

DATAPULSE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 198002677D)

**PROPOSED INVESTMENT IN A HOTEL IN SEOUL
ENTRY INTO DEFINITIVE AGREEMENTS**

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Datapulse Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group had, on 23 April 2019, through its indirect wholly owned subsidiary, KPH Top Pte. Ltd.¹ ("**KPH Top**"), entered into the following agreements in connection with the Group's proposed acquisition of a 15% interest in the "Holiday Inn Express Euljiro", a 224-room midscale hotel located at 61 Supyoro, Myeong-dong, Jung-gu, Seoul, South Korea (the "**Proposed Investment**");

- (a) a conditional beneficiary certificate sale and purchase agreement (the "**BCA**") between the Military Mutual Aid Association ("**BC Vendor**") and KPH Top and Bizcentre Capital Pte Ltd ("**JV Partner**") pursuant to which the BC Vendor will sell to KPH Top and the JV Partner (collectively, the "**BC Purchasers**") in the proportion of 15 : 85 respectively (the "**Agreed Proportion**"), all of the issued and outstanding beneficiary certificates (each a "**BC**") of the Korea Investment Private Placement Business Hotel Real Estate Investment Trust ("**REF Trust**"), which owns 100% of the interest in the parcels of land located at 101-1 and 101-47, Eulji-ro 2-ga, Jung-gu, Seoul, South Korea and the building thereon, currently known as "Holiday Inn Express Euljiro" (the "**Hotel**");
- (b) a conditional business transfer agreement ("**BTA**") between Glad Hotels & Resorts Co. Ltd. (the "**BTA Transferor**") and KPH Top and the JV Partner (collectively, the "**BTA Transferee**")² in relation to, *inter alia*, the assets, licences, contracts and employees of the Hotel (the "**BTA Assets**"); and
- (c) a conditional joint venture agreement ("**JVA**") between KPH Top and the JV Partner to govern the relationship between KPH Top and the JV Partner as holders of beneficiary certificates in the REF Trust and shareholders in the BTA Transferee.

¹ It is intended that the BCA and JVA will be assigned by KPH Top to KPH 2 Pte Ltd (which will be a wholly-owned subsidiary of KPH Top) upon the incorporation of KPH 2 Pte Ltd.

² It is intended that the BTA will be assigned by KPH Top and the JV Partner to Pinetree Hotel LLC (being a company owned by KPH 2 Pte Ltd and the JV Partner with a shareholding proportion of 15 : 85 respectively) upon the incorporation of Pinetree Hotel LLC.

Subject to the fulfilment of the relevant conditions precedent, the Proposed Investment is expected to complete by 21 June 2019 ("**Completion**").

2. INFORMATION ON THE HOTEL AND THE RELEVANT PARTIES

2.1 Hotel

The freehold Hotel is a midscale hotel strategically located in between the Myeongdong and Dongdaemun precincts, within the Euljiro area, and is currently operating under the name "Holiday Inn Express Euljiro". Completed in 2015, the Hotel has 224 rooms and facilities such as a food and beverage outlet, a meeting room, a business centre and a fitness centre.

Currently, the Hotel is leased by the REF Trust to the BTA Transferor and operated as a franchisee of the Holiday Inn Express brand. The Hotel is sold with vacant possession. It is intended that, on or prior to Completion, the BTA Transferee will execute a master lease agreement with the REF Trust, whereby BTA Transferee will lease the Hotel from the REF Trust. In addition, it is intended that the BTA Transferee will enter into a full hotel management arrangement with a hotel management company.

The Company was introduced to the Proposed Investment by an international real estate consultancy and brokerage firm.

2.2 REF Trust

The REF Trust is a real estate fund established in the Republic of Korea in the form of a Collective Investment Vehicle under the Capital Market and Financial Investment Business Act of the Republic of Korea with Korean Investment Management Co., Ltd. (the "**AMC**") as the qualified asset manager of the REF Trust and KB Kookmin Bank Co., Ltd. (the "**Trustee**") as the trustee.

The Hotel will be held by the Trustee on behalf of the REF Trust. The AMC is a licensed asset manager under Korean law. In providing the services, the AMC is required to exercise the standard of care, skill, prudence and diligence customarily expected of an asset manager providing such services.

2.3 BC Vendor

The BC Vendor is the Military Mutual Aid Association, a retirement savings fund in South Korea, with over KRW 10 trillion of assets under management in value. The BC Vendor currently owns 100% of the issued and outstanding beneficiary certificates of the REF Trust.

2.4 BTA Transferor

The BTA Transferor, Glad Hotels & Resorts Co., Ltd., is the current local hotel management company.

2.5 JV Partner³

The JV Partner is a subsidiary of Plenitude Berhad, a public listed company incorporated in Malaysia in 2000 and listed on the Bursa Malaysia. Plenitude Berhad is an investment holding company engaged in property development, property investment and hotel operations in prime areas across Malaysia.

At or prior to Completion, the shareholders of the JV Partner will be The Nomad Group Berhad (a wholly-owned subsidiary of Plenitude Berhad), which will have an interest in 70.6% of the JV Partner, and Javanile Sdn. Bhd. ("**Javanile**"), which hold the remaining 29.4%.

3. DETAILS OF THE PROPOSED INVESTMENT

3.1 Due Diligence

Following receipt of satisfactory findings from due diligence investigations, KPH Top and the JV Partner entered into the BCA, the BTA and the JVA (collectively, the "**Definitive Agreements**") on 23 April 2019.

3.2 Establishment of Holding Structure

In connection with the Proposed Investment:

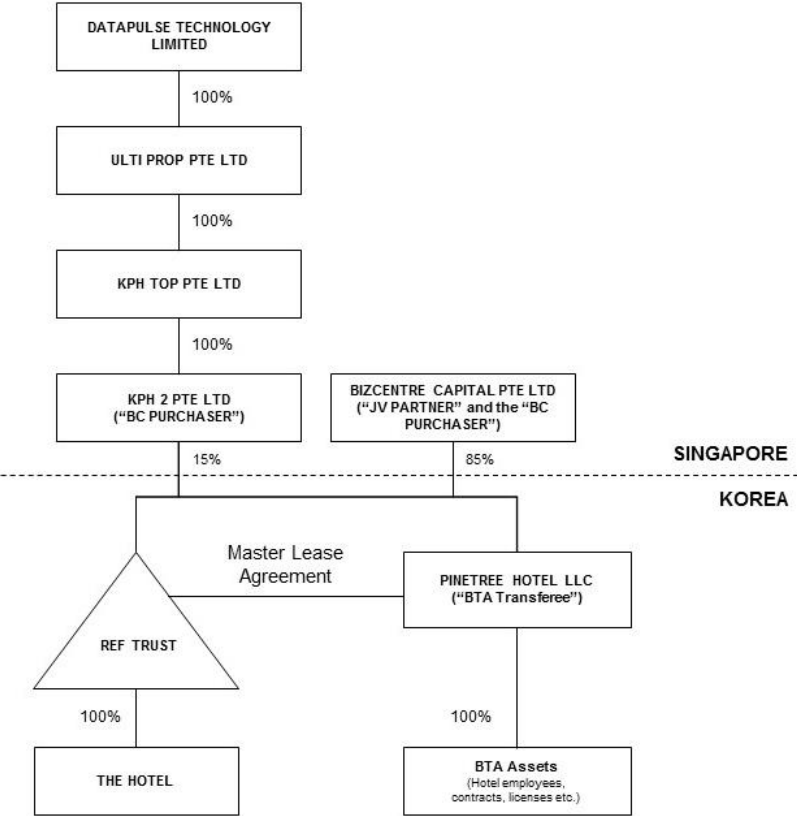
- (a) the Group will incorporate KPH 2 Pte. Ltd. ("**KPH 2**") under the laws of Singapore as a wholly-owned subsidiary with a paid-up share capital of S\$1,000; and
- (b) KPH 2 and the JV Partner will incorporate Pinetree Hotel LLC as the BTA Transferee under the laws of Korea with a paid-up share capital of KRW100 million to be held in the Agreed Proportion.

The incorporation of KPH 2 and BTA Transferee will be funded through internal resources and is not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 July 2019.

Following the incorporation of KPH 2 and BTA Transferee, the anticipated holding structure of the Proposed Investment upon Completion is set out in Diagram 1 below.

³ Source: <http://www.plenitude.com.my/>

Diagram 1: Anticipated holding structure upon Completion



3.3 Salient Terms of the Definitive Agreements

(a) The BCA and BTA

(i) Deposit under the BCA

A refundable deposit amounting to approximately KRW 2.7 billion (approximately S\$3.2 million) shall be paid by the BC Purchasers to the BC Vendor (the "Deposit") under the BCA as a refundable contract deposit. The Deposit is refundable in the event that any of the BC Purchasers fails to obtain the approval from their respective shareholder(s) for the Proposed Investment (if applicable).

(ii) Conditions Precedent to the completion of the BCA and the BTA

Completion of the BCA and the BTA is subject to and conditional upon satisfaction of certain conditions precedent, including but not limited to the approval of the shareholders (including the ultimate holding companies) of

the BC Purchasers and the BTA Transferee (if applicable), the execution and simultaneous closing of the BCA and the BTA, and both the BC Purchaser and the BTA Transferee obtaining all necessary approvals or permits from the relevant authorities in relation to the Proposed Investment.

(b) **Joint Venture Agreement**

To ensure that the risk and rewards of the Proposed Investment are shared *pro rata* between the parties, KPH Top and the JV Partner have entered into the JVA to govern the relationship between KPH Top and the JV Partner as holders of beneficiary certificates in the REF Trust and shareholders in the BTA Transferee. Decisions on all matters (including the appointment of a hotel management company) will be subject to majority vote, with the exception of customary reserved matters (including any change to dividend policies) where unanimous approval is required.

Capital contributions in relation to the Proposed Investment will be borne between KPH Top and the JV Partner in the Agreed Proportion.

3.4 **Aggregate Consideration and Independent Valuation**

The aggregate consideration payable for the Proposed Investment is KRW59.0 billion (approximately S\$70.2 million⁴) (the "**Aggregate Consideration**"). Under the terms of the BCA, the Aggregate Consideration is also subject to post-completion adjustments in relation to the net working capital of the REF Trust on Completion.

Upon Completion, the REF Trust intends to refinance its existing bank borrowings of KRW29.0 billion (approximately S\$34.5 million) (the "**Existing Loan**"). The refinancing of the Existing Loan shall be secured, *inter alia*, by the Hotel, an assignment of lease agreement and insurances in respect of the Hotel and by proportionate corporate guarantees granted by the Company and Plenitude Berhad in the Agreed Proportion.

The estimated total costs to be incurred by the Company for the Proposed Investment is KRW 8.6 billion (approximately S\$10.2 million) (the "**Company's Acquisition Costs**") comprising (i) KRW4.1 billion (approximately S\$4.9 million), being the Company's share of the cash consideration payable on Completion; (ii) KRW4.4 billion (approximately, S\$5.2 million), the proportionate corporate guarantee in connection with the refinancing of the Existing Loan; and (iii) KRW0.1 billion (approximately S\$180,000), being the Company's share of the transaction costs incurred in connection with the Proposed Investment.

⁴ Based on an exchange rate of KRW840 : S\$1.00. Unless otherwise indicated in this announcement, all conversions from Korean Won into Singapore Dollar in this announcement are based on an exchange rate of KRW840 : S\$1.00

The Aggregate Consideration was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis and determined on the basis of and taking into account, *inter alia*, the independent valuation of the Hotel commissioned by the Company and the JV Partner and conducted on 20 March 2019 by CBRE Korea Co., Ltd. ("**Independent Valuer**").

The market value of the Hotel as determined by the Independent Valuer is KRW61.8 billion (approximately S\$73.6 million) ("**Independent Valuation**"), based on the discounted cashflow analysis and direct comparison valuation approaches.

The Aggregate Consideration represents an approximate 4.7% discount to the Independent Valuation of the Hotel. The historical price to earnings ratio of the Hotel for the 12-month period ended 31 December 2018 is approximately 47.3 times⁵.

4. RATIONALE FOR THE PROPOSED INVESTMENT

The rationale for the Proposed Investment is as follows:

4.1 In line with the Group's Expansion Strategy

The Proposed Investment is in furtherance of the Company's property business mandate, the expansion of which was recently approved by the shareholders of the Company at the Company's extraordinary general meeting on 14 March 2019. The Company's property business mandate was expanded to include acquisitions and investments in hotels and hospitality assets, whether by way of majority or minority stakes, and whether on a stand alone basis or in joint venture with selected capital partners. The Board is of the view that the Proposed Investment would enable the Company to enhance shareholders' returns by receiving (i) stable income and (ii) capital appreciation, in line with the Company's expanded property business mandate.

4.2 Leading Tourist and Global MICE Destination and a Financial Hub in Asia

The Proposed Investment presents an attractive opportunity to increase its interests in the Republic of Korea, which is currently the fourth largest economy in Asia⁶, and one of the leading financial and business centres in Asia. From a demand perspective, the Proposed Investment presents the Company with an opportunity to grow its presence in the Korean hospitality market and the Hotel has seen occupancy rates above 80% for the past three years.

⁵ The historical price to earnings ratio of the Hotel for the 12-month period ended 31 December 2018 is calculated by dividing (i) the Aggregate Consideration, being KRW59.0 billion (approximately S\$70.2 million); with (ii) the unaudited net property income of the Hotel of approximately S\$1,484,000 for the 12-month period ended 31 December 2018.

⁶ This information was extracted from the website of Export Finance and Insurance Corporation at <https://www.efic.gov.au/resources-news/country-profiles/asia/south-korea/>.

4.3 Relatively New Asset with Freehold Land Title

The Hotel is relatively new, having only been developed approximately five years ago. The Proposed Investment presents an attractive opportunity to own an interest in a freehold property situated in Seoul.

4.4 Strategic Location

The Hotel is strategically located in Euljiro, South Korea, Seoul between the Myeongdong and Dongdaemun districts, both of which are bustling and popular retail and shopping areas in Seoul. The Hotel is also within walking distance to office and commercial buildings in the Euljiro business districts, which is expected to develop further.

4.5 Upside Potential of the Hotel

The Hotel is currently operated by a local hotel operator under the Holiday Inn Express brand through a franchise arrangement. The Proposed Investment presents the Company with upside potential when the Hotel converts from a franchise arrangement to a full hotel management arrangement. The Board is of the view that such conversion together with certain refurbishment works, would help to improve the operating income of the Hotel.

5. SOURCE OF FUNDS

The Company's Acquisition Costs (subject to post-completion adjustments), net of bank borrowings of the REF Trust, is intended to be fully funded by the Group's internal resources.

6. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

The financial effects of the Proposed Investment are **strictly for illustrative purposes** and should not be taken as an indication of the actual financial performance of the Group following the Proposed Investment nor a projection of the future financial performance or position of the Group after Completion.

6.1 Assumptions

The *pro forma* financial effects of the Proposed Investment presented in this section have been prepared based on the latest announced audited financial statements of the Company for the financial year ended 31 July 2018 ("**FY2018**"), and unaudited management accounts of the Hotel for the 12-month period ended 31 December 2018, taking into account the following assumptions:

- (a) There are no post-completion adjustments to the Company's Acquisition Costs;

- (b) The Company's Acquisition Costs is funded through internal resources;
- (c) the pro forma financial effects of the Proposed Investment are in proportion to the Group's 15% interest upon Completion;
- (d) the pro forma financial effects take into account (1) the scenario assuming that the disposal of Wayco Manufacturing (M) Sdn. Bhd. and the acquisition of Hotel Aropa (collectively, the "**Transactions**") have not yet occurred; and (2) the scenario assuming the Transactions have already occurred; and
- (e) the exchange rate of KRW840:S\$1.00⁷

Shareholders should refer to the Company's circular dated 19 February 2019 and its announcement dated 14 March 2019 for further information regarding the Transactions.

6.2 Pro Forma NTA

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Investment on the Group's net tangible assets ("**NTA**") per Share⁸ (assuming the Proposed Investment had been completed at the end of FY2018), taking into account the Company's Acquisition Costs are set out below:

	As at 31 July 2018	After the Proposed Investment but before the Transactions	After the Proposed Investment And the Transactions
NTA attributable to equity holders of the Company (S\$'000)	81,165	81,165	81,730 ⁹
Number of ordinary shares in issue ('000) (excluding treasury shares)	219,075	219,075	219,075
NTA per Share (Singapore cents)	37.05	37.05	37.31

6.3 Pro Forma EPS

⁷ Save for the Transactions, where exchange rates were applied in accordance to the exchange rates set out in the Company's circular to shareholders dated 19 February 2019.

⁸ NTA means total assets less total liabilities less intangible assets.

⁹ The increase in the NTA is attributable to the financial effects of the Transactions, being the disposal of Wayco Manufacturing (M) Sdn. Bhd. and the acquisition of Hotel Aropa.

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Investment on the Group's earnings per share ("**EPS**") (assuming the Proposed Investment had been completed at the start of FY2018) are set out below:

	As at 31 July 2018	After the Proposed Investment but before the Transactions	After the Proposed Investment and the Transactions
Profits attributable to equity holders of the Company (S\$'000)	34,480	34,480 ¹⁰	34,707 ¹¹
Weighted average number of ordinary shares in issue ('000) (excluding treasury shares)	219,075	219,075	219,075
EPS (Singapore cents)	15.74	15.74	15.84

7. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING MANUAL

The relative figures in relation to the Proposed Investment pursuant to Rule 1006 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), using the latest announced consolidated accounts of the Group as at 31 January 2019 and computed figures based on the Company's interest in the Proposed Investment, are:

(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits	-54.3% ¹²

¹⁰ As the Proposed Investment will be classified as a long-term investment, earnings will not be consolidated in the Group's financial statements.

¹¹ The increase in profits is attributable to the financial effects of the Transactions, being the disposal of Wayco Manufacturing (M) Sdn. Bhd. and the acquisition of Hotel Aropa.

¹² This figure is calculated by dividing (i) 15.0% (being the Company's interest in the Proposed Investment) of the half-year net property income of the Hotel (computed based on the full year net property income of the Hotel of approximately S\$1,484,000 for the 12-month period ended 31 December 2018); with (ii) the Group's approximate net loss of S\$205,000 for the half year ended 31 January 2019 based on the latest unaudited second half yearly results announced by the Company on 14 March 2019.

(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation ¹³ based on the total number of issued shares excluding treasury shares	18.5%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable, as no shares are issued as consideration for the Proposed Investment.
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable, as this basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

Under Rule 1014(2) of the Listing Manual, the requirement for a major transaction to be made conditional upon approval by shareholders in general meeting does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b) of the SGX-ST Listing Manual. In this case, as (i) the Hotel is a profitable asset; and (ii) the only limit breached is Rule 1006(b) of the SGX-ST Listing Manual, the requirement for shareholders' approval does not apply to the Proposed Investment. In any event, the Proposed Investment is in the ordinary course of business of the Group.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the knowledge of the Company, ICP Ltd. (a company in which the Company's Chairman and Non-Independent, Non-Executive Director, Mr Aw Cheok Huat, is a director and controlling shareholder) and its subsidiaries (the "**ICP Group**") provide hotel management services to certain of the hotels owned by Plenitude Berhad. Save as aforementioned, to the knowledge of the Company, there is no other prior or existing business relationship between the Company's Directors, controlling shareholders and management, with Plenitude Berhad and/or Javanile.

To the knowledge of the Company, none of the Company's Directors and controlling shareholders (other than in their respective capacities as a Director and/or shareholder of the Company) has any interest, direct or indirect, in the Proposed Investment.

¹³The Company's market capitalisation is determined by multiplying the Company's issued ordinary shares of 219,074,844 (excluding treasury shares) and the weighted average price of the Company's shares of S\$0.26 on 22 April 2019, being the market day preceding the date of the Definitive Agreements.

9. SERVICE CONTRACT

No person will be appointed to the Board in connection with the Proposed Investment and accordingly, no service contracts in relation thereto will be entered into by the Company.

10. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealing in the Company's shares, and to read this announcement and any further update announcement(s) released by the Company carefully. As at the date of this announcement, Shareholders should be cautioned that there is no certainty or assurance that the Proposed Investment will be completed. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office at 8 Shenton Way, #09-01 AXA Tower, Singapore 068811 for a period of 3 months from the date of this announcement:-

- (a) the BCA;
- (b) the BTA;
- (c) the JVA; and
- (d) the valuation report issued by the Independent Valuer dated 20 March 2019.

BY ORDER OF THE BOARD

Lee Kam Seng
Interim Chief Executive Officer
Singapore

24 April 2019

Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general

industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Company's current view of future events.