

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

**PROPOSED INVESTMENT IN A HOTEL IN SINGAPORE
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 has entered into definitive agreements to acquire a 5% interest in a hotel ("**Hotel**") currently known as "Bay Hotel Singapore" (the "**Proposed Investment**").

In connection with the Proposed Investment, on 5 July 2019:

- (a) the Group has, through its wholly-owned subsidiary, Datapulse Investment Pte. Ltd. ("**DIPL**"), entered into a shareholders' agreement ("**SHA**") with PAM Holdings I (BVI) Ltd. ("**Capital Partner**") and PAM Holdings II (BVI) Ltd. ("**Consortium Co**") pursuant to which the Group and the Capital Partner (collectively, the "**Consortium**") will respectively hold 5% and 95% of the share capital of the Consortium Co; and
- (b) the wholly-owned subsidiaries of the Consortium Co, Pamela Prop Pte. Ltd. ("**Purchaser**"), and Hasselhoff Op Pte. Ltd. ("**Purchaser Op Co**"), have entered into a sale and purchase agreement (the "**SPA**") with Fiesta Development Pte. Ltd. ("**Vendor**") and Bay Hotel & Resort Pte. Ltd. ("**Vendor Op Co**"), pursuant to which the (i) Vendor will sell to the Purchaser the whole of lot 3985K of Mukim I together with the building erected thereon located at 50 Telok Blangah Road, Singapore 098828, currently known as "Bay Hotel Singapore"; and (ii) Vendor Op Co will assign and/or novate certain contracts relating to hotel operations to the Purchaser Op Co.

The SHA and SPA (collectively, the "**Definitive Agreements**") were entered into following receipt of satisfactory findings from due diligence investigations. The Proposed Investment is expected to complete within 5 weeks from the date of this announcement ("**Completion**").

2. INFORMATION ON THE HOTEL AND THE RELEVANT PARTIES

2.1 Hotel

The Hotel is a freehold property located in the Harbourfront precinct in Singapore, currently operating as "Bay Hotel Singapore". Completed in 2012, the Hotel has 319

rooms and facilities such as a food and beverage outlet, swimming pool, rooftop bar and a fitness centre.

The Hotel is sold with vacant possession. It is intended that the Hotel will be managed by an international hotel manager appointed by the Purchaser. The Group was introduced to the Proposed Investment by an international real estate consultancy and brokerage firm.

2.2 Vendor and Vendor Op Co

The Vendor and the Vendor Op Co are private limited companies incorporated in Singapore whose shareholders are Chin Bay Ching and Tjia Mui Kui.

2.3 Capital Partner

The Capital Partner is an entity incorporated in the British Virgin Islands (“**BVI**”) owned by Breezy Path Limited and Acquisition Pam (BVI) L.P. (each a “**Capital Partner Investor**”) in the proportion of 50:50.

Breezy Path Limited

Breezy Path Limited is a wholly-owned subsidiary of Trade Dragon Global Limited, an independent and privately-owned real estate investment advisor with assets under management amounting to approximately US\$850 million, and offices in Hong Kong, Singapore and Shanghai.

Acquisition Pam (BVI) L.P.

Acquisition Pam (BVI) L.P. is a limited partnership incorporated in BVI and managed by a privately-held alternative investment firm with assets under management amounting to approximately US\$33 billion, and offices across the U.S., Europe and Asia.

3. DETAILS OF THE PROPOSED INVESTMENT

3.1 Establishment of Holding Structure

In connection with the Proposed Investment:

- (a) the Group has, on 5 July 2019, incorporated SPH Top Pte. Ltd. (“**SPH TOP**”), SPH 1 Pte. Ltd. (“**SPH 1**”) and, on 8 July 2019, incorporated Capiti Asset Management Pte. Ltd. (“**CAM**”) under the laws of Singapore as wholly-owned subsidiaries with a paid-up share capital of S\$1,000 each; and
- (b) DIPL has, on 5 July 2019, in connection with the entry into the SHA, acquired 5 ordinary shares in the Consortium Co (a company limited by shares and incorporated under the laws of BVI for the purpose of the Proposed Investment), which has a paid-up share capital of US\$100 to be held in the proportion of 95:5 between the Capital Partner and DIPL respectively (“the

Agreed Proportion"). On or prior to Completion, it is intended that SPH 1 will assume all rights and obligations of DIPL under the SHA.

The incorporation of SPH TOP, SPH 1 and CAM and the acquisition of shares in Consortium Co 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. SPH TOP and SPH 1 are the Group's holding companies for the Proposed Investment. CAM will provide corporate and administrative services in relation to the ownership of the Hotel to the Purchaser and Purchaser Op Co.

3.2 Salient Terms of the Definitive Agreements

(a) **SPA**

A deposit amounting to approximately S\$23.5 million was paid by the Purchaser to the Vendor (the "**Deposit**") under the SPA as a contract deposit. The Deposit is borne by the Consortium in the Agreed Proportion and is refundable in the event that the SPA is terminated prior to Completion due to the actions of, the Vendor or the Vendor Op Co, or their failure in fulfilling their respective obligations under the SPA.

(b) **SHA**

To ensure that risk and rewards of the Proposed Investment are shared *pro rata* between the Group and the Capital Partner, DIPL and Capital Partner have entered into the SHA with the Consortium Co to govern the relationship of the shareholders of the Consortium Co, and 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 where unanimous approval is required. Capital contributions in relation to the Proposed Investment will be borne between DIPL and the Capital Partner in the Agreed Proportion. The SHA also provides for customary rights of first refusal, tag-along and drag-along options in the event of any proposed disposal of shares in the Consortium Co by the Capital Partner, and a right of first offer to DIPL in the event of any proposed disposal of the Hotel by the Consortium Co.

3.3 Aggregate Consideration and Independent Valuation

The aggregate consideration payable for the Proposed Investment is S\$235 million (the "**Aggregate Consideration**"). 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 Group and conducted on 2 July 2019 by Knight Frank Pte. Ltd. ("**Independent Valuer**").

The market value of the Hotel, based on "as-is" basis, as determined by the Independent Valuer is S\$238 million ("**Independent Valuation**"), based on the capitalisation approach and direct comparison method.

3.4 Estimated Total Costs of the Proposed Investment

The estimated total costs to be borne by the Group (including the Group's share of the Deposit) for the Proposed Investment is approximately S\$12.12 million (the "**Group's Investment Costs**") comprising (i) S\$11.75 million, being the Group's share of the Aggregate Consideration and (ii) S\$0.37 million, being the Group's share of the transaction expenses (including professional fees, due diligence costs and stamp duty) incurred by the Consortium in connection with the Proposed Investment.

4. SOURCES OF FUNDS

The Group's Investment Costs is intended to be satisfied through a combination of internal resources and bank borrowings.

5. RATIONALE FOR THE PROPOSED INVESTMENT

5.1 In line with the Group's Expansion Strategy

The Proposed Investment is in furtherance of the Group's expanded property business mandate. The Board is of the view that the Proposed Investment would enable the Company to enhance shareholders' returns by receiving stable income and capital appreciation.

5.2 The Hotel has a good location with extensive accessibility

Situated a short distance away from Harbourfront MRT station, the Hotel provides extensive accessibility to various tourist hotspots such as Sentosa and Vivo City and commercial areas such as Harbourfront Centre, Alexandra Technopark, Mapletree Business City and Shenton Way.

5.3 Freehold Hotel with asset enhancement potential

The Proposed Investment presents an attractive opportunity to own an interest in a freehold property in Singapore with the potential to enhance its value by potentially increasing the number of rooms, repositioning and rebranding, where the management of the Hotel by an international hotel management company can potentially lead to better cost efficiency.

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 Group 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 Group's Investment Costs;
- (b) the Group's Investment Costs is funded through internal resources;
- (c) the pro forma financial effects of the Proposed Investment are in proportion to the Group's 5% interest upon Completion; and
- (d) the pro forma financial effects take into account (1) the scenario assuming that the disposal of Wayco Manufacturing (M) Sdn. Bhd., the acquisition of Hotel Aropa, the acquisition of Holiday Inn Express Euljiro (collectively, the "**Transactions**") have not yet occurred ("**Scenario A**"); and (2) the scenario taking into account the completion of the Transactions ("**Scenario B**").

Shareholders should refer to the Company's circular dated 19 February 2019 and its announcements dated 20 March 2019, 24 April 2019, 2 May 2019 and 21 June 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 Share¹ (assuming the Proposed Investment had been completed at the end of FY2018), taking into account the Group's Investment Costs, are set out below:

	As at 31 July 2018	Scenario A	Scenario B
NTA attributable to equity holders of the Company (S\$'000)	81,165	81,165	81,730 ²
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

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:

¹ NTA means total assets less total liabilities less intangible assets.

² The increase in the NTA is attributable to the financial effects of the Transactions.

	As at 31 July 2018	Scenario A	Scenario B
Profits attributable to equity holders of the Company (S\$'000)	34,480	34,480 ³	34,707 ⁴
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 30 April 2019 and computed figures based on the Group'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	67.0% ⁵
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation ⁶ based on the total number of issued shares excluding treasury shares	19.0%
(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,

³ As the Proposed Investment will be classified as a long-term investment, earnings will not be consolidated in the Group's financial statements.

⁴ The increase in profits is attributable to the financial effects of the Transactions

⁵ This figure is calculated by dividing (i) 5.0% (being the Group's interest in the Proposed Investment) of the 9-month net property income of the Hotel (computed based on the full year net property income of the Hotel of approximately S\$8,038,742 for the year ended 31 December 2018 prorated for the 9-month period); with (ii) the Group's net profit of S\$450,000 for the nine-months ended 30 April 2019 based on the latest unaudited third-quarter results announced by the Company on 14 June 2019.

⁶ Based on the volume-weighted average price of the Company's shares as at 4 July 2019, being the market day preceding the date of the Definitive Agreements.

	oil and gas company, but not to an acquisition of such assets.
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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 provide hotel management services to, and own a part of, a hotel in Hong Kong owned by a fund affiliated to a Capital Partner Investor. 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 any Capital Partner Investor.

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.

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 SPA;
- (b) the SHA; and
- (c) the valuation report issued by the Independent Valuer dated 2 July 2019.

BY ORDER OF THE BOARD

Lee Kam Seng
Executive Director
Singapore

8 July 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.