

DATAPULSE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 196002677D)

BUSINESS TIMES ARTICLE OF 13 DECEMBER 2017

The board of directors (“**Board**”) of Datapulse Technology Limited (the “**Company**”) refers to the Business Times article of 13 December 2017 entitled “*Datapulse Tech: More questions about disclosures, corporate governance*” by Mak Yuen Teen (“**Further Press Article**”) and would like to respond to certain matters raised in the Further Press Article.

Appointment of New Independent Directors

The Directors appointed to the Board on 11 December 2017 who are regarded as Independent Directors are Mr Low Beng Tin (“**Mr Low**”), Mr Thomas Ng Der Sian (“**Mr Ng**”) and Mr Rainer Teo Jia Kai (“**Mr Teo**”) (collectively the “**New Independent Directors**”).

While the candidature of the New Independent Directors were proposed by Ms Ng Siew Hong (“**Ms Ng**”) to the then board of directors for consideration after she became a new controlling shareholder on 22 November 2017, it is not the case that the New Independent Directors were “*effectively appointed by the new controlling shareholder*” and/or that “*the new independent directors have been deemed independent without any proper assessment.*”

To elaborate:

1. Mr Low was introduced to Ms Ng by a third party as a possible candidate for independent Director and Chairman of the Board, and prior to his appointment to the Board, was not acquainted with Ms Ng nor with the other New Independent Directors.
2. Mr Ng and Mr Teo are business acquaintances of Ms Ng and Ms Ng had recommended them as possible candidates for independent Directors given their respective background and experience.
3. Prior to the consideration of the appointment of the New Independent Directors, each of the New Independent Directors were required, *inter alia*, to submit their written signed confirmations to the then board of directors of the Company, confirming that they fulfil the criteria for independence as contemplated under the 2012 Code of Corporate Governance. In particular, each of the New Independent Director confirmed, *inter alia*, that:-
 - (i) he has no relationship with the Company, its related companies or any of their respective directors, officers or 10% shareholder that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment as a director of the Company with a view to the best interests of the Company;
 - (ii) he is not a 10% shareholder or an immediate family member of a 10% shareholder of the Company;
 - (iii) he is not and have not been directly associated¹ with a 10% shareholder of the Company in the current or immediate past financial year,

¹ A director will be considered “**directly associated**” with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the

and the then board of directors took such confirmations into consideration in approving their appointments.

4. In considering the suitability of the New Independent Directors for appointment, the then board of directors also took into consideration, *inter alia*, their background and experience and ability to contribute to the Board. For instance, the board noted that Mr Ng has relevant audit and accounting background, Mr Teo has experience in the fund management industry, and Mr Low, being an independent director of several other listed companies is well-versed with listing compliance and corporate governance matters.

For the New Independent Directors who do not have the relevant experience as a director of a public listed company, the board requested them to attend the relevant training in Singapore to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore, which they agreed to do.

Since the New Independent Directors were not appointed by shareholders at the last annual general meeting of the Company, their appointments are in the nature of causal vacancies. Under the constitution of the Company, all Directors appointed to fill causal vacancies will have to retire and stand for re-election at the next annual general meeting (“**AGM**”) of the Company to be held after their appointment, so all shareholders will in fact have the opportunity to vote on their re-appointment at the next AGM of the Company.

Board Control

The current Board comprises the following Directors:

Mr Low (Chairman and Independent Director)
Mr Kee Swee Ann (Executive Director and CEO)
Mr Ng Cheow Chye (Executive Director)
Mr Ng (Independent Director)
Mr Teo (Independent Director)

Based on the above Board composition, the majority of the Board comprises Independent Directors, and of the Executive Directors, only Mr Kee Swee Ann was recently appointed, with Mr Ng Cheow Chye being the former Executive Director and CEO prior to the reconstitution of the Board who has remained on the Board after its reconstitution.

There is therefore, in fact, a strong independent element on the Board which exceeds the requirements under the 2012 Code of Corporate Governance, which only requires at least 1/3 of the board to be independent (where the chairman is independent) and at least half of the board to be independent (where the chairman is not independent).

Disclosures made by the Company leading up to the entry of the new shareholder

In relation to the comment made by Ms Ng in her letter of 29 November 2017 to the then board of directors which was disclosed in the Company’s announcement of 8 December 2017, the Board is not in the position to speculate as to what may have been the information in the possession of, or assumptions made by Ms Ng which led her to state in her letter, *inter alia*, “... *the Company will be ceasing its manufacturing business soon.....*”.

corporate affairs of the corporation. A director will not be considered “directly associated” with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

However, the Board is able to clarify the following:

1. As early as 21 September 2017, the Company had disclosed, in connection with the release of its audited financial statements for the financial year ended 31 July 2017, *inter alia*, that “*the operating environment in the media storage industry remains increasingly challenging due to weak market demand for media storage products and services..... The Group will be keeping a close tab on the technological and business developments within the media storage industry and explore other investments and business opportunities*”.
2. On 28 September 2017, the Company had disclosed that shareholders had given approval for the proposed disposal of the Company’s property at 15A Tai Seng Drive, Singapore 535225 at the extraordinary general meeting held on that day.
3. On 14 November 2017, the Company had disclosed the termination of the option to purchase an industrial property in Toa Payoh which was originally intended to be the property to be acquired by the Company to house the Group’s manufacturing activities following the disposal of the Tai Seng Drive Property.
4. On 18 November 2017, the Company disclosed, *inter alia*, that the then management was currently considering ceasing its manufacturing activities and exploring other business and investment opportunities.
5. The sale of shares by Mr Ng Cheow Chye to Ms Ng was completed on 22 November 2017, and the comment made by Ms Ng in relation to the Company “*ceasing its manufacturing business soon*” was made in her letter of 29 November 2017 to the then board of directors, by which time knowledge of the foregoing developments relating to the Group’s manufacturing activities was in the public domain.

For the avoidance of doubt, the Company has since announced that under the direction of the Board, the Company will be reviewing the strategic or business direction of the Company, including re-evaluating the feasibility of continuing the Group’s manufacturing activities and/or exploring other businesses and opportunities and proposed diversifications of the Group’s core businesses.

BY ORDER OF THE BOARD
Lee Kam Seng
Chief Financial Officer and Company Secretary
14 December 2017