

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

APPOINTMENT OF HOTEL MANAGEMENT COMPANY

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Datapulse Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcements dated:-

- (a) 17 July 2019 relating to the appointment of Travelodge Hotels Asia Pte. Ltd. ("**TLA**") as hotel operator of the hotel in Seoul formerly known as "Holiday Inn Express Euljiro" ("**HIEE**") (in which the Company has an effective interest of 15%);
- (b) 6 August 2019 relating to the appointment of TLA as hotel operator of the hotel in Singapore formerly known as "Bay Hotel Singapore" ("**Bay Hotel**") (in which the Company has an effective interest of 5%) (the HIEE investment and the Bay Hotel investment collectively, the "**Investments**"); and
- (c) 22 July 2019 relating to the Company's response to the Notice of Compliance ("**NOC**") dated 19 July 2019 issued to the Company by the Singapore Exchange Regulation ("**SGX**").

Unless otherwise defined, all capitalised terms herein shall bear the same meanings ascribed to them in the above announcements.

2. SHAREHOLDERS' MANDATE FOR THE INVESTMENTS

The Investments are in furtherance of the Company's property business mandate, the expansion of which was approved by the shareholders of the Company at the Company's extraordinary general meeting on 14 March 2019 (the "**EGM**"), where 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, whether on a stand-alone basis or in joint venture with selected capital partners.

3. APPOINTMENT OF HOTEL MANAGERS UNDER THE INVESTMENTS

The relationship between the Group and the respective majority co-investor is governed by the terms and conditions of the shareholders' agreement entered into with the respective majority co-investor. Under the terms of the shareholders' agreements, 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.

4. APPLICABILITY OF THE RULES RELATING TO INTERESTED PERSON TRANSACTIONS AND REQUIREMENTS OF THE SGX-ST

The Company notes from the NOC that the SGX agrees with the Company's view that (i) the Listing Rules governing interested person transactions; and (ii) the Company's IPT General Mandate approved by the shareholders of the Company at the EGM does not apply to services provided by the ICP Group to these hotels (if any) under the Investments. Notwithstanding the foregoing, the SGX has, pursuant to the exercise of its administrative powers, prescribed the requirements (the "**Relevant Requirements**") set out in paragraph 11 of the NOC. On 22 July 2019, the Company informed Shareholders that the Company will be complying with the Relevant Requirements.

5. REQUIREMENTS OF THE NOC - PARAGRAPH 11(B)

Under the Relevant Requirements, the Company's Audit Committee (the "**AC**") shall review the terms of any hospitality-related agreement (including any hotel management agreement) to be entered into with the ICP Group in respect of any hotel in which the Company has an interest, and to be satisfied that such agreement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

The AC has carefully considered the major terms of the Hotel Management Agreements ("**HMA**s") entered into with TLA (being a subsidiary of ICP Ltd.) in respect of HIEE and Bay Hotel and, having considered the opinion of the independent financial adviser ("**IFA**") are of the view that these HMAs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The major terms considered by the AC include the contractual period, base fees, incentive fees (which are based on the gross operating profit of the respective hotel), sales, marketing, reservation and centralized service fees, operator restrictions, and the terms of termination under the HMAs.

In its deliberations, the AC has reviewed such agreements as if they were interested person transactions, and has accordingly engaged an IFA and an industry expert to help in its deliberations, applying the same guidelines and processes for interested person transactions ("**IPT**"). In doing so, it adopts the IPT concepts of "normal commercial terms" and "terms which are not prejudicial to the interests of the minority shareholders" which the IFA has recommended and the AC has accepted. For the purposes of the AC's opinion, in assessing whether the HMAs are: (i) on normal commercial terms, the AC considered terms which the Company could obtain if the transaction were transacted on an arm's length basis and terms which are typical for transactions of a similar nature; and (ii) prejudicial to the interest of the Company and its minority shareholders, the AC considered if the transaction is based on terms no less favourable to the Company than terms available to or from independent third parties.

In coming to this opinion, the AC has considered the work carried out by the Company's finance team and its investment analysts, and the reports of an international firm of hospitality consultants and the IFA. Their views were evaluated and all relevant factors were balanced for the AC to come up with an opinion of the terms of the hotel management agreements taken as a whole. For the purpose of this opinion, the IFA, amongst other things (i) performed a comparison of the key terms of the HMAs against other similar third party hotel management contracts to assess if the key terms of the HMAs are more or less favourable to the Company (as the hotel owner); and (ii) relied upon the opinion provided by the hospitality consultants, as subject matter experts, on whether the key terms in the HMAs are reasonable and in line with typical industry ranges/benchmarks.

Taking into account the factors set out above, after due and careful considerations, the AC agrees with the findings of the IFA that the HMAs are on normal commercial terms and not prejudicial to

the interest of the Company and its minority shareholders. In arriving at this conclusion, the AC has also considered that: (i) it is satisfied that the interests of the Company in the respective investments are in line with the interests of the minority shareholders of Company; and (ii) there is nothing that the AC is aware of that would render the findings and conclusions of the IFA to be unreliable or doubtful.

As set out in paragraph 3 above, the appointments of the hotel management companies under the Investments (which were made only after the entry into of the definitive agreements relating to the Investments) are as a matter of commercial practice subject to majority vote, with the Group being only a minority co-investor under the respective Investment. The Company also wishes to highlight that the majority co-investors under the respective Investments are sophisticated investors with substantial experience in real estate investments.

The Company is of the view that the interests of the Company and its minority shareholders are aligned to the interests of the majority co-investors in ensuring that the terms of the HMAs are in line with market parameters. Additionally, the management of the Company does monitor operations in its investment portfolio companies as a matter of course to ensure that its interests are protected, and this includes reviewing the terms and performance of hotel management agreements on a regular basis to ensure that the terms and performance are in line with market parameters and specifications.

BY ORDER OF THE BOARD

Lee Kam Seng
Executive Director
25 August 2019