

CORPORATE GOVERNANCE REPORT

The listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires all listed companies to describe, in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Singapore Code of Corporate Governance introduced in April 2001 and amended in 2005 ("Code").

The Company recognizes the importance of practising good corporate governance and fully supports the recommendations of the Code. The Company is also committed to maintaining a high standard of corporate governance and transparency within the Company in the spirit of the Code to protect the interests of shareholders of the Company ("Shareholders"). This Corporate Governance Report ("Report") describes the Company's corporate governance processes and activities for the financial year ended September 30, 2007.

BOARD OF DIRECTORS

Board's Conduct of its Affairs

The board of Directors ("Board") is responsible for setting the strategic directions, values and standards for the Company. The Board, in fulfilling its stewardship responsibility for the Company, met ten times during the financial year to supervise management ("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, together with its subsidiaries, the Group.

Key information regarding the Directors is disclosed on pages 19 and 20 of the Annual Report 2007 ("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/or overseas. Appropriate orientation briefing is given to incoming Directors to ensure that they are familiar with the Group's business and governance practices. Relevant training will also be provided for first-time Directors to allow them to assimilate into their new roles. In addition, the Director receive, from time to time, relevant updates and briefings from the Management and other professionals on relevant new laws, regulations and changing commercial risks.

The Board is entrusted with the responsibility for the overall management of the Company. 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 follow:

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

In recognition of the high standard of accountability to Shareholders, and to assist in the execution of its responsibilities, the Board has established four Board committees, namely, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Share Option Committee.

The Board meets on a quarterly basis and as warranted. However, ad hoc, non-scheduled Board meetings may be convened to deliberate on urgent substantive matters. The Board is allowed to conduct its meeting by way of teleconferencing as provided in Article 110(4) of the Company's Articles of Association.

Board's Conduct of its Affairs (cont'd)

The Directors' attendance record at Board meetings held during the financial year is set out below:

Directors	Attendance
Executive Directors	
• William Bruce Grahame Padfield	10
• Philip Chu Yan-Jy	10
Non-executive Directors	
• Patrick Keith Quarmby	10
• Jeremy John Ord	6
• Josua Malherbe	10
• Lal Chandra Singh	10
Independent Directors	
• Frank Yung-Cheng Yung	10
• Chew Kia Ngee ^{Note}	7
• Ronald John Cattell	10
Alternate Directors	
• Brett William Dawson (alternate to Jeremy John Ord)	
• Stephen Michael Joubert (alternate to Josua Malherbe)	

Note: Dr. Chew Kia Ngee was appointed as a Director with effect from January 30, 2007.

Board Composition

As at the date of this Report, 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 Directors (of which three are nominees from the parent company, Dimension Data Holdings plc). In addition, two of the Directors have also appointed alternates.

The Board has reviewed and is satisfied as to the independence of the three independent Directors, Mr. Frank Yung-Cheng Yung, Dr. Chew Kia Ngee and Mr. Ronald John Cattell. These three independent Directors do not have any relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere with the exercise of their independent business judgment with a view to the best interests of the Company.

The Board is of the view that there exists a fairly strong element on the Board to enable independent exercise of objective judgment of corporate affairs of the Group by members of the Board, taking into consideration factors such as the number of non-executive and independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group. The Board considers that the present board size (9) and number of Board committees facilitate effective decision-making. The Board derives its strength from the background, diversity, skills and experiences of the Board members. Together, the Directors have a wide range of accounting, finance, business, management and industry experiences. The Board considers the combination of experience, knowledge and expertise of its members to be balanced and effective in carrying out its functions. Where necessary, the non-executive and independent Directors may meet physically or by teleconferencing without the presence of Management or executive Directors to consider matters that must be raised privately.

Chairman and CEO

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 the Chief Executive Officer ("CEO") are separate to ensure a balance of power and authority within the Company.

With respect to the Chairman's role in Board proceedings, the Chairman, being a non-executive Director:-

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

The Chairman also performs the role of facilitating contributions of non-executive and independent Directors, and constructive relations between the Board and the Management, and between executive Directors and non-executive and independent Directors.

The CEO manages the businesses of the Company and implements the Board's decisions.

There is no relationship between the Chairman and the CEO.

Key information on the Chairman and CEO is disclosed on page 19 of the Annual Report.

Access to Information

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 regular Board meetings so that the Directors may be apprised of the matters before each meeting such that Board meeting time may be conserved and discussion time focused on questions that the Directors may have regarding the matters to be considered. 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.

Board interaction with, and separate and independent access to, senior management is encouraged. 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 responsibility of the assistant company secretary also includes ensuring good information flows within the Board and the various Board committees and between senior management and non-executive Directors.

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.

Whenever the Directors, whether as a group or individually, require independent professional advice, the Directors will seek independent and professional advice for the furtherance of their duties. The cost associated with such professional services will be borne by the Company.

Board Performance

During the financial year under review, the Directors were requested to complete appraisal forms as part of the process adopted by the Board to assess the functions and overall effectiveness of the Board. The results of the appraisal exercise were considered by the Nominating Committee which was tasked to make recommendations to the Board. The recommendations of the Nominating Committee would assist the Board in discharging its duties more effectively.

The appraisal process undertaken during the financial year focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to its principal functions, communication with top management, and Directors' standards of conduct.

The Nominating Committee evaluated the performance of individual Directors based on performance criteria, both quantitative and qualitative, which included individual skills, industry experience and business knowledge, attendance record, intensity and quality of participation at Board meetings. Each Director was also given the opportunity to discuss with the Chairman and the chairman of the Nominating Committee the appraisal exercise and other Board matters.

The Nominating Committee also decides how the Board's performance is evaluated and proposes objective performance criteria and addresses how the Board has enhanced long term shareholders' value.

Board Membership

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 nominated for re-election at the forthcoming annual general meeting are set out on page 71 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 nomination and re-nomination of Directors, having regard to each Director's contribution and performance.

The members of the Nominating Committee are:

- Chew Kia Ngee, Chairman, Independent Director
- Frank Yung-Cheng Yung, Independent Director
- Patrick Keith Quarmby, Non-executive Director

The Nominating Committee is chaired by Dr. Chew Kia Ngee, an independent Director. Dr. Chew is not associated with a substantial shareholder.

The main functions of the Nominating Committee are outlined in the commentary on 'Board Performance' as above.

NOMINATING COMMITTEE (cont'd)

Where the need for a new Director is identified or an existing Director is required to retire from office, the Nominating Committee will review the range of expertise, skills and attributes of the Board and the composition of the Board, identify its needs, and identify a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the Nominating Committee may seek advice from external search consultants.

The Nominating Committee takes factors such as attendance, preparedness and participation into consideration when evaluating the past performance and contributions of a Director for recommendation for re-nomination to the Board. Where a Director has multiple board representations, the Nominating Committee also considers if such Director is able to adequately carry out his responsibilities as a Director of the Company.

During the year, the Nominating Committee met once, where all members were present, to discuss and approve the re-nomination of Directors. No member of the Nominating Committee participated in deliberations or decisions on recommendations for his re-nomination to the Board.

The Nominating Committee also determines annually whether or not a Director is independent. Based on the Code's criteria for independence, the Nominating Committee considers Mr. Frank Yung-Cheng Yung, Dr. Chew Kia Ngee and Mr. Ronald John Cattell to be independent.

REMUNERATION COMMITTEE

The Company has a Remuneration Committee comprising entirely of non-executive Directors, a majority of whom including the chairman, are independent Directors who are free from any business or other relationships, which could materially interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement with a view to the best interests of the Company.

The Remuneration Committee reviews annually the entire remuneration of the CEO and his direct subordinates, taking 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. The Remuneration Committee 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 members of the Remuneration Committee are:

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

The Remuneration Committee has met once since the last annual general meeting, where all members attended, to determine and recommend to the Board remuneration packages for the Board and key executives. No member of the Remuneration Committee or any Director participated in deliberations or decisions in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

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.

REMUNERATION COMMITTEE (cont'd)

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

Non-executive and independent Directors are remunerated under a framework of basic and attendance fees for serving on the Board and various Board committees. Fees for non-executive and independent Directors are subject to the approval of Shareholders at annual general meetings. Executive Directors do not receive Directors' fees.

The Remuneration Committee considers the remuneration of the non-executive and independent Directors appropriate, taking into account factors such as contributions, effort and time spent and responsibilities of such Directors. The Board recommends the remuneration of the non-executive and independent Directors for approval at annual general meetings.

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.

Share options are offered to employees (including the executive Directors), non-executive Directors and independent Directors as part of a long-term incentive scheme to attract and retain the relevant persons so as to support the growth of the Group. Share options granted to all participants are vested in four tranches over four years and become exercisable when the participants satisfy certain performance targets and/or service conditions. The Company also has in place a performance share plan pursuant to which awards of fully-paid Shares may be granted, free of payment to selected eligible participants, when and after pre-determined performance targets and/or service conditions are satisfied.

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 schemes and performance share plan of the Company can be found on pages 74 to 78 of the Annual Report. Based on the Singapore Financial Reporting Standards effective for the current financial year, there is a requirement to recognize and measure the costs of share options. Accordingly, such costs were recognized in the Company's books.

The Board is accountable to Shareholders while Management is accountable to the Board. The Management provides all members of the Board with balanced and understandable management accounts of the Group's performance, position and prospects on a periodic basis. The Board provides Shareholders with a balanced and understandable assessment of the Group'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 remuneration of Directors and ten higher paid key executives, which fall within broad bands for the 12 months ended September 30, 2007:

Remuneration bands	Salary %	Performance bonuses %	Directors' fees %	Others %	Total compensation %
Directors					
\$S1,250,000 - \$S1,499,999					
William Bruce Grahame Padfield	49	33	-	18	100
Philip Chu Yan-Jy	55	44	-	1	100
Below \$S250,000					
Chew Kia Ngee	-	-	100	-	100
Frank Yung-Cheng Yung	-	-	100	-	100
Jeremy John Ord	-	-	-	-	-
Josua Malherbe	-	-	100	-	100
Lal Chandra Singh	-	-	100	-	100
Patrick Keith Quarmby	-	-	100	-	100
Ronald John Cattell	-	-	100	-	100
Ten key executives					
\$S750,000 - \$S999,999					
Dilip Kumar	61	38	-	1	100
\$S500,000 - \$S749,999					
Andrew Cocks	63	37	-	-	100
Francis Yip	81	19	-	-	100
Lim Seng Kong	65	33	-	2	100
Robin Anthony Hartendorp	71	29	-	-	100
Sunil Desai	63	35	-	2	100
Wong Wen Ming	67	32	-	1	100
\$S250,000 - \$S499,999					
Johan van Vuuren	71	12	-	17	100
Megumi Hasegawa	93	7	-	-	100
Seok-II Cho	100	-	-	-	100

The above excludes benefits attached to share options granted to Directors and employees.

- (b) There is no immediate family member of a Director or the CEO whose remuneration has exceeded \$S150,000 for the financial year ended September 30, 2007.

DETAILS OF SHARE OPTIONS AND PERFORMANCE SHARE AWARDS GRANTED

Details of share options and performance share awards 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 schemes and performance share plan.

The members of the Share Option Committee are:

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

The Share Option Committee met once during the financial year, attended by all members, to approve the grant of options to Directors and employees under the terms of the Datacraft Asia Share Option Scheme 2003. The Datacraft Asia Performance Share Plan ("Share Plan") was approved by Shareholders on January 20, 2006. During the financial year, no awards were granted pursuant to the Share Plan. No member of the Share Option Committee participated in any deliberation or decision making in respect of options offered or granted in which they have a benefit.

Further details of the share option and share award schemes of the Company are contained in paragraph 5 of the Report of the Directors.

ACCOUNTABILITY

The Board provides Shareholders with quarterly, half-yearly and full year results including annual financial reports (collectively, "Results") of the Company and the Group. In presenting the Results to Shareholders, the Board aims to provide Shareholders with a balanced and clear assessment of the Company's and the Group's position and prospects.

Management provides Directors with monthly financial management reports which include the monthly management accounts, other financial statements and an analysis of those accounts.

AUDIT COMMITTEE

The Audit Committee members are:

- Frank Yung-Cheng Yung, Chairman, Independent Director
- Chew Kia Ngee, Independent Director
- Patrick Keith Quarmby, Non-executive Director

The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

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.

AUDIT COMMITTEE (cont'd)

The responsibilities of the Audit Committee mainly include:

- (a) to review and recommend to the Board the Company's and the Group's quarterly and half-yearly financial statements;
- (b) to review the annual financial statements and to recommend them to the Board for approval;
- (c) to review the plan, scope and results of the internal and external audits, and to evaluate annually, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;
- (d) to review the cost effectiveness of the external audit and internal audit and, where the external auditors provide a substantial volume of non-audit services to the Company, to review the nature, extent and costs of such services so as not to affect the independence and objectivity of the external auditors;
- (e) to ensure that the internal audit function is adequately resourced and has appropriate standing and authority within the Company;
- (f) to recommend to the Board the appointment, re-appointment and removal of the external auditors; and
- (g) to review the interested person transactions of the Company with the assistance of internal auditors.

The Audit Committee meets with the external and internal auditors, without the presence of Management, at least once a year.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services did not affect the independence of the external auditors.

The Company has an arrangement where staff of the Company can access the CEO, Chief Financial Officer ("CFO") or Director of Internal Controls to raise any issues. The Director of Internal Controls, who reports directly to the Audit Committee, will notify the Chairman of the Audit Committee of all reported issues.

The Audit Committee met five times since the last Annual General Meeting and the meetings were attended by all members.

INTERNAL CONTROLS

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"):

- (a) the external audit plans and results of their examination and evaluation of the Group's system of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the balance sheet and statement of changes in equity 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;
- (d) the cooperation given by the Management to the external and internal auditors;
- (e) the scope, resources and results of the internal audit procedures;

INTERNAL CONTROLS (cont'd)

- (f) the appointments of the external and internal auditors of the Company;
- (g) the effectiveness of the Company's material internal controls; and
- (h) the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action.

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 also 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.

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

INTERNAL AUDIT

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.

PwC Singapore'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. In addition, an annual risk workshop conducted by PwC Singapore is held with senior management to update the Group's financial reporting, operational, regulatory and strategic business risks. 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 has a requirement for annual ethical conduct sign-off for managers.

The Audit Committee has reviewed and is satisfied that the internal auditors, PwC Singapore has adequate resources to perform its internal audit functions, and has appropriate standing within the Company. PwC Singapore plans its internal audit schedules annually in consultation with, but independent of, Management and its plan is submitted to be approved by the Audit Committee.

INTERESTED PERSON TRANSACTIONS

On January 30, 2007, the Company renewed the mandate ("IPT Mandate") from Shareholders for the Company, its subsidiaries and its associated companies over which the Company has control, to enter into transactions with Dimension Data Commerce Centre Ltd (a subsidiary of Dimension Data Holdings plc, the Company's holding company) within the categories of Interested Person Transactions as described in an Addendum dated January 12, 2007. The IPT Mandate will expire at the forthcoming annual general meeting and will be put forth to Shareholders for renewal.

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 and are not prejudicial to the interests of the Company and minority Shareholders. The established procedures for interested person transactions ("IPTs") are also reviewed by the internal auditors, PwC Singapore, on a half-yearly basis. All IPTs are subject to review by the Audit Committee to ensure compliance with the established procedures.

The aggregate value of IPTs entered into during the financial year under review in accordance to Rule 907 of the Listing Manual is as follows:

	FY2007	
Name of interested person	Aggregate value of all IPTs during FY2007 (excluding transactions less than S\$100,000 and excluding transactions conducted under the shareholders' mandate on January 30, 2007) US\$'000	Aggregate value of all IPTs during FY2007 conducted under the shareholders' mandate on January 30, 2007 (excluding transactions less than S\$100,000) US\$'000
Transactions > S\$100,000	Yes	Yes
Defined by IPT Mandate approved on January 30, 2007 ⁽¹⁾	Not applicable	Yes
Dimension Data Commerce Centre Ltd	1,811	12,834
Dimension Data Management Services (Pty) Ltd	1,090	-
Dimension Data North America Inc	472	-
Dimension Data Nederland BV	330	-
Dimension Data Network Services Limited	289	-

⁽¹⁾ Shareholders' approval for the renewal of the IPT Mandate was obtained on January 30, 2007 for purchases from Dimension Data Commerce Centre Ltd for servicing certain global clients, mainly HSBC.

MATERIAL CONTRACTS

Except as disclosed in the Report of the Directors and the Consolidated Financial Statements of the Group for the financial year ended September 30, 2007, 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.