

corporate
governance

Board of Directors

The Board, in fulfilling its stewardship responsibility for the Company, met nine times during the financial year to supervise management in areas such as strategy, budgeting and planning, organisational and financial performance, the achievement of strategic goals and objectives, risk management as well as reporting and communications for the Company and the Group.

Key information regarding the Directors is disclosed on pages 12 and 13 of the Annual Report. The Directors appointed to the Board are qualified professionals who hold key management positions and/or directorships in other companies listed in Singapore and overseas. Appropriate orientation briefing is given to incoming directors to ensure that they are familiar with the Company's business and governance practices. The Directors also receive relevant updates and briefings from the Management and outside professionals on relevant new laws, regulations and changing commercial risks, from time to time.

The Company has internal guidelines on matters that require Board approval other than routine approvals concerning setting authority limits and operation of bank accounts. The types of material transactions requiring Board approval are as follows:

- Matters relating to the Group entities e.g. incorporation of new companies, acquisitions and disposals of subsidiaries.
- Budgets and financial planning.
- Projects with revenue over US\$20 million.

Currently, the Board consists of nine Directors, of whom two are executive directors, three are considered to be independent by the Nominating Committee and four are non-executive (of which three are nominees from the parent company, Dimension Data Holdings plc). There is therefore a good balance between the executive directors and non-executive directors and a strong and independent element on the Board.

The Board considers its size as appropriate and effective in decision-making, given the scope and nature of the operations. The Board also considers the combination of experience, knowledge and expertise of its members in the various fields of accounting, finance, business, management and industry to be balanced and effective in carrying out its functions.

There is a clear division of responsibilities at the top of the Company with clear lines of responsibility between the Board and the executive functions of the management of the Company's business. The Board sets broad business guidelines, approves financial objectives and business strategies and monitors the standards of executive management performance on a periodic basis. The roles of the Chairman and Chief Executive Officer ("CEO") are separate. With respect to the Chairman's role in Board proceedings, the Chairman, being a non-executive Director:-

- i) schedules meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- ii) prepares meeting agenda in consultation with the CEO;
- iii) exercises control over quality, quantity and timeliness of the flow of information between the Management and the Board; and
- iv) assists in ensuring compliance with Company's guidelines on corporate governance.

Key information on the Chairman and CEO is disclosed on page 12 of the Annual Report.

The Board meets regularly on a quarterly basis and as warranted. However, ad hoc, non-scheduled Board meetings may be convened to deliberate on urgent substantive matters.

Board of Directors (cont'd)

The Directors' attendance record at Board meetings is set out below:

Directors	Attendance *
Executive Directors	
• William Bruce Grahame Padfield	9
• Philip Chu Yan-Jy	9
Non-executive Directors	
• Patrick Keith Quarmby	9
• Ronald John Cattell	9
• Jeremy John Ord	6
• Josua Malherbe	4
Independent Directors	
• Frank Yung-Cheng Yung	8
• Seet Ai Mee	9
• Lal Chandra Singh	8
Alternate Directors	
• Brett William Dawson (alternate to Jeremy John Ord)	
• Stephen Michael Joubert (alternate to Josua Malherbe)	

* Since the beginning of the financial year or date of appointment, whichever is later.

In order to fulfill their responsibilities, the Company recognises that Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis. As a general rule, Board papers are sent to Directors three to five days before the regular Board meeting so that the Directors may better understand the matter before the Board meeting such that Board meeting time may be conserved and discussion time focused on questions that the Board has about the Board papers. The information provided in the Board papers include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

The Directors are also provided with the names and contact details of the Company's senior management, company secretary and assistant company secretary to facilitate independent and separate access. The assistant company secretary attends all board meetings and ensures that board procedures are followed and applicable rules and regulations are complied with.

The Company fully recognises that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. The Management is therefore expected to provide the Board with information concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company accurately and in a timely manner.

The Directors currently submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

The Directors who have been re-nominated for re-election are set out on page 40 of the Annual Report. The Board takes independent professional advice as and when necessary to enable it or the independent Directors to discharge their responsibilities effectively.

Nominating Committee

The Nominating Committee has been charged with the responsibility of re-nomination having regard to the Director's contribution and performance.

The members of the Nominating Committee are:

- Seet Ai Mee, Chairperson, Independent Director
- Frank Yung-Cheng Yung, Independent Director
- Lal Chandra Singh, Independent Director
- Patrick Keith Quarmby, Non-executive Director
- William Bruce Grahame Padfield, Executive Director

The Nominating Committee will determine annually whether or not a Director is independent. Where a Director has multiple board representations, the Nominating Committee also considers if he/she is able to adequately carry out his/her responsibilities as Director of the Company.

Remuneration Committee

The Company has a Remuneration Committee comprising only non-executive and independent Directors who are free from any business or other relationships, which may materially interfere with the exercise of their independent judgement.

The Remuneration Committee annually reviews the entire remuneration of the CEO and his direct subordinates. It takes into account the performance of the Company and the individuals as well as the competitive situation. It will submit its recommendations on the remuneration packages of the CEO and the executive Directors to the Board for endorsement. It approves the remuneration package of the other key management staff as well as the appointment of new executives whose remuneration is more than US\$300,000. The Remuneration Committee's review covers all aspects of remuneration, including salaries, allowances, bonuses, options and benefits-in-kind. The Chairman of the Remuneration Committee is also the Chairman of the Audit Committee.

The members of the Remuneration Committee are:

- Frank Yung-Cheng Yung, Chairman, Independent Director
- Seet Ai Mee, Independent Director
- Patrick Keith Quarmby, Non-executive Director

The Remuneration Committee has met once since the last Annual General Meeting to determine and recommend to the Board remuneration packages for the Board and key executives. No Director participated in decisions on his/her own remuneration.

It is the Company's policy that the remuneration packages of senior executives, which are linked to corporate and individual performance and risk, are appropriate to attract, retain and motivate the executives needed to run the Company successfully. The remuneration packages of both senior executives and non-executives are commensurate to their responsibilities and contributions. The Remuneration Committee has access to expert advice in the field of executive compensation outside the Company when required.

The performance-related elements of remuneration form a significant proportion of total remuneration package of executive Directors.

The remuneration of non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of such Directors. The non-executive Directors' fees for the current year are consistent with prior years. The Board recommends the remuneration of the non-executive Directors for approval at the Annual General Meeting.

The employment contracts entered into between the CEO and the executive Directors with the Company are for an initial period of about two years, which are automatically renewed and have notice periods ranging from three to six months. Any special compensation commitments for early termination of the Directors' contracts of service will be negotiated on a case-by-case basis and the Remuneration Committee aims to be fair and avoid rewarding poor performance.

Remuneration Committee (cont'd)

Share options are offered to employees as part of long-term incentive scheme to attract and retain the relevant persons so as to support the growth of the Company. Share options granted to all participants are vested in four tranches over four years as described on page 44 of the Annual Report.

In setting remuneration packages, the Company takes into account the performance of the Company and the individuals, giving consideration to the competitive situation and the combination of fixed and variable remuneration while aligning the interests of the employees with that of the shareholders.

Details of the share option scheme can be found on page 42 of the Annual Report. Based on the current Singapore Financial Reporting Standards, there is no requirement to recognise and measure the costs of share options. Accordingly, no such costs were recognised in the Company's books.

The Board is accountable to the shareholders while the Management is accountable to the Board. The Management provides all members of the Board with a balanced and understandable management accounts of the Company's performance, position and prospects on a monthly basis. The Board provides the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. Such responsibility is extended to interim and other price sensitive public reports and reports to regulators (if required).

Remuneration and Benefits of Directors and Ten Key Executives

a) The following table shows a breakdown (in percentage terms) of the average remuneration of Directors and ten key executives, which falls within broad bands, for the 12 months ended September 30, 2004 (in alphabetical order):

Remuneration bands	Salary %	Performance bonuses %	Directors' fees %	Others %	Total compensation %
Directors					
S\$1,000,000 - S\$1,249,999					
William Bruce Grahame Padfield	58	24	-	18	100
S\$750,000 - S\$999,999					
Philip Chu Yan-Jy	75	25	-	-	100
Below S\$250,000					
Frank Yung-Cheng Yung	-	-	100	-	100
Jeremy John Ord	-	-	-	-	-
Josua Malherbe	-	-	-	-	-
Lal Chandra Singh	-	-	100	-	100
Patrick Keith Quarmby	-	-	100	-	100
Ronald John Cattell	-	-	-	100	100
Seet Ai Mee	-	-	100	-	100
Ten key executives					
S\$500,000 - S\$749,999					
Yutaka Aoki	85	15	-	-	100
S\$250,000 - S\$499,999					
Dilip Kumar	64	32	-	4	100
Keith Lawrence Carter	85	15	-	-	100
Lim Seng Kong	74	21	-	5	100
Raymond So Lie Mo	77	17	-	6	100
Robin Anthony Hartendorp	65	28	-	7	100
Sunil Desai	75	20	-	5	100
Tso Chung Wing, Eddy	76	21	-	3	100
Won Shin	81	11	-	8	100
Wong Wen Ming	79	17	-	4	100

The above does not include benefits attached to share options granted to directors and employees, which have not been valued.

b) Details of share options granted
Details of share options granted to Directors are disclosed in paragraph 5 of the Report of the Directors.

Share Option Committee

The Share Option Committee is a separate committee of Non-executive Directors which administers the Company's long-term incentive share option scheme for employees.

The Share Option Committee members are:

- Patrick Keith Quarmby, Chairman, Non-executive Director
- Frank Yung-Cheng Yung, Independent Director
- Seet Ai Mee, Independent Director
- Ronald John Cattell, Non-executive Director

The Share Option Committee has met once during the financial year to approve the grant of share options to Directors and employees under the terms of the Datacraft Asia Share Option Scheme. No Director is involved in any deliberation or decision making in respect of options offered or granted in which they have a benefit.

The details of the Datacraft Asia Share Option Scheme are contained in paragraph 5 of the Report of the Directors.

Audit Committee

The Audit Committee members are:

- Frank Yung-Cheng Yung, Chairman, Independent Director
- Seet Ai Mee, Independent Director
- Patrick Keith Quarmby, Non-executive Director

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Audit Committee reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. It has undertaken a review of all non-audit services provided by the auditors and was of the opinion that the provision of such services would not affect the independence of the auditors.

The Audit Committee met four times since the last Annual General Meeting and the members' attendance record at Audit Committee meetings is set out below:

Members	Attendance
• Frank Yung-Cheng Yung	4
• Seet Ai Mee	3
• Patrick Keith Quarmby	3

During the financial year ended September 30, 2004, the Company has complied with the Best Practices Guide on Audit Committee issued by the Singapore Exchange Securities Trading Limited.

The Audit Committee reviewed the following, where relevant, with the Executive Directors, the external auditors, Deloitte & Touche, and the internal auditors, PricewaterhouseCoopers Singapore ("PwC Singapore"):

- the external audit plans and results of their examination and evaluation of the Group's system of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;
- the cooperation given by the Management to the external and internal auditors;
- the scope and results of the internal audit procedures;
- the appointments of the external and internal auditors of the Company; and
- the effectiveness of the Company's material internal controls.

Audit Committee (cont'd)

The Audit Committee has full access to and cooperation by the Management. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence of the external auditors and has recommended to the Board, the nomination of Deloitte & Touche for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

Internal Controls

The Company first appointed PwC Singapore (formerly known as PriceWaterhouse Singapore) as its independent internal auditors in 1997. PwC Singapore is a corporate member of the Singapore branch of the Institute of Internal Auditors and is guided by the PwC Global Internal Audit Services Outsourcing Engagement Framework, the standards of which are consistent with the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing and authority within the Company.

PwC's primary line of reporting is to the Chairman of the Audit Committee and co-ordinates administratively with the Director of Internal Controls. The Director of Internal Controls reports directly to the Audit Committee the status of internal controls and liaises administratively on a day-to-day basis with the CFO and through him, the CEO.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. There is a clearly defined delegation of authority from the Board to the operating companies. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of sales contracts, capital expenditure and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business. Actual performance is compared to budgets and revised forecasts for the year are prepared on a regular basis.

The Group is continually improving its internal controls and the Board is satisfied with the adequacy of the current system of internal controls.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are on an arm's length basis. All interested person transactions are subject to review by the Audit Committee to ensure compliance with the established procedures.

Material Contracts

Except as disclosed in the Report of the Directors and Financial Statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Dealings in Securities

The Company has an internal compliance code to provide guidance to its Directors, officers, executives, any other persons as determined by Management that may possess unpublished material price-sensitive information of the Group, related persons of the foregoing and substantial shareholders of the Company that have representation on the Board of the Company ("Applicable Persons") in relation to the dealings in its securities. This code is in line with the Best Practices Guide on Dealings in Securities issued by the Singapore Exchange Securities Trading Limited.

Applicable Persons are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information in relation to the Group. They are required to report on their dealings in securities of the Company to the Company Secretary. With the introduction of quarterly reporting, Applicable Persons are prohibited from dealing in the Company's securities during the periods commencing from the first day after each of the quarter end, half year or financial year, as the case may be, and ending on the date of the announcement of the relevant results.

Communication with Shareholders

The Company engages in regular, effective and fair communications with shareholders. The Board strives for timeliness and transparency in its disclosures to shareholders and the public. Regular meetings are held with investors, analysts, fund managers and the press. The Group also has a corporate website (www.datacraft-asia.com) where shareholders and members of the public are able to access up-to-date corporate information and news events related to the Group.

The Annual General Meeting of the Company also represents the principal forum for dialogue and interaction with all shareholders. At each Annual General Meeting, the Board presents the progress and performance of the Group's businesses and invites shareholders to participate in the question and answer session. Directors, the Chairman of the Audit Committee and the Group's external auditors are available to respond to shareholders' questions during the Annual General Meeting.