	5,050	4,242
Australia	857	1,395
Middle East	381	639
Greater China	214	185
Others *	454	743
	14,260	17,744

* Others include Myanmar, USA, Mauritius, Africa, Brunei, Malaysia, Indonesia, Pakistan, Vietnam, Thailand, Oman, Maldives and India.

	Group	
	2019	**2018**
	$'000	**$'000**
Non-current assets (based on location of assets)		
Singapore	5,295	5,984

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("**SFRS(I)**") for the first time for financial year ended 30 September 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (30 September 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 30 September 2019, an additional opening statement of financial position as at date of transition (1 October 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 October 2017) and as at end of last financial period under FRS (30 September 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 30 September 2018). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 which are effective at the same time, and the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemption:

- The Group and the Company have elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 October 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 September 2018. The Group and the Company are also exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that these disclosures relate to the items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative periods.

Reconciliations of equity and total comprehensive income

The effects of initial application of SFRS(I) 15 are presented and explained below:

(A) Impact on the Statement of Financial Position as at 1 October 2017 (date of initial application)

	Previously reported as at 1 October 2017	**Adoption of SFRS(I) 15**	**(Note)**	**Adjusted as at 1 October 2017**
	$'000	**$'000**		**$'000**
Group				
Current assets				
Trade and other receivables	6,498	(2,806)	(a)	3,692
Contract assets	–	2,806	(a)	2,806
Current liabilities				
Trade and other payables	2,828	(242)	(b)	2,586
Contract liabilities	–	242	(b)	242

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(B) Impact on the Statement of Financial Position as at 30 September 2018 (end of last period reported under FRS)

	Previously reported as at 30 September 2018	Adoption of SFRS(I) 15	(Note)	Adjusted as at 30 September 2018
	$'000	$'000		$'000
Group				
Current assets				
Trade and other receivables	4,940	(1,755)	(a)	3,185
Contract assets	–	1,755	(a)	1,755
Current liabilities				
Trade and other payables	1,984	(231)	(b)	1,753
Contract liabilities	–	231	(b)	231

(C) Impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2018 (last financial year reported under FRS)

The transition to SFRS(I) has not had a material impact on the Statement of Profit or Loss and Other Comprehensive Income.

(D) Impact on the Consolidated Statement of Cash Flows for the year ended 30 September 2018 (last financial year reported under FRS)

	Previously reported as at 30 September 2018	Adoption of SFRS(I) 15	(Note)	Adjusted as at 30 September 2018
	$'000	$'000		$'000
Cash flows from operating activities				
Change in working capital:				
Trade and other receivables	1,365	(1,036)	(a)	329
Contract assets	–	1,036	(a)	1,036
Trade and other payables	(422)	11	(b)	(411)
Contract liabilities	–	(11)	(b)	(11)

Explanatory notes:

(a) Contract assets reclassified from trade and other receivables represent the Group's right to consideration for doors and shutter systems installed to date, but not yet due from customer. Consideration will be due from customer once the customer certifies the installed door.

(b) Contract liabilities are reclassified from trade and other payables when the obligation to deliver the doors and shutter systems, for which the Group has received the consideration is established.

32 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorization of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*

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

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

As at 30 September 2019, the Group has non-cancellable operating lease commitments as disclosed in Note 29. The Group anticipates that the initial application of the SFRS(I) 16 will result in operating leases in Note 29 to be recognised as right-of-use assets with corresponding lease liabilities, unless they qualify for low value or short-term leases exemption. It is not practical to provide a reasonable estimate of the financial impact to the Group's financial statements until management completes its detailed assessment.

STATISTICS OF SHAREHOLDINGS

As at 10 December 2019

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	130	52.42	126,700	0.11
1,001 - 10,000	50	20.16	222,100	0.20
10,001 - 1,000,000	63	25.40	8,668,500	7.74
1,000,001 and above	5	2.02	102,982,700	91.95
TOTAL	**248**	**100.00**	**112,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	D'Oasis Pte. Ltd.	88,500,000	79.02
2	Raffles Nominees (Pte.) Limited	6,069,000	5.42
3	UOB Kay Hian Private Limited	3,844,700	3.43
4	DB Nominees (Singapore) Pte Ltd	3,106,000	2.77
5	Lim Teck Chuan	1,463,000	1.31
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	775,000	0.69
7	Citibank Nominees Singapore Pte Ltd	600,000	0.54
8	Siah Iek Hoi	500,000	0.45
9	United Overseas Bank Nominees (Private) Limited	500,000	0.45
10	Chua Kim Yan	400,000	0.36
11	Neo Aik Cheng	400,000	0.36
12	Ong Keow Hiong	400,000	0.36
13	Seah Chiong Soon	360,000	0.32
14	DBS Nominees (Private) Limited	287,600	0.26
15	Lee Hui-Ling (Li Huiling)	270,900	0.24
16	Arleen Sanny	250,000	0.22
17	Lim Mui Guek	250,000	0.22
18	Suan Tju	220,000	0.20
19	Tan Guan	219,000	0.20
20	Lee Wee Thuang	204,000	0.18
	TOTAL	**108,619,200**	**97.00**

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, 20.85% of the issued ordinary shares of the Company is held in the hands of the public as at 10 December 2019. Accordingly, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B:Rules of Catalist has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GDS GLOBAL LIMITED (the "**Company**") will be held at 86 International Road, Singapore 629176 on Friday, 17 January 2020 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 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a First and Final Dividend of 0.3 Singapore cent per ordinary share one-tier tax exempt for the financial year ended 30 September 2019. **(Resolution 2)**

3. To approve the sum of S$130,000/- as Directors' fees for the financial year ending 30 September 2020 and the payment thereof on a half yearly basis. **(Resolution 3)**

4. To re-elect Mr Goh Boon Kok, 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 4)**

5. To re-elect Ms Pebble Sia Huei-Chieh, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (ii)] **(Resolution 5)**

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

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

As Special Business

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

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

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the 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 (iii)] **(Resolution 7)**

By Order of the Board

Yeoh Kar Choo Sharon
Company Secretary

Singapore, 30 December 2019

Explanatory Notes:

(i) Mr Goh Boon Kok, 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 Goh Boon Kok to be independent for the purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr Goh Boon Kok is set out on pages 52 to 56 of the Company's Annual Report.

(ii) Ms Pebble Sia Huei-Chieh, if re-elected, will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. The Board of Directors of the Company considers Ms Pebble Sia Huei-Chieh to be independent for the purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Ms Pebble Sia Huei-Chieh is set out on pages 52 to 56 of the Company's Annual Report.

(iii) Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued shares (excluding treasury shares 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. A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting. A proxy need not be a member of the Company.

2. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

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

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

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

GDS GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No: 201217895H

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "**relevant intermediary**").
2. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his vote(s) at the Annual General Meeting in person. SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Annual General Meeting.
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name) __________________ (NRIC/Passport/Co. Registration No.)

of ____ (Address)

being a member/members of **GDS GLOBAL LIMITED** hereby appoint

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

and/or (delete as appropriate)

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

as *my/our *proxy/proxies to attend, speak or vote for me/us and on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at 86 International Road, Singapore 629176 on Friday, 17 January 2020 at 10.00 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the AGM.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [√] within the box provided.

No.	Resolutions Relating To:	For	Against
AS ORDINARY BUSINESS			
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2019		
2	Declaration of First and Final Dividend		
3	Approval of Directors' fees for the financial year ending 30 September 2020		
4	Re-election of Mr Goh Boon Kok as a Director		
5	Re-election of Ms Pebble Sia Huei-Chieh as a Director		
6	Re-appointment of Deloitte & Touche LLP as Auditors		
AS SPECIAL BUSINESS			
7	Authority to issue new shares		

Dated this ________ day of ____________ 2020

Total Number of Shares Held

____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the AGM.

3. Where a member appoints more than one proxy, the proportion of his/her shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Cap. 50, who is either:

    a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

    b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

    c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

    You are entitled to appoint one (1) or more proxies to attend and vote at the AGM. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority or a duly certified copy thereof shall (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the office of the Company's registered office at 86 International Road, Singapore 629176 not less than 48 hours before the time set for holding the AGM or adjourned meeting, failing which the instrument of proxy shall not be treated as valid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 2019.