

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:-

- (a) the announcements dated 3 October 2018, 16 December 2018, 14 March 2019 and 20 March 2019 (the "**Acquisition Announcements**") and the Company's circular to shareholders dated 19 February 2019 ("**Circular**") in relation to the acquisition of the land, building and certain assets relating to the hotel (the "**Hotel**") located in Seoul, Korea currently known as "Hotel Aropa" (the "**Hotel Acquisition**");
- (b) the general mandate for interested person transactions in respect of hospitality-related transactions entered into with ICP Ltd and its subsidiaries ("**ICP Group**"), as approved by shareholders of the Company on 14 March 2019 (the "**IP Mandate**"); and
- (c) the announcements dated 22 July 2019 and 25 August 2019 (collectively with the Acquisition Announcements, the "**Earlier Announcements**") 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 (the "**Exchange**").

2. APPOINTMENT OF HOTEL MANAGEMENT COMPANY

Pursuant to the Acquisition Announcements, the Company wishes to announce that, following the completion of the Hotel Operator Selection Process (as defined in section 3 below), RK One Hotel Management LLC (the "**Purchaser**"), a wholly-owned subsidiary of the Company, has, on 11 November 2019, entered into hospitality-related agreements (the "**Hospitality Agreements**") in relation to the appointment of Travelodge Hotels Asia Pte. Ltd. ("**TLA**") as the operator of the Hotel.

TLA is headquartered in Singapore and a wholly-owned subsidiary of ICP Ltd ("**ICP**"). TLA is engaged in the management and franchising of Travelodge hotels across Asia. Mr Aw Cheek Huat ("**Mr Aw**") is the controlling shareholder of ICP.

Mr Aw has confirmed that he had no interest in the Hotel Acquisition at the time of entering into the definitive agreements, as the Hotel was acquired from an unrelated third party and the then manager of the Hotel was not related to Mr Aw. The Hotel Acquisition was accordingly approved by the Board and the Shareholders (including Mr Aw). In relation to the post-acquisition Hotel Operator Selection Process for the Hotel, Mr Aw has declared that he, as a controlling shareholder of ICP, has an interest in the Hotel Operator Selection Process, by virtue of the potential entry into the Hospitality Agreements between the

Purchaser and TLA. Accordingly, Mr Aw has recused himself from all discussion and deliberation in the Hotel Operator Selection Process.

3. HOTEL OPERATOR SELECTION PROCESS

The Company has undertaken a rigorous hotel operator selection process (the “**Hotel Operator Selection Process**”), including:

- (a) appointing a global commercial real estate services and investment management firm, with operations in approximately 68 countries worldwide and which is experienced in conducting hotel operator selection processes, as an independent hotel operator selection consultant to recommend three (3) appropriate hotel operators (taking into account proposals and quotations provided by various hotel operators) and advise on the selection of the preferred hotel operator; and
- (b) subjecting two (2) candidates shortlisted by the Company’s management and the Company’s Audit Committee (“**AC**”), after various robust discussions with the consultant, to interviews by both the Company’s management team and the AC and an extended negotiation process, to obtain the best commercial terms.

After the completion of the Hotel Operator Selection Process (under which the requirement under the IPT Mandate to obtain quotations from at least two other unrelated hotel operators has been satisfied), TLA was selected as the hotel operator, based on the same selection criteria consistently applied across the recommended hotel operators.

4. IPT MANDATE

The Hospitality Agreements constitute hospitality-related transactions entered into between the Group and TLA, and consequently fall within the scope of the IPT Mandate.

The Company has complied with the review and approval procedures prescribed under the IPT Mandate and the Group’s policy on Directors’ Conflict of Interest in the Hotel Operator Selection Process.

5. STATEMENT OF THE AUDIT COMMITTEE AND THE BOARD

Pursuant to the NOC, the AC is required to review the terms of the Hospitality Agreements, and to be satisfied that such agreements are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

In connection with the foregoing, having selected TLA as the hotel operator, the Company appointed an independent financial adviser (“**IFA**”) and a global hospitality and tourism consulting firm, with approximately 45 offices in 36 countries worldwide, as an independent hospitality consultant to assist it in its review of the major terms of the Hospitality Agreements, including the contractual period, base fees, incentive fees (which are based on the gross operating profit of the hotel), sales, marketing, reservation and centralized service fees, operator restrictions, and the terms of termination under the Hospitality Agreements.

For the purposes of the AC’s opinion, in assessing whether the Hospitality Agreements 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.

The AC has considered the work carried out by the independent hotel operator selection consultant, the Company's management team, the IFA and the independent hospitality consultant. It has evaluated and balanced all major terms of the Hospitality Agreements in coming up with the approval on the outcome of the Hotel Operator Selection Process and in providing an opinion of the terms of the Hospitality 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 Hospitality Agreements against other similar third party hotel management contracts to assess if the key terms of the Hospitality Agreements are more or less favourable to the Company (as the hotel owner); and (ii) relied upon the opinion provided by independent hospitality consultant, as subject matter experts, on whether the key terms in the Hospitality Agreements are reasonable and in line with typical industry ranges/benchmarks.

Taking into account the factors set out above, after due and careful consideration, the AC agrees with the findings of the IFA that the Hospitality Agreements are on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders, and recommended the appointment of TLA to the Board. The Board (save for Mr Aw, who has recused himself), having made due and careful consideration, has agreed with the recommendation of the AC and the findings of the IFA that the Hospitality Agreements are on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders, and duly approved the appointment of TLA as the operator of the Hotel. In arriving at their respective conclusions, both the Board (save for Mr Aw) and the AC have also considered that: (i) it is satisfied that the interests of the Company are in line with the interests of the minority shareholders of the Company; and (ii) there is nothing that the Board, and in particular the AC, is aware of that would render the findings and conclusions of the IFA to be unreliable or doubtful.

BY ORDER OF THE BOARD

Lee Kam Seng
Executive Director
11 November 2019