

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

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

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 Company is proposing a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 109,537,422 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.070 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every two (2) ordinary shares in the capital of the Company (“**Shares**”) held by each shareholder of the Company (“**Shareholder**”) as at a time and date to be determined by the Directors, at and on which the register of members of the Company and the transfer books of the Company will be closed to determine the provisional allotment of the Rights Shares to the Entitled Shareholders (as defined below) (the “**Books Closure Date**”), fractional entitlements to be disregarded.

2. THE PROPOSED RIGHTS ISSUE

2.1 The principal terms of the Rights Issue are summarised below.

Principal terms of the Rights Issue	Description
Issue price	: Issue Price of S\$0.070 per Rights Share, payable in full upon acceptance and/or application.
Discount	: The Issue Price represents: <ul style="list-style-type: none">i) a discount of approximately forty-three point one per cent. (43.1%) to the closing price of S\$0.123 per Share on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 December 2021, being the last trading day (“Last Trading Day”) on which trades were done on the Shares prior to this announcement (the “Last Traded Price”); andii) a discount of approximately thirty-three point five per cent. (33.5%)¹ to the theoretical ex-rights price of S\$0.105 per Share as calculated based on the Last Traded Price.
Allotment ratio	: One (1) Rights Share for every two (2) Shares held by Shareholders as at the Books Closure Date.
Estimated net proceeds	: The estimated net proceeds arising from the Rights issue (“ Net Proceeds ”), after deducting estimated expenses of approximately S\$0.12 million, are expected to be approximately S\$7.55 million, assuming that the Rights Issue is fully subscribed (“ Maximum Subscription Scenario ”). The Company intends to fund all the expenses in relation to the Rights Issue by internal resources.

¹ Such theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on the Last Traded Price of the Shares on the Main Board of the SGX-ST of S\$0.123 on the Last Trading Day, and the number of Shares following the completion of the Rights Issue.

Use of proceeds	:	Please refer to paragraph 3.3 below for further details.
Purpose of Rights Issue	:	Please refer to paragraph 3 below for further details.
Number of Rights Shares to be issued	:	<p>Based on the Company's 219,074,844 issued Shares (excluding treasury shares and subsidiary holdings) as at the date of this announcement and assuming no new Shares are issued on or prior to the Books Closure Date and all Entitled shareholders (as defined below) subscribe in full and pay for their pro rata entitlements of Rights Shares, the Company will issue 109,537,422 Rights Shares in the Maximum Subscription Scenario.</p> <p>There are 829,600 treasury shares as at the date of this announcement.</p> <p>The Company does not have any other outstanding convertible securities and subsidiary holdings as at the date of this announcement.</p>
Status of the Rights Shares	:	The Rights Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions the Book Closure Date for which falls before the date of allotment and issue of the Rights Shares.
Previous equity fund raising	:	The Company did not undertake any equity fund raising in the past 12 months prior to the date of this announcement.

2.2 The Rights Issue will not be underwritten. The Directors are of the opinion that there is no minimum amount that must be raised from the Rights Issue. Accordingly, the Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees and commission.

2.3 The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue including procedures, acceptances and renunciations of applications for the Rights Shares will be contained in the offer information statement ("**OIS**") to be lodged with the Monetary Authority of Singapore ("**MAS**") and to be despatched by the Company to Entitled Shareholders (as defined below) in due course.

3. RATIONALE FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

3.1 Strengthening the Group's liquidity and balance sheet

The Company's wholly-owned subsidiary namely IGIS Private Placement Real Estate Investment Trust No. 247 has a term loan of KRW 18 billion (approximately S\$20.6 million) which will mature in March 2022. The purpose of the term loan is for the financing of the acquisition of Travelodge Myeongdong City-Hall Hotel. This term loan can only be renewed at a higher cost and on less favorable terms than the original loan terms. The current adverse business conditions arising as a result of the prolonged hospitality and tourism downturn due to the COVID-19 pandemic have resulted in major challenges to the Group's refinancing of this facility. Under the circumstances and after careful consideration, the Group feels that it would be in the interest of the Group to release this facility with the expectation that new facilities can be negotiated and obtained when the economic situation improves. This would also remove the burden of debt servicing in times when such costs are higher than profits generated from the facilities.

The settlement of the term loan in March 2022 utilising the Group's available cash resources will reduce the Group's cash balances significantly. The Rights Issue will strengthen the Group's balance sheet and sustain future development of the business (please refer to paragraph 3.2

below). In addition, the proceeds from the Rights Issue will enable the Group to meet its ongoing financial commitments and to weather the severe disruption to the global hospitality and tourism industry caused by the COVID-19 pandemic.

3.2 Position for growth

The suppressed tourism and hospitality industry in the past 2 years has forced many hotels to temporarily close to minimise losses or avoid going out of business. This circumstance presents a good opportunity for the Group to partner with other capital partners to acquire potential assets at favorable price.

In line with past investments of the Group with its capital partners, the Group estimates that an investment outlay of approximately S\$4 million to S\$6 million for a potential hotel acquisition with other capital partners will be adequate in the near term.

The Rights Issue will thus boost the Group's cash position and enable the Group to have ready capital for such a potential investment (either local or overseas).

3.3 Use of Proceeds

Based on the Maximum Subscription Scenario, the Company intends to utilise the net proceeds for the following purposes:

Purpose	Percentage of Net Proceeds
i) Strengthening the Group's liquidity and balance sheet (as described in paragraph 3.1 above)	33%
ii) Position for growth (as described in paragraph 3.2 above)	67%
Total	100%

3.4 Value proposition for shareholders

The Rights Issue will provide all shareholders the opportunity to participate in the growth and expansion of the Group's business mentioned above while maintaining their *pro rata* equity participation in the Company by their acceptance of their *pro rata* entitlements as well as applying for excess rights shares at the issue price of S\$0.070 which is at a discount of approximately:

- i) forty-three point one per cent. (43.1%) to the last transacted price of S\$0.123 per share on the last trading day; and
- ii) thirty-three point five per cent. (33.5%) to the theoretical ex-rights trading price ("TERP") of S\$0.105 per share as calculated based on the last transacted price of S\$0.123 per share on the last trading day.

4. CONDITIONS FOR THE RIGHTS ISSUE

4.1 Approvals

The Company will be making an application to the SGX-ST in respect of the listing of and quotation of the Rights Shares on SGX-ST following this announcement. An appropriate announcement will be made in due course when the Company receives the approval in-principle for listing and quotation of the Rights Shares from the SGX-ST.

4.2 Authority to issue the Rights Shares

The Rights Issue will be undertaken pursuant to the authority under the general mandate that was granted by the shareholders pursuant to an ordinary resolution passed at the Annual General Meeting of the Company held on 10 November 2021 (“**General Mandate**”) to issue, among others, new Shares (whether by way of rights, bonus or otherwise) of not more than 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date the General Mandate was approved. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

- 5.1** The Company proposes to provisionally allot by way of Rights to all Shareholders who are eligible to participate in the Rights Issue (“**Entitled Shareholders**”), which comprise Entitled Depositors and Entitled Scripholders, on the basis of their shareholdings as at the Books Closure Date.
- 5.2** “**Entitled Depositors**” are Shareholders with Shares standing to the credit of their securities accounts with CDP as at the time and date at and on which the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares (“**Rights**”) of Entitled Shareholders under the Rights Issue and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date, or (ii) who have, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.
- 5.3** “**Entitled Scripholders**” are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Company’s Share Registrar, B.A.C.S. Private Limited (the “**Share Registrar**”), registrable transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and (i) whose registered addresses with the Company are in Singapore as at the Books Closure Date, or (ii) who have, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.
- 5.4** Entitled Shareholders will be provisionally allotted Rights Shares under the Rights Issue on the basis of their shareholdings in the Company as at the Books Closure Date. Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be traded on the Main Board of the SGX-ST over a period to be determined by the Directors in compliance with the rules of the Listing Manual. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or (in the case of Entitled Depositors only) trade on the SGX-ST (during the Rights trading period prescribed by the SGX-ST) their Rights and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.
- 5.5** Fractional entitlements to the Rights Shares will be disregarded in arriving at Entitled Shareholders’ entitlements and will, together with such Rights Shares that are not validly taken up by Entitled Shareholders or their respective renouncee(s) or purchaser(s) of the Rights traded on the SGX-ST through the book-entry (scripless) settlement system, any unsold Rights of Foreign Shareholders (as defined in paragraph 5.6 below) and any Rights Shares that are not otherwise allotted for whatever reason, be aggregated and used to satisfy excess Rights Shares applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.
- 5.6** For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Rights Issue will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

- 5.7** If it is practicable to do so, the Company may, at its absolute discretion, arrange for the Rights, which would otherwise have been provisionally allotted to Shareholders other than the Entitled Depositors and the Entitled Scripholders (“**Ineligible Shareholders**”) to be sold “nil-paid” on the SGX-ST as soon as practicable after commencement of trading in the Rights, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement (as defined in paragraph 8.2 below). Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred in relation thereto.
- 5.8** If such Rights cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights, the Rights Shares represented by such Rights will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Ineligible Shareholder or persons acting for the account or benefit of any such persons shall have any claim whatsoever against the Company, CDP, the Central Provident Fund Board or the Share Registrar and their respective officers in connection therewith.
- 5.9** In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

6. SCALING DOWN OF SUBSCRIPTIONS

Depending on the level of subscription for the Rights Shares, the Company may, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its pro-rata Rights Share entitlements and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Code)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up, whether partly or in full, their Rights Shares entitlements fully, and/or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual, unless prior approval of the Shareholders is obtained in a general meeting.

7. OPINION OF DIRECTORS

The Directors are of the opinion that barring any unforeseen circumstances, after taking into account the Group's present bank facilities, the working capital available to the Group is sufficient to meet the Group's present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue should be undertaken for the reasons stated in paragraph 3 of this announcement.

The Rights Issue will also provide the Shareholders with an opportunity to further their equity participation in the Company. For the reasons outlined above in paragraph 3, the Directors believe the Rights Issue is in the interests of the Group.

8. APPROVALS

8.1 Listing Approval

The Rights Issue is subject to the approval in-principle from the SGX-ST for the listing of and quotation of the Rights Shares on the Main Board of the SGX-ST. An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation of the Rights Shares on the Main Board of the SGX-ST.

8.2 Offer information Statement

The Rights Issue is subject to the lodgment of an offer information statement (the “**Offer Information Statement**”) together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, by the Company with the Monetary Authority of Singapore (the “**MAS**”).

9. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders in due course.

10. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

11. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and save for their interests arising by way of their respective shareholding interests in the Company and/or directorships in the Group, as the case may be, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Shares, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares as there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax, legal or other professional adviser(s) immediately.

14. FURTHER INFORMATION

The Company will make the necessary announcement(s) as and when required and/or material developments arise in respect of the Rights Issue.

BY ORDER OF THE BOARD
Lee Kam Seng
Executive Director and Company Secretary
27 December 2021