

Appendix A

BOARD'S VIEWS OF THE PROPOSED NEW DIRECTORS

1.1 SALIENT INFORMATION RELATING TO MESSRS NG BOON YEW, LOO CHENG GUAN, NG BIE TJIN @ DJUNIARTI INTAN AND KOH WEE SENG (COLLECTIVELY, THE "PROPOSED NEW DIRECTORS")

Apart from the requisition notices received by the Company on 26 December 2017 and 20 February 2018, the following information relating to the Proposed New Directors have been obtained from the series of correspondence between Datapulse Technology Limited (the "Company") and Uniseraya Holdings Pte Ltd and Ms Ng Bie Tjin @ Djuniarti Intan (collectively, the "Requisitionists") relating to the Proposed New Directors, the Company's statutory and other records, as well as other publicly available information.

Ms Ng Bie Tjin @ Djuniarti Intan ("Ms Intan Ng")

Ms Intan Ng used to be an Executive Director and Finance Director of the Company until 30 November 2014. She is the daughter of the Company's co-founder and former chairman, and was then a controlling shareholder of the Company.

Despite this, as declared in her regulatory filing with the Singapore Exchange Securities Trading Limited ("SGX-ST") in connection with her resignation, she resigned purportedly "to pursue other personal interests".

However, it was brought to the knowledge of the board of directors of the Company (the "Board"), Ms Intan Ng may not have accurately disclosed the true reason for her departure from the Company.

In particular, statutory records of the Company show that an apology letter was issued by Ms Intan Ng to a fellow Executive Director, Mr Ng Cheow Chye on 27 August 2014, with regard to her conduct which may have warranted a dismissal, or removal from office, but for her apology.

From the Company's statutory records, the relevant background and circumstances of the disputes and disagreements between Ms Intan Ng and Mr Ng Cheow Chye and/or her conduct appeared to involve, *inter alia*:-

- (i) Insufficient knowledge or misreading of financial records, of the Company, by Ms Intan Ng including the status of certain dividends declared or paid by the Company; and
- (ii) her inability to maintain proper accounting records and lack of competence as a finance director of the Company.

Such matters are obviously of significance when considering Ms Intan Ng's suitability as a Director of the Company, given that her role then as Finance Director was, by her own description of her background and experience, to "oversee the daily operations of the finance functions including accounting, finance, treasury, and capital management".

However, despite previous requests (through the series of correspondence between the Company and the Requisitionists) for Ms Intan Ng to provide details of the circumstances of her departure, including the reasons for her issuance of the formal written apology to Mr Ng Cheow Chye, Ms Intan Ng has chosen not to do so.

RHTLaw Taylor Wessing LLP (“RHT”) has been tasked to look into, *inter alia*, the circumstances leading to Ms Intan Ng’s departure from the Company, as part of an internal controls review which covers the following (the “**Internal Controls Review**”):

- (a) Determine the facts and circumstances surrounding the Board’s approval for the acquisition of 100% of the entire issued share capital of Wayco Manufacturing (M) Sdn Bhd (“**Wayco**”) by the Company which was completed on 15 December 2017;
- (b) Review the adequacy of the Company’s internal policies, processes and procedures relating to the evaluation and approval of mergers and acquisitions, and conflicts of interest since 23 November 2000, being the date on which the Company was transferred to the Mainboard of the SGX-ST (“**Mainboard Listing Date**”);
- (c) Review the Company’s processes relating to the change(s) of the board, including appointment and nomination of directors by shareholders since the Mainboard Listing Date; and
- (d) Make recommendations on improvements to internal controls and corporate governance practices.

In describing her own background and experience, Ms Intan Ng claimed to be “responsible for administration and implementation of the Group’s corporate finance strategies and policies, **corporate governance and internal controls policies and procedures**, investor relations, **and identification and evaluation of new business opportunities**” during her tenure as Finance Director of the Company (*emphasis added*).

Despite this, statutory records of the Company show that:-

- (i) Ms Intan Ng continued to deploy or involve a staff member, who was the subject of a Monetary Authority of Singapore civil penalty enforcement action for insider trading dated 26 August 2009, to carry out or assist in key corporate secretarial functions of the Company. The said deployment continued despite objections from other directors and the Company’s express representation to the SGX-ST to procure the resignation of the staff member as company secretary;; and
- (ii) part of the reasons put forth, by Ms Intan Ng, for wanting to leave the Company in 2014 was her inability as management to bring the Company to a new direction to find new business.

Given that Ms Intan Ng has, by her own admission, a poor track record in helping the Company to identify and evaluate new business opportunities, the Board had previously (through the series of correspondence between the Company and the Requisitionists) invited Ms Intan Ng to share her views on what should be the Company’s business strategy, or directions going forward, but Ms Intan Ng has chosen not to do so.

Mr Ng Boon Yew

Mr Ng Boon Yew was formerly an independent non-executive director of the Company from 3 September 2001 to 31 July 2013. He was chairman of the remuneration committee and a member of the audit committee and nominating committee from 3 September 2001 to 5

January 2012, and subsequently from 6 January 2012 to 31 July 2013, he was the chairman of the audit committee and member of the nominating committee and remuneration committee.

The Board understands that the Company previously made an equity investment ("**Raffles Campus Investment**") of S\$2,000,000 in Raffles Campus Pte Ltd ("**Raffles Campus**") in 2004. The Raffles Campus Investment was an interested person transaction as Mr Ng Boon Yew had an interest of not less than 30% in Raffles Campus at the time of the investment.

The Board understands that the Company subsequently disposed of the Raffles Campus Investment to a third party investor, Emaar Education LLC, in or around February 2006¹ for S\$2,100,000² (the "**Company's Buyout Price**").

It is not clear from the statutory or other records of the Company what was the basis used in arriving at the Company Buyout Price and why did the then board of directors agree to the same. The Board has obtained further information relating to the Raffles Campus Investment which the Board found troubling, in the absence of further clarification. In particular:

- (i) The Company Buyout Price was part of an aggregate purchase consideration of S\$7.5 million³ which Emaar Education LLC paid to acquire 100% of all the shares (ordinary and preference) issued in Raffles Campus ("**Investor Buyout**").
- (ii) The Company had acquired 19,040,285 new preference shares in Raffles Campus at a price per share of approximately S\$0.105 per preference share⁴. At the time of the Company's investment, Mr Ng Boon Yew held 25,340,743 preference shares out of a total existing number of preference shares of 52,395,000 shares⁵. That would mean that the Company held approximately 26.65% of the then total issued preference shares, while Mr Ng Boon Yew held approximately 35.47%.
- (iii) On or around 22 November 2005, Raffles Campus undertook a further issuance ("**Further Share Issuance**") of 104,600,000 new preference shares at the price of S\$0.01 per preference share, of which Mr Ng Boon Yew subscribed 100,000,000 of the new preference shares issued while the Company did not subscribe for any⁶. The subscription price under the Further Share Issuance was at a significant discount, compared to the Company's investment cost, and was also only partly paid up as to S\$0.005 at the time of its issuance; the unpaid balance of S\$0.005, of the subscription price, was called and fully paid up in 2006⁷.

The Board notes from the annual report for the year ended 31 December 2005 that the unpaid balance of the subscription price was called up subsequent to 31 December 2005

¹ Source: Notice of transfer of shares of Raffles Campus filed with ACRA on 7 April 2006

² Source: Directors' resolution in writing dated 13 February 2006 and Sale and Purchase Agreement dated 15 February 2006

³ Source: Sale and Purchase Agreement dated 15 February 2006 signed by Ms Intan Ng on behalf of Alchymie Investment Pte Ltd, then a subsidiary of the Company

⁴ Source: Return of allotment of Raffles Campus filed with ACRA on 20 February 2004 and the annual report of Raffles Campus for the year ended 31 December 2004.

⁵ Source: Annual report of Raffles Campus for the year ended 31 December 2004.

⁶ Source: Return of allotment of Raffles Campus filed with ACRA on 7 December 2005 and the annual report of Raffles Campus for the year ended 31 December 2005.

⁷ Source: Annual reports of Raffles Campus for the years ended 31 December 2005 and 31 December 2006.

and reflected as paid in the annual report for the year ended 31 December 2006, and hence, the shareholders who subscribed for the Further Share Issuance (including Mr Ng Boon Yew) presumably fully paid up on the equity contributions acquired for the Further Share Issuance just prior to the Investor Buyout in February 2006.

- (iv) As a result of the Further Share Issuance, the Company's percentage of total preference shares issued was reduced to 10.8% while Mr Ng Boon Yew's percentage of total preference shares issued was increased to approximately 71.2%.
- (v) It is not clear from the statutory, or other, records of the Company whether the then board of directors were aware of the Further Share Issuance (which coincidentally took place just about three months before the Investor Buyout) or whether the Company was offered an opportunity to subscribe for the Further Share Issuance, and if so, why the Company did not subscribe for the same.
- (vi) It would appear that prior to the Investor Buyout, the total equity investment made by all shareholders in Raffles Campus may have amounted to approximately S\$ 4.2 million⁸, of which the Company's contribution to such equity (at S\$2 million) was approximately 47%. The Company, however, only received S\$2.1 million under the Investor Buyout, which was only approximately 28% of the total consideration paid by Emaar Education LLC.

Considering that the Company may have potentially obtained a larger share of the proceeds from the Investor Buyout if not for the Further Share Issuance, it would be relevant to understand if all pertinent disclosures relating to the Further Share Issuance had been duly made to the Company prior to any decision or approval (if any) required from it, *inter alia*, to avoid potential conflicts of interest.

It would also be relevant to understand whether the then board of directors considered the possibility of seeking a larger share of the proceeds from the Investor Buyout commensurate with its share of equity contributions, and if not, whether this may have been due to any potential conflicts of interest involved.

It has been brought to the Board's knowledge that Mr Ng Boon Yew, who is currently the chief executive officer of Raffles Campus⁹, may have taken over the ownership of Raffles Campus from Emaar Education LLC¹⁰ under Excelsior International Pte Ltd¹¹.

⁸ Source: Annual reports of Raffles Campus for the years ended 31 December 2005 and 31 December 2006.

⁹ Source: ACRA business profile of Raffles Campus dated 25 March 2018.

¹⁰ Source: Notices of transfer of shares of Raffles Campus filed with ACRA on 9 June 2010 and 14 June 2010 whereby it was indicated that all the shares of Raffles Campus was transferred by Emaar Education LLC to Mr Ng Boon Yew who in turn transferred such shares to Excelsior International Pte Ltd (formerly known as Strategic Technology for Education and Academic Management Pte Ltd).

¹¹ Excelsior International Pte Ltd appears to be a company wholly owned by Mr Ng Boon Yew based on ACRA searches made in relation to its shareholder(s) and ultimate shareholders. Separately, it may interest Shareholders that Raffles Campus has a subsidiary which appears to be linked to Excelsior International School, Malaysia, whose Board of Governors appears to include Associate Professor Mak Yuen Teen who is also the School Chairman. This information is obtained from the popular social media platform 'Facebook' at https://www.facebook.com/pg/Excelsior-International-School-Malaysia-249272395140837/posts/?ref=page_internal which was accessed on 12 March 2018.

While the Board has no knowledge of Raffles Campus's current financial performance, the Board is aware that the accumulated losses of Raffles Campus and its subsidiaries increased from approximately S\$1 million (around the time of the investment by the Company) to approximately S\$9 million (by the time the Company disposed of its investment two years later) and went from a positive net tangible asset ("NTA") position to a negative NTA of approximately S\$3.7 million¹², and the Company evidently did not get an exceptional return from the Raffles Campus Investment.

Mr Koh Wee Seng

Mr Koh Wee Seng is the chief executive officer of Aspial Corporation Ltd. where Ms Intan Ng currently serves as an independent director.

Although this information was not volunteered in the Requisition Notices received by the Company on 26 December 2017 and 20 February 2018, the Board understands that the current chief executive officer of Aspial Corporation Ltd's listed subsidiary, Maxi-Cash Financial Services Corporation Ltd, Mr Ng Leok Cheng, was the former managing director of the Company until 18 November 2014, after which he stepped down from office. It is uncertain if Mr Ng Leok Cheng may have been or may still be a close business associate of Ms Intan Ng.

1.2 BOARD'S VIEWS ON PROPOSED NEW DIRECTORS

Ms Intan Ng's suitability and competence to act as Executive or non-Executive Director in the light of certain indisputable facts

As highlighted in Section 1.1 above, the circumstances leading to Ms Intan Ng's departure from the Company in 2014 as recorded in the Company's statutory records suggest that she did not resign solely to pursue other personal interests as she has declared or disclosed in her regulatory filing and had to issue an apology letter to Mr Ng Cheow Chye prior to having her resignation accepted by the then Board.

This calls into question, inevitably, her character and integrity and competence to act as Executive or non-Executive Director, and as part of the Internal Controls Review, RHT has been tasked to look into the circumstances leading to Ms Intan Ng's departure from the Company in 2014.

Poor investment track record of previous Directors

The Board (while Mr Ng Boon Yew and Ms Intan Ng were serving as Directors of the Company) did not appear to have a good track record of being able to identify and execute viable investments for the Company, and this is of relevance in considering the suitability of the Proposed New Directors to be appointed to the Board.

A notable example of this was the Raffles Campus Investment, as further elaborated above.

In addition, it is not clear what (if any) policy or measures the then Board adopted to address potential conflicts of interest arising from such transaction, including the fact that Mr Ng Boon Yew took on a personal interest in Raffles Campus at a steep discount to the Company's original cost of investment shortly after the Company's investment.

¹² Source: Annual reports of Raffles Campus for the years ended 31 December 2004, 31 December 2005 and 31 December 2006.

RHT has been tasked to look into the circumstances leading to the Raffles Campus Investment and its subsequent disposal, as part of the Internal Controls Review.

The extent and degree of independence between Mr Ng Boon Yew, Mr Koh Wee Seng and Ms Intan Ng

Given the various present and past relationships and/or connections between Mr Ng Boon Yew, Mr Koh Wee Seng and Ms Intan Ng, the Board had previously, through the series of correspondence between the Company and the Requisitionists, requested Ms Intan Ng, Mr Ng Boon Yew, and Mr Koh Wee Seng to make full and frank disclosure of any other existing or historical relationship between themselves.

This was because the Board had reservations, *inter alia*, on whether:-

- (i) Mr Ng Boon Yew, in discharging his duties as a proposed independent director of the Company, will be able to exercise independent judgment free of influence from Ms Intan Ng, given that Mr Ng Boon Yew and Ms Intan Ng had served on the board of directors of the Company together for a total of approximately 12 years, and Mr Ng Boon Yew is proposed to be re-appointed to the Company as independent director of the Company at the same time as Ms Intan Ng is proposed to be re-appointed to the Company (presumably as Executive or non-Executive Director); and
- (ii) Mr Koh Wee Seng will be able to effectively discharge his duties as a proposed independent director of the Company, given the potential conflicts of interest that may arise due to Mr Koh Wee Seng and Ms Intan Ng concurrently serving on the board of directors of the Company and Aspial Corporation Ltd, and more importantly, having to take on differing roles in each of such companies (Mr Koh Wee Seng as Independent Director in the Company but chief executive officer of Aspial Corporation Ltd, and Ms Intan Ng as Executive or non-Executive Director of the Company but independent director of Aspial Corporation Ltd), and a possible presumption of close connection between Mr Koh Wee Seng and Ms Intan Ng, as evidenced by Mr Ng Leok Cheng's appointment to Aspial Corporation Ltd's subsidiary as chief executive officer.

No identified strategy for the Company's business direction and future plans

The Board is unable to express its confidence in Ms Intan Ng's ability to identify and evaluate new business opportunities for the Company, given her own past admission of inadequacies in doing so, and her recent refusal to be drawn into any discussions on possible strategies for the Company's business direction and future plans in the course of the series of correspondence between the Company and the Requisitionists.

The Board is of the reasonable view that compared to the reasonable opportunity of better prospects for the Company and better returns on investments for shareholders of the Company ("Shareholders") if the Company were to pursue new business opportunities under the Proposed New Businesses, it is not in the interests of the Company or Shareholders to allow the Company to become a cash company and there is no certainty or assurance that such risk is not imminent or immediate given the circumstances.

In contrast, it would appear that the Requisitionists and the Proposed New Directors do not share the Board's views and may prefer the Company to remain at status quo, even with the

potential risk of the Company becoming a cash company as a result thereof, based on the following:

- (a) The Requisitionists had proposed, *inter alia*, that the Company shall not carry out any diversification until such time that a feasibility study of any proposed diversification has been carried out, and that any proposed diversification be put before Shareholders for their prior approval (the “**No Diversification Resolution**¹³”);
- (b) The Board is seeking Shareholders’ approval for the proposed business diversification of the Company to expand the Company’s core business (the “**Proposed Business Diversification**”) at the EGM to be held on 20 April 2018 in line with what the Requisitionists had sought for, and in addition, have commissioned a strategic review by Ernst & Young Solutions LLP to review the options available for Wayco to develop its sales and distribution capabilities in the mid to long term, including whether to independently develop sales and distribution channels on its own, or to take over existing channels, *inter alia*, through an acquisition of Way Company and/or Way Trading;
- (c) Despite this, the Requisitionists continue to insist on tabling the No Diversification Resolution under the second requisition notice dated 20 February 2018, and if complied with would mean that there would be further delays before a new diversification proposal is to be put forward to the Shareholders for approval and the Company may have an opportunity of acquiring a new business; and
- (d) Despite previous attempts by the Board to seek clarification from the Requisitionists and the Proposed New Directors on what their plans may be for the future strategic business direction of the Company, the Requisitionists have not been forthcoming in responding to the Board.

In view of the foregoing considerations, the Board does not support the Requisitionists’ nomination of the Proposed New Directors for appointment to the Board.

1.3 BOARD’S RECOMMENDATION TO SHAREHOLDERS

Following the receipt of the first requisition notice dated 26 December 2017, the Board tried to engage the Requisitionists to seek certain clarifications and/or information in relation to the Proposed New Directors, in particular, to the specific queries raised by the Board as to the following:

- (i) The circumstances leading to Ms Intan Ng’s departure from the Company;
- (ii) The present, and historical, relationships or connections between Ms Intan Ng, Mr Ng Boon Yew and Mr Koh Wee Seng; and

¹³ That the Company shall not carry out any diversification beyond its businesses as at 10 December 2017, until such time that a complete feasibility study of any proposed diversification has been carried out, and that any proposed diversification be put before shareholders of the Company for their prior approval, and that the Directors be directed to take such steps and do all such acts and things as may be necessary or expedient to put into effect the matters set out in the resolution in the best interest of the Company and all shareholders and stakeholders

- (iii) Ms Intan Ng's proposal or suggestions for the Company's future business strategy and/or direction.

Instead of directly replying to the Board's queries, the Requisitionists took the position that such queries were "irrelevant and unrelated matters" and "if SGX-ST has any concerns about any existing relationships between the nominees, it is for them to make the relevant queries".

The Board is unable to comprehend how questions relating to the independence of the Proposed New Directors, who are intended to be appointed as independent directors of the Company if appointed, or their character, integrity, and/or competence can be said to be issues that are irrelevant or unrelated to their proposed appointment.

The Requisitionists' continued refusal, and reluctance, to answer the queries only invites the drawing of adverse inferences.

As Shareholders will be aware, the current Board is of the view that the current and immediate priority for the Company is for Shareholders to consider, and if deemed fit, to approve appropriate proposal(s) for diversification for the Company, and to that end, the Board has convened the EGM to be held on 20 April 2018 for Shareholders to consider, and if deemed fit, to approve the Proposed Business Diversification, which Shareholders are free to evaluate on its own merits. Please refer to the circular of the Company dated 26 March 2018 in relation to the EGM to be held on 20 April 2018 for further information on the Proposed Business Diversification.

The Proposed New Directors, on the other hand, appear to be prepared to allow the Company to remain without any agreed strategy for its business plan and future plans, and to subject Shareholders to the risk or prospect of having their shares suspended from trading, and ultimately to recover nothing more from their investment other than the proceeds from liquidation of the Company, assuming the Company were to become a cash company and be delisted without an exit offer.

If this is indeed the intention of the Proposed New Directors, they should clearly disclose this to Shareholders, so that Shareholders can vote on the resolutions tabled at the EGM to be held on 20 April 2018 with full knowledge of the potential implications for the Company depending on the outcome of the voting.

Accordingly, the Board would strongly urge and recommend Shareholders to raise the necessary queries at the EGM to satisfy themselves as to the suitability of the Proposed New Directors before deciding whether to vote for or against ordinary resolutions 5 to 8 tabled at the EGM to be held on 20 April 2018.