



**DATAPULSE**  
TECHNOLOGY

# A NEW DIRECTION

ANNUAL REPORT 2019





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# CHAIRMAN'S STATEMENT



## Dear Shareholders,

On behalf of the Board of Directors of Datapulse Technology Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”), I am pleased to present to you the Annual Report for the financial year ended 31 July 2019 (“**FY2019**”).

FY2019 was a watershed year as we took steps towards building a sustainable business for the Company. Tapping the experience of the current Board and management team, we made the decision not to engage in the haircare, cosmetics and other homecare chemical business (the “**Haircare Business**”), but to focus on the property business instead.

The decision was made after considering the vibrancy and outlook of the property industry in the Asia-Pacific region, particularly the hospitality real estate sector, and its viability as a business for the Group. It also took into account Ernst & Young Solutions LLP’s strategic review in March 2018, which concluded that the Haircare Business was not sustainable on its own. To that end, we have embarked on a series of initiatives to build up our hospitality portfolio, beginning, in March 2019, with the acquisition of Hotel Aropa, a hotel in Seoul, South Korea.

## MAJOR DEVELOPMENT

Following the disposal of Wayco Manufacturing (M) Sdn Bhd (“**Wayco**”) and the acquisition of Hotel Aropa, the Group proceeded to undertake investment stakes in two other hotel properties through joint ventures, namely Holiday Inn Express Euljiro (“**HIEX**”) and Bay Hotel, located in Seoul and Singapore respectively. The investment in HIEX was completed on 21 June 2019 while the investment in Bay Hotel was completed on 8 August 2019 after the Group’s financial year-end.

These investments are in line with the Group’s capital-light strategy, through which we take minority stakes in joint ventures with selected capital partners. This strategy enables us to transition into the management of assets under the hospitality business in a smoother, less risky manner, paving the way for us to enhance shareholder value through the potential appreciation in the value of the underlying assets and earn management fee income.

## FINANCIAL REVIEW

With the acquisition of Hotel Aropa, we recorded revenue of \$1.5 million from hotel operations. This, together with a \$0.4 million gain on disposal of quoted equities, \$0.1 million of interest income and a dividend



## CHAIRMAN'S STATEMENT

income of \$0.2 million from investments, brought Group revenue to \$2.2 million for FY2019.

With the newly acquired hotel assets, there were related acquisition and operational costs, resulting in the Group recording a loss from continuing operations of \$0.7 million. In contrast, a profit of \$41.9 million in FY2018 was recorded due to the gain on sale of the Group's leasehold property at 15A Tai Seng Drive.

Taking into account the \$0.8 million gain on disposal of Wayco in April 2019, profit attributable to shareholders amounted to \$0.2 million in FY2019.

### DIVIDEND

On the basis of the Group's cash position along with its future capital and business requirements, the Board is pleased to recommend a final one-tier tax exempt dividend of 0.50 cents per share for FY2019.

### BUSINESS OUTLOOK

Notwithstanding uncertainties in the global economy amid geopolitical tensions, the hospitality industry, especially that in Asia, has seen a recovery in the operating environment. Home to some of the world's most dynamic economies, Asia has been enjoying rapid growth in regional and international tourism, driving room occupancy and underlying property performance across the region. Sustained demand in the growth economies of Asia should translate into a continued uptrend in hotel rates going forward.

Going forward, we will continue to balance prudence in cash management with benefits of investment opportunities. Our focus will be on identifying undervalued real estate assets located in gateway cities throughout Asia that have the potential for strong operational and physical enhancements. We will also look to leverage the expertise and resources of reputable capital partners who share similar investment objectives with the Group to capitalise on bigger opportunities, should these arise.

### CHANGES TO THE BOARD

In August 2019, the Group welcomed two new Independent Non-Executive Directors, Mr. Choong Chee Peng Bert and Mr. Teo Choon Kow @ William Teo, to our board. Mr Choong possesses extensive experience in the interior furnishing business, and we believe that we will be able to benefit from his counsel in the refurbishment of the Group's hotel properties, and in the engagement of outsourced professionals under the asset management division of the Group. We also look forward to tapping Mr. Teo's expertise in corporate finance, financing, accounting and risk management as we evaluate the investment opportunities that will come our way.

Independent Directors Mr. Sin Boon Ann and Associate Professor Foo See Liang will retire from the Board and will not be seeking re-election at the upcoming Annual General Meeting. On behalf of the Board, I would like to thank them for their service to the Group and wish them well in their endeavours. Going forward, the current Board recommends that Mr. Sin be appointed as an advisor to the Company.

### APPRECIATION

I would like to extend my sincere appreciation to our shareholders, business partners and all our stakeholders for their support over the past year and look towards the same in the years ahead as we continue to execute our strategy to bring the Company forward on a path of growth.

**AW CHEOK HUAT**  
NON-INDEPENDENT  
NON-EXECUTIVE CHAIRMAN





# EXECUTIVE DIRECTOR'S STATEMENT

## REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

### FINANCIAL PERFORMANCE

The Group recorded revenue of \$2.2 million in FY2019. The new hotel operations business contributed \$1.5 million, while investment trading income amounted to \$0.7 million. As the acquisition of Hotel Aropa was completed on 20 March 2019, revenue from hotel operations was for the period from 20 March 2019 to 31 July 2019.

Following the disposal of Wayco on 30 April 2019, the results from the Haircare Business have been classified as discontinued operations.

The increase in other income for FY2019 was due to interest income received on the proceeds from the sale of the leasehold property at 15A Tai Seng Drive in January 2018.

The increase in staff costs for FY2019 is mainly due to additional headcount from the property division. Depreciation cost of \$0.1 million mainly came from the depreciation of the freehold building (Hotel Aropa), while finance costs of \$0.3 million mainly came from interest expense arising from term loan facility obtained for the acquisition of Hotel Aropa.

Other operating expenses for FY2019 amounted to \$1.6 million and were mainly due to legal and professional costs of \$0.8 million, hotel-related expenses of \$0.3 million and rental expenses of \$0.2 million.

The Group recorded a gain on the disposal of Wayco amounting to \$0.8 million in FY2019, under discontinued operations. For FY2018, the loss from discontinued operations was due to the results from the Media Storage Business which included an impairment loss on the Group's property, plant and equipment of \$1.5 million.

As a result of the above, the Group's profit attributable to shareholders was \$0.2 million for FY2019. In contrast, profit attributable to shareholders amounted to \$34.5 million in FY2018, which included an exceptional gain of \$44.6 million from sale of the Tai Seng property.

### Financial Position

Property, plant and equipment increased from \$2.2 million as at 31 July 2018 to \$43.8 million as at 31 July 2019, mainly from the acquisition of Hotel Aropa.

Long term investment of \$4.9 million relates to the Group's 15% interest in HIEX.

Current assets decreased by \$29.2 million to \$53.3 million, mainly due to funds utilised for the investments in the hospitality assets.

Non-current borrowings of \$20.7 million as at 31 July 2019 largely consisted of the term loan for the acquisition of Hotel Aropa.

Current liabilities increased by \$1.3 million in FY2019 mainly due to the increase in short term borrowings of \$2.6 million. This was offset by (i) a decrease in tax payables of \$0.6 million and (ii) a decrease in trade and other payables of \$0.7 million.

The Group's total equity decreased by \$3.3 million during the year mainly as a result of the foreign exchange translation losses and the dividends paid.

### Cash Flows

The Group's cash and bank balances as at 31 July 2019 was \$38.4 million. This is equivalent to 17.5 cents cash per share.

There was a deficit of \$11.3 million in net cash from operating activities for FY2019, mainly due to an increase in short term investments.

Net cash used in investing activities for FY2019 was \$52.1 million, mainly due to the acquisition of Hotel Aropa, investment in HIEX and deposit paid for the proposed investment in Bay Hotel.

Net cash generated from financing activities for FY2019 amounted to \$20.6 million, mainly due to the term loan obtained for the acquisition of Hotel Aropa, offset by payment of dividends.

## OPERATIONS REVIEW

The Group acquired its first hotel property, Hotel Aropa, in March 2019. Located near the Myeongdong district in the buzzing Namdaemun area of central Seoul, South Korea, the hotel attracted travellers looking for a quiet

## EXECUTIVE DIRECTOR'S STATEMENT

haven within the bustling city centre. To improve on this asset's competitiveness and boost long-term value, the Group has embarked on asset enhancement for Hotel Aropa, which is scheduled to be completed in December 2019. Operations at Hotel Aropa are thus significantly affected during the renovation period but the Group expects to book full revenue from this asset in the latter half of the 2020 financial year.

In addition to this, the Group also embarked on the acquisition of investment stakes in two hotels during the year. The Group completed the acquisition of a 15% investment stake in HIEX on 21 June 2019, while the 5% investment in Bay Hotel was completed in August, subsequent to the Group's financial year-end. The hotels have since been renamed Travelodge

Myeongdong Euljiro and Travelodge Harbourfront respectively. Through these investments, the Group furthers its push into property investment, and will work towards building a stable income stream while improving shareholder value through potential capital appreciation on these investments.

In the year ahead, the Group will continue to actively seek out opportunities to build up its property investment portfolio, through acquisitions, joint ventures or strategic alliances.

**LEE KAM SENG**  
EXECUTIVE DIRECTOR





# FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019
<b>FINANCIAL PERFORMANCE</b>					
Revenue (\$'000) <i>(note 1)</i>	25,798	23,309	12,678	8,920	3,148
Profit for the year (\$'000)	1,634	905	3,029	34,480	200
Profit attributable to owners of the Company (\$'000)	1,634	905	3,029	34,480	200
Earnings per share (cents) <i>(note 2)</i>	0.81	0.41	1.38	15.74	0.09
Return on assets (%) <i>(note 3)</i>	3.08	1.55	5.49	50.07	0.21
Return on equity (%) <i>(note 3)</i>	3.71	1.90	6.23	52.61	0.25
<b>FINANCIAL POSITION</b>					
Total assets (\$'000)	58,867	57,688	52,669	85,072	103,558
Total liabilities (\$'000)	11,030	10,427	2,750	3,907	25,709
Total equity/shareholders' funds (\$'000)	47,837	47,261	49,919	81,165	77,849
Net current assets (\$'000)	45,458	31,417	47,557	78,833	48,282
Net asset value per share (cents) <i>(note 2)</i>	21.75	21.57	22.79	37.05	35.54
<b>CASH FLOW</b>					
Net cash from/(used in) operating activities (\$'000)	4,742	3,891	(737)	(5,193)	(11,250)
Net cash and bank balances (\$'000) <i>(note 4)</i>	25,566	25,854	39,522	81,061	14,974
Net cash per share (cents) <i>(note 2)</i>	11.63	11.80	18.04	37.00	6.84
<b>DIVIDENDS</b>					
Total dividend per share (cents) <i>(note 2)</i>	0.60	0.30	0.50	2.00	0.50
Total dividend declared (\$'000) <i>(note 5)</i>	1,319	657	1,095	4,381	1,095
Dividend payout (%)	80.70	72.60	36.20	12.70	547.70
Dividend yield (%) <i>(note 6)</i>	2.27	1.30	1.69	7.41	2.44
<b>SHARE PRICE</b>					
Highest (cents) <i>(note 2)</i>	47.70	30.60	28.00	44.00	30.00
Lowest (cents) <i>(note 2)</i>	26.40	19.90	19.80	26.50	21.00
Average (cents) <i>(note 2)</i>	37.08	24.69	22.29	31.45	26.14
Weighted average number of shares (million) <i>(note 2)</i>	201	220	219	219	219
Average market capitalisation (\$'million) <i>(note 7)</i>	75	54	49	69	57
Average shareholders' funds (\$'million)	44	48	49	66	80
Market value added (\$'million) <i>(note 8)</i>	31	6	0	3	(23)

**Note 1:**  
Figures comprised of revenue from continuing and discontinued operations.

**Note 2:**  
For comparison purposes, prior year figures for FY2015 was adjusted due to the share consolidation of every three (3) ordinary shares into one (1) ordinary share in the capital of the Company in FY2016, fractional entitlements to be disregarded.

**Note 3:**  
Calculations of return on assets and return on equity are based on profit for the year divided by the average total assets and average total equity, respectively.

**Note 4:**  
Calculation of net cash and bank balances is based on cash and bank balances less interest bearing borrowings.

**Note 5:**  
Calculation of total dividend declared is based on the sum of interim, final and special dividends declared, multiply by the number of shares on the date of announcement of the respective full year results.

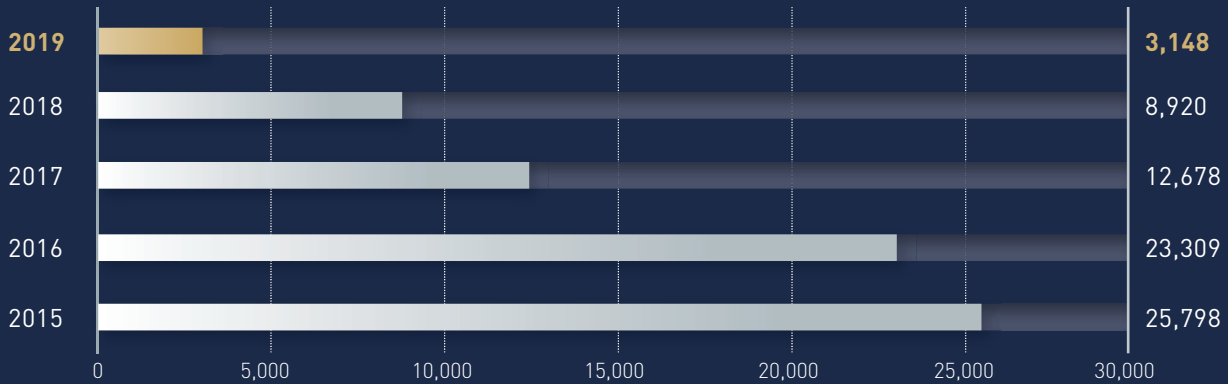
**Note 6:**  
Calculation of dividend yield is based on total dividend per share divided by the closing share price on the date of announcement of the respective full year results.

**Note 7:**  
Calculation of average market capitalisation is based on weighted average number of shares multiplied by the average share price for the year.

**Note 8:**  
Calculation of market value added is based on the excess of the average market capitalisation over average shareholders' funds for the year.

## FINANCIAL HIGHLIGHTS

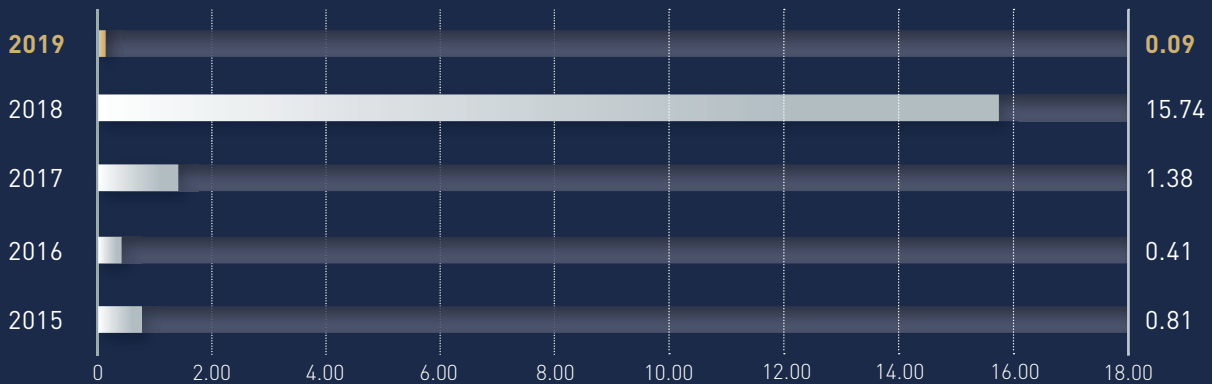
### REVENUE (\$'000)



### PROFIT FOR THE YEAR (\$'000)

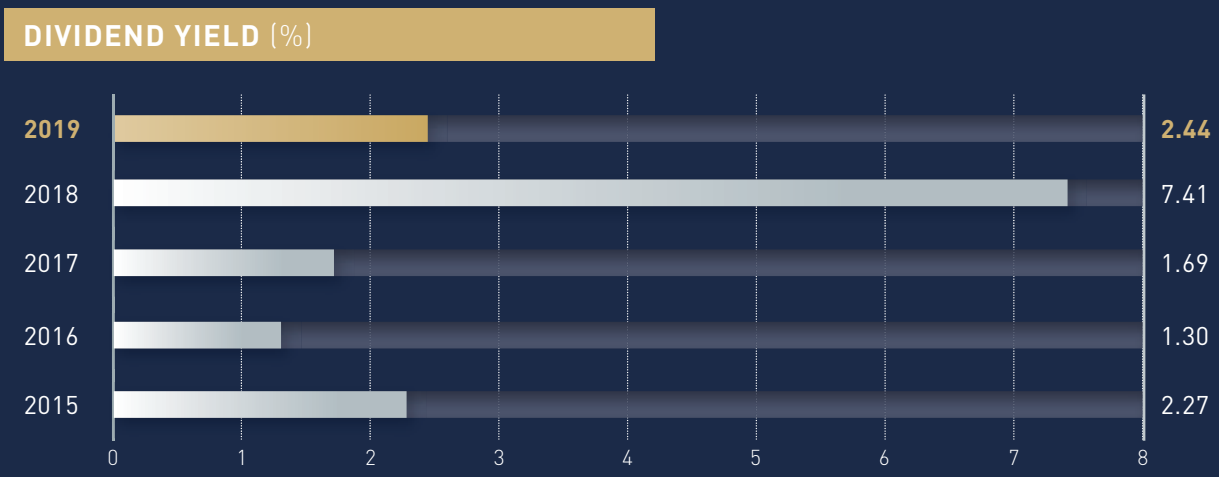
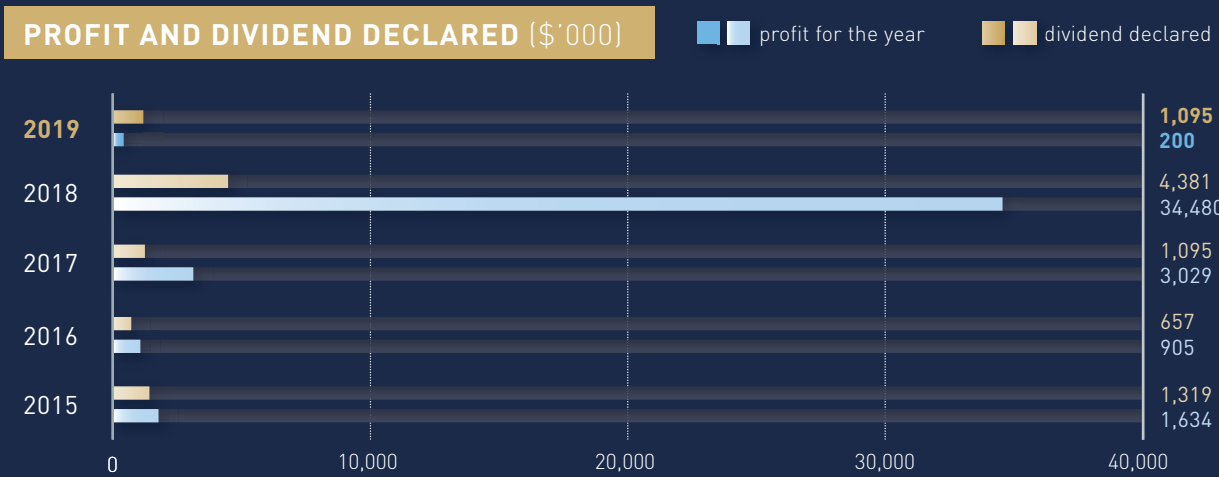
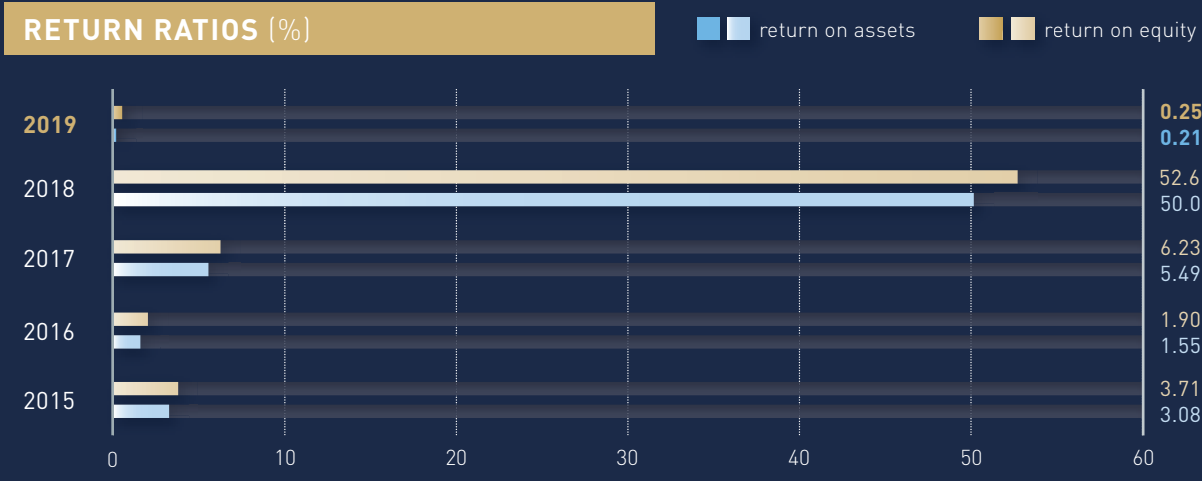


### EARNINGS PER SHARE (CENTS)





# FINANCIAL HIGHLIGHTS



## BOARD OF DIRECTORS

### AW CHEOK HUAT

Chairman of the Board and Non-Independent  
Non-Executive Director

Mr Aw Cheok Huat was appointed to the Board on 15 August 2018 as a Non-Independent and Non-Executive Director and was last re-elected on 16 November 2018. He is Chairman of the Board of Directors.

Mr Aw's background is in Corporate Finance. In addition, he has some 25 years of experience in the hospitality industry. Mr Aw is currently the Non-Independent and Non-Executive Chairman of ICP Ltd.

Mr Aw holds a Master of Commerce from the University of New South Wales and a Bachelor of Accountancy from the National University of Singapore.

### TEO CHOON KOW @ WILLIAM TEO

Lead Independent Director

Mr Teo Choon Kow @ William Teo was appointed to the Board on 25 August 2019 as Lead Independent Director and a member of the Nominating Committee.

Mr Teo is currently a consultant providing corporate advisory services and is an Independent Director of DLF Holdings Limited, Wee Hur Holdings Ltd, Kitchen Culture Holdings Ltd and PSL Holdings Limited. He was the Vice-President of Walden International Investment Group from 1997 to 2004 where he was responsible for its investment function. From 1989 to 1997, Mr Teo was a Senior Manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work.

Mr Teo holds a Masters in Management from Asian Institute of Management, Philippines. He is also a fellow member of the Association of Chartered Certified Accountants ("FCCA") and a member of the Institute of Singapore Chartered Accountants ("ISCA").





## BOARD OF DIRECTORS

### SIN BOON ANN

Independent Non-Executive Director

Mr Sin Boon Ann was appointed to the Board on 10 September 2018 as an Independent Non-Executive Director. He is Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He was last re-elected on 16 November 2018.

Mr Sin received his Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore and his Master of Laws from the University of London. He was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore before leaving in 1992 to join Drew & Napier LLC.

Mr Sin was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the co-head of the Capital Markets Practice before he retired to be a consultant in March 2018. He was a Member of Parliament for Tampines GRC from 1996 to 2011 and a Member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011.

Mr Sin is an Independent Director in a number of listed companies in Singapore, including OUE Limited, TIH Limited, HRnetGroup Limited and Rex International Holding Limited.

### LOO CHENG GUAN

Independent Non-Executive Director

Mr Loo Cheng Guan was appointed to the Board on 10 September 2018 as an Independent Non-Executive Director. He is Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He was last re-elected on 16 November 2018.

Mr Loo founded Vermilion Gate Pte Ltd in 2014 and formally launched it in 2016 as an advisory firm focused on mergers and acquisitions and portfolio development. He has been non-executive chairman of 1Rockstead GIP Fund II Pte Ltd., a private equity fund since 2013. He is also non-executive chairman of Precursor Group, a Singapore-based accounting firm and advisor to Pantheon Assets, a multi-family office in China.

In addition, Mr Loo sits on the boards of SGX-listed companies, Valuetronics Holdings Ltd, and Mirach Energy Ltd, as an Independent Director, and of several other private companies including Amalgam Capital Partners Pte Ltd, Brash Asia Pte Ltd and New Energy Capital Asia Pte Ltd.

Mr Loo had previously sat on a number of listed companies in Singapore, China and Canada, including C&G Environmental Protection Holdings Ltd as executive director, Advance SCT Ltd and MAP Technology Holdings Ltd as Independent Director, Grandblue Environment Co., Ltd and Blackbird Energy Ltd both as Non-Executive Director.



## BOARD OF DIRECTORS

### FOO SEE LIANG

Independent Non-Executive Director

Dr Foo See Liang was appointed to the Board on 4 December 2018 as an Independent Non-Executive Director. He is Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Dr Foo is an Associate Professor (Practice) at the School of Accountancy, Singapore Management University. He is currently a member of the Audit & Risk Committee of a non-listed entity.

He is an Honorary Member of the Institute of Internal Auditors Singapore and a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

### LEE KAM SENG

Executive Director

Mr Lee Kam Seng was appointed to the Board on 14 June 2019 as an Executive Director.

Mr Lee joins the Company on 1 December 2015 as Chief Financial Officer and was appointed Company Secretary on 3 December 2017. He was the Interim Chief Executive Officer from 10 September 2018 to 13 June 2019.

Mr Lee is a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants ("U.K.").

He has more than 35 years of experience in the construction, real estate and trading industries, both in private and public listed companies.

### CHOONG CHEE PENG BERT

Independent Non-Executive Director

Mr Choong Chee Peng Bert was appointed to the Board on 25 August 2019 as an Independent Non-Executive Director.

Mr Choong founded Nobel Design Holdings Ltd, a renowned industry leader in lifestyle furnishing in 1982 and was the Executive Chairman of the Company till 2013.

Mr Choong previously held directorships in Shelford Terraces Pte Ltd, ACT-Nobel Homes Pte Ltd, Astrid Hill Residences Pte Ltd, JBT Investments Pte Ltd and Urban Lofts Pte Ltd.

Mr Choong is currently the Director of International Furniture Fair Singapore Pte Ltd. In addition, he is the Presidential Advisor of the Singapore Furniture Industries Council since 2002.





# KEY MANAGEMENT

## LEE CHANGWEI, EUGENE

Financial Controller

Mr Lee Changwei, Eugene was appointed an Executive Officer of the Group on 14 June 2019. He holds the position of Financial Controller and is responsible for supervising and overseeing the financial and accounting functions of the Group.

Mr Lee has more than 10 years of work experience in areas of auditing, accounting and management consulting. His audit clients included companies listed on the SGX in the Healthcare and Commodity Trading sectors and he has also provided management consulting services to Fortune 500 companies.

Mr Lee holds a Bachelor of Accountancy (Hons) degree from Nanyang Technological University.



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# CORPORATE GOVERNANCE REPORT

Datapulse Technology Limited (the “Company”, together with its subsidiaries, collectively the “Group”) is committed to high standards of corporate governance so as to ensure greater transparency and protect the interests of its employees, customers and shareholders. The board of Directors (“Board”) and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group’s businesses and performance.

To discharge its governance function, the Board and its committees have established policies and procedures to govern their activities. The Board and its committees are guided by their respective Terms of References.

The Board is pleased to report to its shareholders on the Group’s corporate governance practices for the financial year ended 31 July 2019 (“FY2019”) with specific reference to each provision of the Code of Corporate Governance 2018 (the “Code”) issued in August 2018. The Board confirms that the principles and provisions of the Code have been adhered to save as highlighted and explained in this report.

## **PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS**

***The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success. Management also plays a pivotal role in providing the Board with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

### ***Provision 1.1***

#### ***Board’s Role***

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting the appropriate tone-from-the-top and desired organisational culture, monitoring Management’s performance, establishing a framework for prudent and effective internal controls to manage risk, safeguarding shareholders’ interests and the Group’s assets as well as setting values and standards (including ethical standards) for the Group. The Board is also mindful of the Group’s social responsibilities.

The Board sets the directions for the Group where ethics and values are concerned. This helps to nurture an environment where integrity and accountability are key.

#### ***The Board’s Conduct of Affairs***

The principal functions of the Board include, inter alia:

- (a) Reviewing and monitoring the Group’s policies and practices for compliance with legal and regulatory requirements;
- (b) Monitoring and ensuring the training and continuous professional development of Directors and Management;
- (c) Setting long-term strategic goals, and reviewing and assessing the strategies of the Group from time to time, and monitoring the progress towards achieving these goals;
- (d) Approving the appointment of key management positions;
- (e) Approving the compensation packages and incentive payment structure for key management positions;



# CORPORATE GOVERNANCE REPORT

- (f) Reviewing and approving significant acquisitions and divestments by the Group;
- (g) Setting the dividend policy of the Group and declaring dividends, where appropriate;
- (h) Determining and reviewing the Group's risk profile, risk tolerance level and risk strategy; and
- (i) Conducting an annual, rigorous assessment of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, the effectiveness of its internal audit, risk management and compliance functions, and the adequacy of the resources allocated to these functions.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with Management to take objective decisions in the interest of the Group.

The Group has a conflict of interest policy for the objective review and approval of potentially conflicting relationships so that transactions which may be unfair or create the appearance of favoritism will be avoided and those which are fair and in the interests of the Group can be continued in the future. Any Director who has a conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board is required to immediately declare his or her interest to the Board, remove himself or herself from the information flow and recuse from participating in any further discussion or voting on the subject matter, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion.

## ***Provision 1.2***

### ***Continuous Training and Development of Directors***

To ensure that the Directors keep pace with regulatory changes that will have an important bearing on the Company's or Directors' obligations, the Directors are updated on such changes in between or during Board meetings and/or on specially convened sessions by professionals. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as directors of the Company.

The Directors are also encouraged to read up on and actively engage in informal discussions on subjects which are relevant to the Group's business.

### ***Orientation for New Directors***

Orientation programmes will be organised during the year for new incoming Directors to ensure that they are familiar with the Group's key businesses and corporate governance practices. This also allows the new Director(s) to get acquainted with Management, thereby facilitating board interaction and independent access to Management. The Directors may also at any time request further explanations, briefings and informal discussions on any aspect of the Group's operations or business.

# CORPORATE GOVERNANCE REPORT

## ***Provision 1.3***

### ***Internal Guidelines on Matters Requiring Board Approval***

The Company has adopted internal guidelines governing matters that require the Board's approval.

Matters which are specifically reserved to the Board for approval include but are not limited to:

- (a) Annual plans, risk appetite and performance targets for the Group;
- (b) The establishment of effective procedures for monitoring and control of operations including internal procedures for audit, risk and compliance;
- (c) Strategic business plans and policies of the Group;
- (d) Material acquisitions and disposals by the Group; and
- (e) Terms of reference of the Board and its Committees.

The matters which are specifically decided on and approved by the Board are clearly documented in the minutes of meetings and kept with the Company.

## ***Provision 1.4***

### ***Delegation of Authority to Board Committees***

The Board is supported by a number of committees which assist it in the discharge of its responsibilities and also enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). Each Board committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

## ***Provision 1.5***

### ***Meetings of Board and Board Committees***

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas are circulated in advance, with board papers and related materials dispatched before the meetings.

The Board normally meets at least four times a year with additional meetings convened as and when necessary.

During FY2019, the Company has held five (5) Board Meetings.

# CORPORATE GOVERNANCE REPORT

## **Multiple Board Representations**

All Directors are required to declare their board representations. The NC will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Company. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties as a Director of the Company.

The Directors had committed considerable time towards the many board meetings and board committee meetings held in FY2019 and adjusted their schedules to ensure participation in board and board committee meetings for the deliberation of issues. The NC is of the view that the Directors have committed their time effectively to discharge their responsibilities.

A record of the Directors' attendance at the Board and Board Committee meetings as well as general meetings for FY2019 is set out below:

	<b>Board Meetings</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>	<b>General Meeting</b>
<b>Number of meetings held in FY2019</b>	5	6	1	2	2
<b>Name of Director</b>	<b>Number of meetings attended</b>				
Mr Aw Cheok Huat	5	3	1	1	2
Mr Loo Cheng Guan	5	6	1	2	2
Mr Sin Boon Ann	5	6	1	2	2
Dr Foo See Liang <sup>(1)</sup>	3	5	–	1	1
Mr Lee Kam Seng <sup>(2)</sup>	5	6	1	1	2
Mr Teo Choon Kow @ William Teo <sup>(3)</sup>	–	–	–	–	–
Mr Choong Chee Peng Bert <sup>(3)</sup>	–	–	–	–	–
Mr Low Beng Tin <sup>(4)</sup>	2	1	1	1	–
Mr Ng Der Sian <sup>(4)</sup>	1	1	1	1	–
Mr Rainer Teo Jia Kai <sup>(4)</sup>	2	1	1	1	–

### **Notes:**

- (1) Dr Foo See Liang was appointed to the Board on 4 December 2018 and hence was not a Director at the time of the meetings on 25 September 2018 and the previous annual general meeting of the Company on 16 November 2018.
- (2) Mr Lee Kam Seng was appointed to the Board on 14 June 2019. Prior to his appointment as Executive Director, Mr Lee Kam Seng attended the meetings in FY2019 in his capacity as Chief Financial Officer/Interim Chief Executive Officer of the Company.
- (3) Mr Teo Choon Kow @ William Teo and Mr Choong Chee Peng Bert were appointed to the Board after FY2019.
- (4) Mr Low Beng Tin, Mr Ng Der Sian and Mr Rainer Teo Jia Kai retired as Independent Directors of the Company on 16 November 2018 after the conclusion of the previous annual general meeting of the Company.



# CORPORATE GOVERNANCE REPORT

## ***Provision 1.6***

### ***Board's Access to information***

Management places a high priority on providing complete, adequate and timely information to the Board on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Group, including updates on the Group's financials, cash flow positions and operational performance of the Group's assets. The Board will also be updated on industry trends and developments. As far as is practicable, Board members will receive all Board papers not less than three business days in advance of the meeting to enable them to have sufficient time to fully consider and deliberate issues to be considered at the meetings. Minutes of the previous meetings are tabled and confirmed at Board meetings for the Directors' information.

## ***Provision 1.7***

### ***Board's Access to Management and Company Secretary***

The Board has at all times separate and independent access to Management through electronic mail, telephone and face-to-face meetings and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key management staff, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings.

The role of the Company Secretary includes the responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Further, the Company Secretary assists in coordinating the flow of information within the Board and Board Committees as well as between Management and the Board. The Company Secretary also assists the Chairman of the Board and the Board in implementing and strengthening corporate governance practices and processes.

### ***Appointment and Removal of Company Secretary***

The appointment and removal of the Company Secretary is subject to the approval of the Board.

### ***Board's Access to Independent Professional Advice***

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice, at the Company's expense.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

### *Provisions 2.1, 2.2 & 2.3*

#### ***Independent Element of the Board, Composition of Independent Directors and Non-Executive Directors on the Board***

The Board comprises seven Directors of which one is an Executive Director, another is a Non-Executive Director and the remaining five directors are Independent Directors, thus providing a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group.

#### ***Independence of Directors***

The NC, in its determination in respect of the independence of a Director, takes into account, inter alia, the criteria given in the Listing Manual and the Code, the existence of any relationships between such Director and the Group, its related corporations, its substantial shareholders and officers and if applicable, whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of such Director's independent judgment.

The NC, having considered the declarations made by the Independent Directors in respect of their independence, is of the view that the current Board has an appropriate level of independence to enable it to make decisions in the best interests of the Company.

The Board confirms that none of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment. However, taking into account the need to refresh the Board's composition, the Board may consider formulating a policy on this at an appropriate time.

### ***Provision 2.4***

#### ***Composition and Size of the Board***

The NC conducts an annual review on the composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive and other aspects such as gender and age. Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the existing business operations of the Company.

The Board is also well supported by accurate, complete and timely information, and has unrestricted access to Management.

# CORPORATE GOVERNANCE REPORT

A summary of the composition of the Board and its Committees is set out below:

Director	Board	AC	NC	RC
Mr Aw Cheok Huat	Chairman, Non-Independent Non-Executive Director	-	-	-
Mr Loo Cheng Guan	Independent Director	Member	Member	Chairman
Mr Sin Boon Ann <sup>(1)</sup>	Independent Director	Member	Chairman	Member
Dr Foo See Liang <sup>(1)</sup>	Independent Director	Chairman	Member	Member
Mr Lee Kam Seng	Executive Director	-	-	-
Mr Teo Choon Kow @ William Teo	Lead Independent Director	-	Member	-
Mr Choong Chee Peng Bert	Independent Director	-	-	-

**Note:**

- (1) Mr Sin Boon Ann and Dr Foo See Liang will be retiring from office and not seeking re-election at the forthcoming annual general meeting of the Company.

The NC with the concurrence of the Board, is of the view that the current Board size of seven (7) Directors is appropriate and that the Board possesses the appropriate diversity. The NC also takes into account the mix of skills and core competencies of its members, to ensure a good balance and diversity of skills, knowledge and experience. Amongst the directors are hotel investments and management, real estate development and REITs, interior design, accounting, finance and corporate governance professionals who possess the relevant expertise and skill sets in their respective fields for effective decision making.

The Board has adopted a policy and framework for promoting diversity on the Board and the NC is responsible for ensuring that this policy is implemented in an effective and practical manner. The NC will report to the Board periodically on the progress made in achieving the objectives set for promoting diversity.

Their combined core competencies and experience provide management with a diverse and objective perspective to enable balanced and well-considered decisions to be made. The Directors' profiles are set out in pages 8 to 10 of this Annual Report.

**Provision 2.5**

**Regular Meetings of Non-Executive Directors and Independent Directors**

During the year, the Directors communicate among themselves without the presence of Management as and when the need arises and feedback is provided to the Board and/or Management, as appropriate. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 3: CHAIRMAN AND EXECUTIVE DIRECTOR

***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

### ***Provisions 3.1 & 3.2***

#### ***Roles and Responsibilities of Chairman & Executive Director***

The functions of the Chairman and the Executive Director are assumed by two separate individuals so as to ensure effective supervision and maintenance of an appropriate balance of power and authority. There is a clear demarcation between the roles of the Chairman and the Executive Director, which promotes increased accountability and a greater capacity of the Board for independent decision making.

Mr Aw Cheok Huat is the Chairman of the Board. He is responsible for the overall leadership of the Board and engages Management regularly on pertinent issues. He approves the agendas for Board Meetings and promotes a culture of open and free discussion amongst the Board. He also ensures that the Board receives timely and accurate information from Management, and provides valuable insight, guidance and advice on corporate governance systems and processes.

The Executive Director, Mr Lee Kam Seng leads Management and has full executive responsibility for the overall management and performance of the Group's business. He translates the Board's decisions into executive action and is accountable to the Board.

The Chairman and the Executive Director are not related.

### ***Provision 3.3***

Mr Teo Choon Kow @ William Teo is the Lead Independent Director of the Company. He is responsible for providing leadership in situations where the Chairman is conflicted, and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

## PRINCIPLE 4: BOARD MEMBERSHIP

***The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.***

### ***Provision 4.1 and 4.2***

#### ***NC Membership and Terms of Reference***

The NC comprises the following four Directors, all of whom are non-executive and independent:

Mr Sin Boon Ann, Chairman	(Independent Director)
Mr Loo Cheng Guan	(Independent Director)
Dr Foo See Liang	(Independent Director)
Mr Teo Choon Kow @ William Teo	(Lead Independent Director)

# CORPORATE GOVERNANCE REPORT

During FY2019, the NC has held two scheduled meetings, which all members attended save for Mr Teo Choon Kow @ William Teo, who was only appointed on 25 August 2019 and hence was not a Director and Member of the NC as at the time of the two meetings.

The NC is guided by its written Terms of Reference, which sets out its authority and duties. The principal functions of the NC include, inter alia:

- (a) Making recommendations to the Board on all Board appointments and re-appointments;
- (b) Reviewing the multiple board representations of the Directors;
- (c) Formally assessing the effectiveness of the Board as a whole, the effectiveness of the Board Committees and the contribution by each individual Director to the effectiveness of the Board;
- (d) Reviewing the training and professional development programmes for the Board;
- (e) Reviewing the structure, size and mix of expertise and experience of the Board; and
- (f) Assessing the independence of Directors and level of independent element within the Board.

## ***NC Responsibilities***

The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the provisions of the Constitution of the Company which stipulates that at each annual general meeting of the Company ("AGM"), one-third of the Directors (or, if their number is not three or a multiple of three, the number nearest to one-third) shall retire from office by rotation in accordance with the Constitution, and may stand for re-election.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in respect of matters in which he is interested.

In accordance with the Constitution of the Company, new Directors must submit themselves for re-election at the next Annual General Meeting of the Company and one third of the Directors (excluding Directors who were appointed to fill a casual vacancy or as an additional Director) must retire by rotation at each Annual General Meeting and they shall be available for re-election.

Mr Sin Boon Ann and Dr Foo See Liang intend to retire from office and not stand for re-election at the forthcoming AGM. The other directors who were appointed as additional Directors, namely Mr Lee Kam Seng, Mr Teo Choon Kow @ William Teo and Mr Choong Chee Peng Bert, shall stand for re-election at the forthcoming AGM.

## ***Alternate Directors***

There are currently no Alternate Directors on the Board.

# CORPORATE GOVERNANCE REPORT

## ***Provision 4.4***

### ***Determining Directors' Independence***

Each Independent Director completes a declaration to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned on page 18 of this report. In the opinion of the NC, Mr Sin Boon Ann, Mr Loo Cheng Guan, Dr Foo See Liang, Mr Teo Choon Kow @ William Teo and Mr Choong Chee Peng Bert are independent based, *inter alia*, on the criteria given in the Listing Manual and the Code and their respective declarations.

## ***Provisions 4.3 and 4.5***

### ***Process for the Selection and Appointment of New Directors***

The NC evaluates the balance of skills, knowledge and experience of the Directors and determines the suitable size and composition of the Board required to add value to and facilitate effective decision-making of the Company, taking into consideration the scope and nature of the operations of the Company. In respect of an appointment of a new Director, a rigorous search process is undertaken by the NC which includes evaluating the academic and professional qualifications, knowledge and experience of potential candidate(s) in relation to the business of the Group, the independence (if applicable) and other directorships of the candidate(s). After deliberations, the NC would provide its recommendation to the Board in respect of the new Director.

New Directors are presently appointed by way of Board resolution or at a Board meeting, with the Board taking into account the evaluation and recommendation by the NC. Before making a recommendation to the Board, extensive searches on the candidates(s) are conducted and the NC ensures that the potential candidate(s) possesses the necessary skills, knowledge, qualifications, working experience and other relevant factors that could facilitate the Board in making sound and well considered decisions. Incoming Director(s) will also be required to make a declaration as to their interests in and/or independence from the Company.

A formal letter is sent to a newly-appointed Director upon his/her appointment stating his/her duties and obligations as director.

### ***Key Information on Directors***

Key information of each Director including directorships and chairmanships in other listed companies, other major appointments and principal commitments, academic/professional qualifications, membership/chairmanship in the Company's Board committees, date of first appointment and last re-election, etc. can all be found under the Directors' Profile section on pages 8 to 10 of this Annual Report.



# CORPORATE GOVERNANCE REPORT

## **PRINCIPLE 5: BOARD PERFORMANCE**

***The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

### ***Provisions 5.1 and 5.2***

#### ***Board Performance***

The Board has an established process to assess the effectiveness of the Board and its Board committees as a whole. The NC is of the view that an assessment of the effectiveness of the Board and Board committees as a whole is adequate and assessing the contributions of individual directors to the effectiveness of the Board would not be meaningful given that the operation of the Board and its committees and their performance are dependent on the combined efforts, expertise and experience of all Directors and could not be attributed to any single Director. In assessing the Board's effectiveness, the NC performs the assessment of the effectiveness of the Board and Board committees in the form of a questionnaire with inputs from each Director. The assessment criteria includes, inter alia, the size and composition of the Board, the degree of independence in the Board, the mix of expertise, experience and skills on the Board, and the processes and accountability of the Board.

The Chairman will, taking into account the results of the performance evaluation, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

#### ***Performance Criteria for Board Evaluation***

A Board Performance Evaluation form is circulated and completed by each Director annually. This involves scoring and an invitation for feedback on a number of key areas, including:

- (a) Board composition and size
- (b) Board access to timely and accurate information;
- (c) Board processes;
- (d) Internal controls and risk management;
- (e) Board accountability to the shareholders;
- (f) Performance of each Board Committee;
- (g) Board interaction with Management; and
- (h) Board's standards of conduct.

For FY2019, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

The Company does not engage an external facilitator in respect of the Board Performance Evaluation.

# CORPORATE GOVERNANCE REPORT

## **REMUNERATION MATTERS**

Matters concerning remuneration of the Board, key management personnel and employees who are related to the substantial shareholders, the CEO and/or Directors (if any) are handled by the RC whose primary functions include the development of formal and transparent policies on remuneration matters in the Company.

### **PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

***The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

#### ***Provisions 6.1, 6.2 and 6.3***

#### ***Remuneration Committee and Terms of Reference***

The RC comprises the following three Directors, all of whom are non-executive and independent:

Mr Loo Cheng Guan, Chairman	(Independent Director)
Mr Sin Boon Ann	(Independent Director)
Dr Foo See Liang	(Independent Director)

During FY2019, the RC held one scheduled meeting, which Mr Loo Cheng Guan and Mr Sin Boon Ann attended. Dr Foo See Liang was not a Director and Member of the RC at the time of the meeting.

The RC is guided by its written Terms of Reference, which sets out its authority and duties. The principal functions of the RC include, inter alia:

- (a) Making recommendations to the Board on the Group's framework of executive remuneration;
- (b) Reviewing and providing a recommendation to the Board on the adequacy and form of compensation of the Directors and key executives of the Group to ensure that the compensation is realistically commensurate with the responsibilities and performance of the Director and/or key executive and the Group;
- (c) Reviewing and recommending to the Board the terms of renewal for those Executive Director(s) whose current employment contracts with the Group has or is due to expire;
- (d) Reviewing the fees for Non-Executive Directors before proposing such fees to the Board for approval, taking into account factors such as the effort and time spent by and the responsibilities of such Non-Executive Directors;
- (e) Reviewing and recommending to the Board the talent management and remuneration framework for the Company, including staff development and succession planning; and
- (f) Reviewing and recommending to the Board the engagement of stakeholders with respect to remuneration matters.

# CORPORATE GOVERNANCE REPORT

## **REMUNERATION MATTERS** (CONTINUED)

### ***Provision 6.4***

#### ***RC's Access to Advice on Remuneration Matters***

The RC has access to the professional advice of external experts in the area of remuneration, where required.

No remuneration consultants were engaged by the Company in FY2019.

## **PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION**

***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

### ***Provision 7.1***

#### ***Remuneration of Executive Director and Key Management Personnel***

The Company's remuneration structure for its Executive Director and key management personnel comprises both fixed and variable components. The variable component is linked to the Group/Company's performance and the individual personnel's performance. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long term success of the Group.

#### ***Contractual Provisions Protecting the Company's Interests***

The Company does not have any contractual provisions in the employment contracts with the Executive Director and key management personnel pursuant to which the Company may reclaim the variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances, such as any misstatement of financial results, or misconduct resulting in financial loss to the Company and the Group. Notwithstanding the foregoing, the Executive Director owes a fiduciary duty to the Company and the Company should be able to avail itself of the relevant remedies at law against the Executive Director in the event of such breach of fiduciary duties.

### ***Provision 7.2***

#### ***Remuneration of Non-Executive Directors***

The Board has considered and approved the RC's proposal in respect of the Non-Executive Directors' fees for FY2019. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent and the responsibilities of the Directors.

# CORPORATE GOVERNANCE REPORT

## **REMUNERATION MATTERS** (CONTINUED)

The Company's framework for Non-Executive Directors' fees on per annum basis (unless otherwise indicated) is as follows:

	<b>Chairman</b>	<b>Member</b>
	<b>\$</b>	<b>\$</b>
Board of Directors	60,000	40,000
Audit Committee	15,000	7,500
Nominating Committee	7,000	3,500
Remuneration Committee	3,000	1,500

### ***Provision 7.3***

#### ***Remuneration Framework***

To attract, retain and motivate Directors and employees to provide good stewardship of the Company, the RC establishes appropriate remuneration packages for the Directors and key management personnel of the Company. Such remuneration packages are based on an established framework and are reviewed periodically to ensure that they remain relevant.

During the year, the RC considered and approved the Executive Director's remuneration package which included salary, bonus and benefits-in-kind. In addition, the RC reviewed the performance of the key management personnel and considered the Executive Director's recommendation for bonus and remuneration for the key management personnel.

## **PRINCIPLE 8: DISCLOSURE ON REMUNERATION**

***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

### ***Provisions 8.1 and 8.3***

#### ***Remuneration Report***

Details on the remuneration of Directors and key management personnel for FY2019 are presented in the following table. The framework for directors fees for the Non-Executive Directors is set out above and the remuneration for the Executive Director is based on his employment contract with the Company.



# CORPORATE GOVERNANCE REPORT

## **REMUNERATION MATTERS** (CONTINUED)

### **Remuneration of Directors**

The table below shows the breakdown of the remuneration and fees of the Directors for FY2019. Shareholders' approval will be sought at the Annual General Meeting for payment of such fees. Shareholders' approval will also be sought at the Annual General Meeting for payment of fees to Directors for the financial year ending 31 July 2020.

The Company had not disclosed the exact remuneration paid to each individual Director including the Executive Director due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in the retention of such personnel.

Name	Fixed component %	Variable component %	Contributions to Central Provident Fund %	Benefits in kind %	Fees %	Total %
<b>Executive Directors</b>						
<b>Below \$100,000</b>						
Lee Kam Seng <sup>(1)</sup>	72	12	3	3	10	100
Wilson Teng Wai Leung <sup>(2)</sup>	78	-	6	16	-	100
<b>Non-Executive Directors</b>						
<b>Below \$100,000</b>						
Mr Aw Cheok Huat	-	-	-	-	100	100
Mr Loo Cheng Guan	-	-	-	-	100	100
Mr Sin Boon Ann	-	-	-	-	100	100
Dr Foo See Liang	-	-	-	-	100	100
Mr Teo Choon Kow @ William Teo	-	-	-	-	100	100
Mr Choong Chee Peng Bert	-	-	-	-	100	100
Mr Low Beng Tin	-	-	-	-	100	100
Mr Ng Der Sian	-	-	-	-	100	100
Mr Rainer Teo Jia Kai	-	-	-	-	100	100

**Notes:**

- (1) Mr Lee Kam Seng was appointed as an Executive Director on 14 June 2019. His remuneration as an Executive Director has been pro-rated accordingly.
- (2) Mr Wilson Teng Wai Leung resigned as CEO and Executive Director of the Company on 10 September 2018.

# CORPORATE GOVERNANCE REPORT

## **REMUNERATION MATTERS** (CONTINUED)

### ***Remuneration of Key Management Personnel***

The Group has two key management personnel during FY2019 (who are not Directors or the CEO). The Company had not disclosed the exact remuneration paid to each key management personnel due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in the retention of such personnel. The details of the remuneration paid to the two key management personnel of the Company during FY2019 are set out below in bands (in percentage terms):

<b>Name and Position of Key Management Personnel</b>	<b>Fixed component %</b>	<b>Variable component %</b>	<b>Contributions to Central Provident Fund %</b>	<b>Benefits in kind %</b>	<b>Fees %</b>	<b>Total %</b>
<b>Below \$250,000</b>						
Lee Kam Seng, Chief Financial Officer <sup>(1)</sup>	81	13	3	3	–	100
Lee Changwei, Eugene, Financial Controller <sup>(2)</sup>	65	22	13	–	–	100

#### **Notes:**

- (1) Mr Lee Kam Seng was appointed as an Executive Director on 14 June 2019. His remuneration as a Key Management Personnel has been pro-rated accordingly.
- (2) Mr Lee Changwei, Eugene joined the Company on 27 May 2019.

The total remuneration paid to the two key management personnel was \$223,147.

### ***Provision 8.2***

#### ***Employee(s) related to Directors/CEO/Substantial Shareholders***

There is no employee who is a substantial shareholder of the Company or who is an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2019.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT**

### **PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS**

***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

#### ***Provision 9.1***

#### ***Risk Management and Internal Controls System***

The Board recognises the importance of maintaining sound systems of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The AC oversees and ensures that such systems have been appropriately implemented and are monitored.

A summary of the Group's risk management and internal controls system is appended below.

#### ***Risk Management***

The Group adopts a comprehensive and systematic approach towards Enterprise Risk Management ("ERM") to help identify, measure, prioritise and respond to the risks challenging its objectives, initiatives, and day-to-day operating activities.

As part of the Group's approach towards ERM, the Group has conducted on an annual basis a Risk Assessment exercise where the key risks of the Group have been identified and evaluated. In addition, the Group evaluates its risk exposure based on the likelihood and impact of each risk identified.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately Management and the Board, working as a team.

#### ***Internal Controls***

A system of internal controls has been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for reporting is reliable.

#### ***Risk Committee***

The responsibility of overseeing the Group's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Group's business operations as well as its existing internal controls and risk management systems, the Board is of the view that a separate Risk Committee is not required for the time being.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

### ***Provision 9.2***

#### ***Adequacy and Effectiveness of Risk Management and Internal Control Systems***

ERM is an essential part of the Group's business planning and monitoring process, and has been incorporated into its business cycle. The Group engages a professional audit firm, Nexia TS Risk Advisory Pte Ltd to conduct internal audit reviews based on the plan approved by the AC.

During the year, the AC also reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls.

#### ***Board's Comment on Adequacy and Effectiveness of Risk Management and Internal Controls***

The Board is satisfied that the Company has worked closely with the internal and external auditors of the Group to implement the recommended measures and procedures, and has strived to achieve high standards in risk management and internal controls.

Based on the framework of risk management and internal controls established and maintained by the Group, the work performed by the internal auditors, as well as the statutory audit review undertaken by the external auditors, the Board with the concurrence of the AC, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems that the Group has put in place are adequate and effective as at 31 July 2019. However, to meet the changing needs of the Group's business environment, continuous improvements will be required as the Group grows its business. The Board, has received assurance from the Executive Director and the Financial Controller that:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.



# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

### **PRINCIPLE 10: AUDIT COMMITTEE**

***The Board has an Audit Committee (“AC”) which discharges its duties objectively.***

#### ***Provision 10.1***

#### ***Roles, Responsibilities and Authorities of AC***

The AC is guided by its written Terms of Reference, which sets out its authority and duties. The key functions of the AC include, inter alia:

- (a) Reviewing the financial reports of the Group and the related reporting process;
- (b) Reviewing the Group’s risk management framework, system of internal controls and management of financial risks;
- (c) Reviewing the internal and external audit process of the Group, including making recommendations to the Board on the appointment, re-appointment, removal, remuneration and terms of engagement of such auditors and reviewing the annual audit plans (internal and external);
- (d) Reviewing the Group’s processes for monitoring compliance with the applicable laws and regulations and code of business conduct;
- (e) Reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group’s financial performance;
- (f) If deemed necessary, reviewing the assurance provided that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Group’s operations and finances;
- (g) Reviewing the assurance provided on the adequacy and effectiveness of the Group’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems;
- (h) Overseeing the establishment and operation of the whistleblowing process in the Company;
- (i) Commissioning and reviewing the findings of internal investigations conducted where fraud or impropriety is suspected, or where there is a failure of internal controls or infringement of any Singapore law, rule or regulation which is likely to have a material impact on the Group; and
- (j) Considering the various disclosure requirements, particularly those required by regulatory bodies and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Group and relevant interested parties.

The AC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has had the full co-operation of Management and staff. It also has full discretion to invite any Director or any member of Management to attend its meetings.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

The AC reviews all interested person transactions entered into by the Group, including any interested person transactions in accordance with the Company's mandate for Interested Person Transactions which was approved by shareholders at the extraordinary general meeting of the Company on 14 March 2019. Directors who are interested in the Group's transactions recuse themselves from the deliberation and approval process in both the AC and Board, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion. On a quarterly basis, the AC also reviewed the financial results announcements of the Company before their submission to the Board for approval.

The AC has explicit authority to investigate whistle-blowing complaints and all whistle-blower complaints are reviewed by the AC and/or the Board pursuant to the Company's Whistle Blowing Policy to ensure independent and thorough investigation and adequate follow-up.

The AC had reviewed the external auditors' audit plan for FY2019 and agreed with the auditors' proposed significant areas of focus and assumptions that impact the financial statements. In its review of the financial statements of the Group for FY2019, the external auditors had discussed with Management the accounting principles that were applied and their judgment of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC also reviewed and addressed, amongst other matters, the key audit matters as reported by the external auditors for FY2019. The key audit matters can be found on pages 55 to 57 of this Annual Report.

Management reported to and discussed with the AC the changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

### ***AC to Keep Abreast of Changes to Accounting Standards***

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept up to date by Management, external and internal auditors on changes to accounting standards, SGX-ST rules and other codes and regulations which can have an impact on the Group's business and financial statements.

### ***Independence of External Auditors***

The AC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors is subject to shareholders' approval at each AGM.

The AC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors.

In respect of the audit quality indicators, the AC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirements, quality control, staff oversight, and staff attrition rate.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

A breakdown of the fees paid to the Group's external auditors (including its member firms) is disclosed in the table below:

<b>External Auditor Fees for FY2019</b>	<b>\$'000</b>	<b>% of Total Fees</b>
Total Audit Fees	120	100
Total Non-Audit Fees	–	–
Total Fees	120	100

The AC had recommended and the Board had accepted proposing to the shareholders, the reappointment of Ernst & Young LLP as the independent auditors for the Group in the ensuing year. The Company has complied with Rules 712, 715 and 716 of the Listing Manual in relation to the Company's appointment of its auditors.

### ***Whistle Blowing Policy***

To encourage proper work ethic and facilitate the eradication of any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has implemented a Whistle Blowing Policy. The policy provides a mechanism by which concerns about plausible improprieties in, including but not limited to, matters of financial reporting, dishonest practice, suspected fraud, bribery and corruption, may be raised.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns and also offers reassurance that as far as is reasonably practicable, employees will be protected from intimidation, retaliation or adverse employment consequences for whistle-blowing reports made in good faith.

The AC addresses issues and/or concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues and/or concerns received by it, at the ensuing Board meeting. Should the AC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

The Group takes concerns raised in respect of the integrity and honesty of its employees very seriously. The Whistle Blowing Policy as well as whistle blowing communication channel, has been disseminated to all staff via email and is also posted on the Company's corporate website. A copy of the Whistle Blowing Policy is also made available at the Company's internal shared drive for staff reference. Staff are encouraged to report any behaviour or action that is reasonably suspicious or against any rules/regulations/accounting standards applicable to the Group (including the Group's internal policies). Whistle Blowers may also approach the Company Secretary directly at datapulse@altumlaw.sg in confidence and his/her identity will be protected from intimidation, retaliation or adverse employment consequences as far as reasonably practicable.

The Company treats all information received confidentially and where requested, as far as reasonably practicable, protects the identity and the interests of all whistle-blowers. The Group views concerns expressed anonymously as potentially less credible but the AC and/or the Board (where appropriate) nonetheless reserves the right to consider such concerns at their discretion.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

All newly recruited employees are briefed on the existence of the Whistle Blowing Policy during the Group's induction programme.

The Whistle Blowing Policy is reviewed by the AC from time to time to assess the effectiveness of the processes in place and to ensure that the said policy is updated to take into account any related changes in legal and regulatory requirements. The last review was in September 2019.

### ***Provision 10.2***

#### ***Membership***

The AC comprises the following three Directors, all of whom are non-executive and independent:

Dr Foo See Liang, Chairman	(Independent Director)
Mr Sin Boon Ann	(Independent Director)
Mr Loo Cheng Guan	(Independent Director)

During FY2019, the AC held six scheduled meetings, which all members attended, save for the meeting on 25 September 2018, which Dr Foo See Liang did not attend as he was not a Director and Member of the AC at the time of such meeting.

#### ***Expertise of AC Members***

The AC members bring with them invaluable professional expertise in the accounting and financial management domains.

The Chairman of the AC is a Fellow of the Institute of Chartered Accountants in England and Wales (UK) and the Institute of Singapore Chartered Accountants. The other members of the AC have many years of experience in business management and finance services. The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the functions of the AC.

### ***Provision 10.3***

#### ***Cooling-off Period for Partners or Directors of the Company's Auditing Firm***

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

### ***Provision 10.4***

#### ***Internal Auditors***

The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Group's internal auditors ("IA").

The Group has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd ("Nexia"). The Board has approved the recommendation of the AC to engage Nexia as the IA. The AC assesses the adequacy of the Group's internal audit function through the review of Nexia's audit plan and the quality of its report. The IA has unrestricted access to all the Group's documents, records, properties and personnel, including access to the AC. The IA's primary line of reporting is to the Chairman of the AC.

# CORPORATE GOVERNANCE REPORT

## **ACCOUNTABILITY AND AUDIT** (CONTINUED)

### ***Internal Audit Function***

The Group's internal audit function is independent of the activities it audits. The IA, Nexia, is staffed with professionals with relevant qualifications and experience. Our engagement with Nexia stipulates that its work shall comply with Nexia's Internal Audit Services Methodology which is aligned with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The internal audit was conducted based on a two-year internal audit plan starting from the financial year ended 31 July 2019 that was approved by the AC. The two-year internal audit plan entails a review of the major functions or business units of the Group.

Having reviewed the audit plan of Nexia, the AC is satisfied that the Group's internal audit function is adequately resourced to perform the work for the Group.

### ***Adequacy and Effectiveness of Internal Audit Function***

The AC reviews the adequacy of the Group's internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA's reports and remedial actions implemented by Management. The AC was satisfied that the internal control functions were adequate and effective.

### ***Provision 10.5***

### ***Meeting with External and Internal Auditors***

During FY2019, the Group's internal and external auditors were invited to attend the AC meetings and make presentations as appropriate. The AC meets with the Group's internal and external auditors without the presence of Management at least annually.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING**

***The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

### ***Provision 11.1***

### ***Sufficient Information to Shareholders***

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that may have a material impact on the price or value of its shares.



# CORPORATE GOVERNANCE REPORT

## **SHAREHOLDER RIGHTS AND ENGAGEMENT** (CONTINUED)

### ***Providing Opportunity for Shareholders to Participate and Vote at General Meetings***

Shareholders are informed of general meetings through notices sent to them and published in the newspaper, as well as the Company's announcements via SGXNET. All resolutions tabled at general meetings are put to vote by poll voting.

Shareholders are also informed of the rules and voting procedures governing such meetings.

### ***Effective Shareholders' Participation***

To facilitate shareholders' effective participation at general meetings, the Company holds its general meetings at a location which is considered convenient and accessible to shareholders. Shareholders of the Company receive the notices of all shareholders' meetings. The annual report and relevant circulars are made available to shareholders on the Company's website at <http://www.datapulse.com.sg>.

The Company fully supports the Code's principle to encourage shareholders' participation during the general meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on his/her behalf. Shareholders who hold shares through nominees are allowed to attend the general meetings as proxies without being constrained by the two-proxy requirement.

### ***Provision 11.2***

#### ***Resolutions at General Meetings***

At the general meeting, the Board ensures that separate resolutions are proposed for approval on each distinct issue at General Meetings to the extent possible, (or if not, the appropriate reason(s) therefor). Shareholders can vote either in person or through proxies.

#### ***Proxies for Nominee Companies***

The Constitution of the Company allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

### ***Provision 11.3***

#### ***Attendees at General Meetings***

The Directors attend all General Meetings of the Company to address issues raised by shareholders. The Company's external auditors are also present to address any relevant queries from shareholders on the conduct of the audit and the preparation and contents of the auditors' report. Appropriate key management executives are also present at the general meetings to respond, if necessary, to operational questions from shareholders.

Directors' attendance at the General Meetings can be found on page 16 of this report.

# CORPORATE GOVERNANCE REPORT

## **SHAREHOLDER RIGHTS AND ENGAGEMENT** (CONTINUED)

### ***Provision 11.4***

The Company, however, has not implemented any measures to allow shareholders who are unable to vote in person at the AGM the option to vote in absentia, whether by way of mail, electronic mail, facsimile transactions or otherwise as the authentication of shareholder identity and other related security issues still remain a concern.

### ***Provision 11.5***

#### ***Minutes of General Meetings***

The minutes of general meetings, are available to shareholders at the registered office of the Company at 8 Shenton Way, #09-01 AXA Tower, Singapore 068811 during normal business hours upon written request. The minutes of general meetings will be published on the Company's website.

### ***Provision 11.6***

#### ***Dividend Policy***

The Company has adopted a dividend policy to formalize the principles and practices that the Board applies in considering the level of dividend payments, if any. Pursuant to the Dividend Policy, the Board takes into account, *inter alia*:

- (a) the Company's actual and expected financial performance;
- (b) the level of cash, gearing, return on equity and retained earnings of the Group;
- (c) any restrictions on payment of dividends that maybe imposed by the Group's financing arrangement;
- (d) the Group's expected levels of capital expenditure and other investment plans; and
- (e) general economic conditions, business cycle of the Group's hotel business and other internal or external factors that may have an impact on the business or financial performance and position of the Company.

The declarations and/or payment of future dividends are subject to the Board's continuing determination that such declaration and/or payment would be in the best interests of the Group and shareholders, and are in compliance with all applicable laws and regulations.

The Company has proposed a Final Dividend (tax exempt one tier) of 0.5 Singapore cents per ordinary share for the financial year ended 31 July 2019, payment of which is subject to shareholders' approval at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

## **SHAREHOLDER RIGHTS AND ENGAGEMENT** (CONTINUED)

### **PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

#### **Provisions 12.1, 12.2 and 12.3**

##### **Communication with Shareholders**

In line with the continuous disclosure obligations under the listing rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board informs shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Material information on the Group is being released to the public through the Company's announcements via SGXNET.

##### **Timely Information to Shareholders**

The Company communicates with its shareholders and the investor community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are made available to shareholders at least 14 days before each AGM on the Company's website.

##### **Soliciting and Understanding Views of Shareholders**

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation.

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders. An independent scrutineer will also be appointed by the Company to ensure the procedures of the polling process are adhered to and to direct and supervise the counting of votes during the Company's general meetings.

##### **Regular Dialogue with Shareholders**

General meetings have been and are still the principal forum for dialogue with shareholders. The Company also communicates with its shareholders on a regular basis. Notices of general meetings are sent to shareholders and also advertised in the newspaper. All Directors, including chairpersons of the AC, NC and RC are encouraged to be present at the AGM. At the AGM, shareholders are given the opportunity to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. To further enhance its communication with investors, the Company maintains a corporate website.

# CORPORATE GOVERNANCE REPORT

## **SHAREHOLDER RIGHTS AND ENGAGEMENT** (CONTINUED)

The Company's corporate website also contains the latest and past annual reports, quarterly results and announcements.

Shareholders may send their queries and concerns regarding the Company to the Company's investor relations email at [ir@datapulse.com.sg](mailto:ir@datapulse.com.sg).

### ***Investor Relations Policy***

The Company has adopted an investor relations policy to formalise the principles and practices that the Company applies to provide current and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field.

The Company is committed to treating all shareholders fairly and equitably, and keep all shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company's Investor Relations Policy is published on the Company's website and sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

#### ***Provisions 13.1 and 13.2***

##### ***Relationship with stakeholders***

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staffs, regulators, shareholders and vendors.

#### ***Provision 13.3***

##### ***Communications with stakeholders***

The Company's contact information is reflected on the website, to enable stakeholders to contact the Company, if required.

# CORPORATE GOVERNANCE REPORT

## **OTHER CORPORATE GOVERNANCE MATTERS**

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

### ***Dealings in Securities – Rule 1207(19) of the Listing Manual***

The Company has adopted a policy on securities dealing by Directors and officers of the Company and its subsidiaries (comprising Directors and key personnel) in the form of a Code of Best Practices on Securities Dealings to govern and regulate transactions relating to securities in the Company. The Code of Best Practices on Securities Dealings is based on the best practices on dealings in securities issued by SGX-ST and has been circulated to all relevant parties.

The Company issues circulars informing the Directors and key personnel that they, while in possession of price-sensitive information, must not trade in the listed securities of the Company one month before the announcement of the Company's full year results or two weeks before quarterly results and ending on the date of the announcement of such results. They are also informed not to deal in the Company's securities on short-term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

The Directors and Management are aware, and a new Director or management staff will be briefed, that the Company should comply with the best practice pursuant to Rule 1207(19)(c) of the Listing Manual in not dealing in its securities during the restricted trading periods. The Company has complied with Rule 1207(19)(c) of the Listing Manual.

### **Material Contracts**

Pursuant to Rule 1207(8) of the Listing Manual, no material contract had been entered into by the Company or its subsidiaries involving the interests of each Director or Controlling Shareholder.

### **Interested Party Transactions**

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC and the transactions are carried out at arm's length and under normal commercial terms. The details of interested person transactions for FY2019 are set out below:

<b>Name of Interested Person</b>	<b>Aggregate value of all interested person transactions during FY2019 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions during FY2019 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Nil	Nil	Nil

The Company had on 14 March 2019 obtained shareholders' approval for a general mandate authorizing the Group to enter into certain interested person transactions with ICP Ltd and its subsidiaries ("IPT Mandate"). The IPT Mandate is subject to renewal by shareholders on an annual basis, and will be put to shareholders' approval at the forthcoming annual general meeting of the Company.



# CORPORATE GOVERNANCE REPORT

## **CODE OF CONDUCT AND PRACTICES**

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always to act in the best interests of the Group and avoid situations that may create conflicts of interest.

## **ADDITIONAL INFORMATION ON DIRECTORS – APPENDIX 7.4.1 TO THE LISTING RULES**

Pursuant to Rule 720(6) of the Listing Rules, the information as set out in Appendix 7.4.1 to the Listing Rules relating to Mr Lee Kam Seng, Mr Teo Choon Kow @ William Teo and Mr Choong Chee Peng Bert, being directors who are standing for re-election at the forthcoming AGM is set out in the table below:

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST**

Mr Lee Kam Seng, Mr Teo Choon Kow @ William Teo and Mr Choong Chee Peng Bert are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 13 November 2019 (“**AGM**”) under Ordinary Resolutions 5, 6 and 7 respectively as set out in the Notice of AGM dated 29 October 2019 (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the SGX Listing Rules, the information relating to each Retiring Director as set out in Appendix 7.4.1 to the SGX Listing Rules is set out below:

<b>Name of Director</b>	<b>Lee Kam Seng</b>	<b>Teo Choon Kow @ William Teo</b>	<b>Choong Chee Peng Bert</b>
<b>Date of Appointment</b>	14 June 2019	25 August 2019	25 August 2019
<b>Date of Last Re-Appointment</b>	N.A.	N.A.	N.A.
<b>Age</b>	66	72	65
<b>Country of principal residence</b>	Singapore	Singapore	Singapore
<b>The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	N.A.	N.A.	N.A.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	The appointment is Executive. Mr Lee Kam Seng will take charge of the Company’s management team as Executive Director of the Company.	The appointment is Non-Executive.	The appointment is Non-Executive.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Director	Lead Independent Director and a member of the Nominating Committee	Independent Director
<b>Professional Qualifications</b>	ACCA (UK)	ACCA (UK)	Higher Stage Group Diploma in Marketing

# CORPORATE GOVERNANCE REPORT

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

<b>Name of Director</b>	<b>Lee Kam Seng</b>	<b>Teo Choon Kow @ William Teo</b>	<b>Choong Chee Peng Bert</b>
<b>Working experience and occupation(s) during the past 10 years</b>	<p>June 2019 – Current Datapulse Technology Limited, Executive Director</p> <p>December 2015 – June 2019 Datapulse Technology Limited, Chief Financial Officer/Interim Chief Executive Officer</p> <p>August 2008 – November 2014 Jian Huang Construction Co Pte Ltd, Chief Financial Officer</p>	<p>Mr Teo has retired since 2004 and is now focusing on his independent directorships in Singapore-listed companies and on other commitments, including the following:</p> <p>2019 – Current DLF Holdings Limited, Independent Director</p> <p>2019 – Current Kitchen Culture Holdings Ltd, Independent Director</p> <p>2016 – Current Property Locators (Pte) Ltd, Secretary</p> <p>2014 – Current Zunhou Capital Pte Ltd, Director</p> <p>2011 – Current PSL Holdings Limited, Independent Director</p> <p>2007 – Current Wee Hur Holdings Ltd, Independent Director</p>	<p>2011 – Current International Furniture Fair Singapore Pte Ltd, Director</p> <p>2002 – Current Singapore Furniture Industries Council, Presidential Advisor</p> <p>1993 – 2013 Boss Design International Pte Ltd, Director</p> <p>1994 – 2013 Marquis Furniture Gallery Pte Ltd, Director</p> <p>1999 – 2013 Buylateral Group Pte Ltd, Director</p> <p>1996 – 2013 Nobel Design Holdings Limited, Executive Chairman</p> <p>1982 – 1995 Nobel Design Holdings Pte Ltd, Managing Director</p>
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	Nil	Nil	Nil
<b>Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b>	Nil	Nil	Nil
<b>Conflict of interest (including any competing business)</b>	Nil	Nil	Nil

# CORPORATE GOVERNANCE REPORT

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</b>	Yes	Yes	Yes
<b>Past (for the last 5 years)</b>	<ul style="list-style-type: none"> <li>Wayco Manufacturing (M) Sdn Bhd</li> <li>One Global Inc.</li> <li>Sssmine Private Limited</li> <li>Moojaa Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Ascendent Technologies Pte Ltd</li> <li>Fral Ballistics Pte Ltd</li> <li>CWX Global Limited (formerly known as Loyz Energy Ltd)</li> <li>SHS Holdings Ltd</li> <li>Silkroad Nickel Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Shelford Terraces Pte Ltd</li> <li>ACT-Nobel Homes Pte Ltd</li> <li>Astrid Hill Residences Pte Ltd</li> <li>Nobel Design Holdings Pte Ltd (formerly known as Nobel Design Holdings Ltd)</li> <li>JBT Investments Pte Ltd</li> <li>Urban Lofts Pte Ltd</li> </ul>
<b>Present</b>	<ul style="list-style-type: none"> <li>Datapulse Pte Ltd</li> <li>Datapulse Investment Pte Ltd</li> <li>KPH Pte Ltd</li> <li>KPH Top Pte Ltd</li> <li>Capiti Investments Pte Ltd</li> <li>KPH 2 Pte Ltd</li> <li>RK One Hotel Management LLC</li> <li>SPH 1 Pte Ltd</li> <li>SPH Top Pte Ltd</li> <li>Capiti Asset Management Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>DLF Holdings Limited</li> <li>Kitchen Culture Holdings Ltd</li> <li>Zunhou Capital Pte Ltd</li> <li>PSL Holdings Limited</li> <li>Wee Hur Holdings Ltd</li> </ul> <p>Other Principal Commitments:</p> <ul style="list-style-type: none"> <li>Sengkang West Community Development and Welfare Fund, Chairman</li> <li>Ang Mo Kio/Yio Chu Kang Town Council, Vice Chairman of the Finance Committee</li> <li>Pei Hwa Secondary School, School Advisory Council Member</li> </ul>	<ul style="list-style-type: none"> <li>International Furniture Fair Singapore Pte Ltd</li> </ul>
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No	No	No

# CORPORATE GOVERNANCE REPORT

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
<p><b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b></p>	No	<p>Yes</p> <p>Mr Teo served as an Independent Director in Hongwei Technologies Limited ("HTL") from June 2011 to March 2012. A special auditor was appointed on 29 March 2011 to investigate the affairs of HTL concerning issues about the cash and bank balances confirmation in HTL's China-incorporated subsidiary and the Independent Review report findings were announced on 22 October 2011.</p> <p>Mr Teo was not a subject of the special audit and he, together with other members of the board, oversaw the special audit.</p> <p>HTL had, on 13 December 2011, presented a petition to the Supreme Court of Bermuda for, inter alia, the appointment of joint provisional liquidators with the objectives of securing and safeguarding the assets of HTL. HTL was eventually delisted from the SGX-ST on 3 January 2014.</p>	<p>Yes</p> <p>HQO Design Pte Ltd was wound up compulsorily on the ground of insolvency in 2014. It was a subsidiary of Nobel Design Holding Limited, of which Mr Choong was the Managing Director/ Executive Chairman from 1982 till 2013.</p> <p>He is not aware of the circumstances behind the compulsory winding up of HQO Design Pte Ltd in 2014.</p>

# CORPORATE GOVERNANCE REPORT

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No



# CORPORATE GOVERNANCE REPORT

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

# CORPORATE GOVERNANCE REPORT

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow (a William Teo	Choong Chee Peng Bert
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	<p>Yes</p> <p>Datapulse Technology Limited has received Notices of Compliance dated (i) 23 February 2018 and 4 April 2018 relating to the undertaking of independent review of internal controls and corporate governance practices of the Company and (ii) 19 July 2019 relating to the entry into certain hospitality-related agreements with ICP Ltd. and its subsidiaries and associated companies.</p> <p>Please refer to the Company's announcements dated 23 February 2018, 4 April 2018 and 19 July 2019 for further details.</p>	<p>Yes</p> <p>Mr Teo served as an Independent Director of FM Holdings Limited ("FM Holdings") from 1 August 2008 to 20 January 2010. He and another independent director resigned from the board of FM Holdings as they were concerned that they could not effectively discharge their duties because of the lack of information and transparency by the management of FM Holdings. PrimePartners Corporate Finance Pte. Ltd., the sponsor of FM Holdings, had also resigned on the same day for the same reason. On 29 July 2010, SGX-ST issued a directive for the delisting of FM Holdings due to failure in engaging a sponsor for more than three months as required by the Catalist Listing Rules. FM Holdings was delisted on 13 October 2010.</p>	<p>No</p>

# CORPORATE GOVERNANCE REPORT

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow (William Teo)	Choong Chee Peng Bert
		<p>Mr Teo also served as an Independent Director in HB Global Limited ("HBG"), a company listed on Bursa Malaysia ("Bursa"), from 24 August 2012 to 31 December 2013. HBG had failed to submit its annual audited accounts for FY2012 to Bursa within the stipulated timeframe, i.e. by 30 April 2013, as the audit was still in progress. On 30 April 2013, HBG's auditors had given notice that it would not seek re-appointment after issuing a disclaimer audit opinion on the FY2012 accounts as it was unable to reconcile the bank balance of HBG's subsidiary and HBG's trade receivables and trade payables. On 8 May 2013, Bursa had directed HBG to appoint a special auditor to investigate the affairs of HBG, in particular, its financials, and to identify any potential irregularities. On 21 October 2013, key findings of the special audit were announced by HBG, and the findings were contrary to the previous auditors' disclaimer of opinion. On 26 November 2013, Bursa directed HBG to conduct a special audit on its inventories. The key findings were subsequently announced on 24 February 2014, and it was noted that no material exceptions were found in the second special audit. Mr Teo was not a subject of the special audit. Mr Teo had, in his capacity of Independent Director, supervised the special audit together with the other members of the board during his appointment period.</p>	

# CORPORATE GOVERNANCE REPORT

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
		Please also refer to the response to (b) above for details on the special audit on HTL.	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere	No	No	No

# CORPORATE GOVERNANCE REPORT

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST** (CONTINUED)

Name of Director	Lee Kam Seng	Teo Choon Kow @ William Teo	Choong Chee Peng Bert
<p><b>Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</b></p>	<p>No</p> <p>Mr Lee Kam Seng will be attending the relevant training in Singapore to familiarize himself with the roles and responsibilities of a director of a listed company.</p>	<p>Yes.</p> <ul style="list-style-type: none"> <li>• SHS Holdings Limited</li> <li>• GRP Limited</li> <li>• Vallianz Holdings Limited</li> <li>• Casa Holdings Limited</li> <li>• PSL Holdings Limited</li> <li>• CWX Global Limited (formerly known as Loyz Energy Ltd)</li> <li>• Silkroad Nickel Ltd</li> <li>• HB Global Limited</li> <li>• Wee Hur Holdings Ltd</li> <li>• Kitchen Culture Holdings Ltd</li> <li>• DLF Holdings Limited</li> </ul>	<p>Yes.</p> <ul style="list-style-type: none"> <li>• Nobel Design Holdings Limited</li> </ul>



# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Datapulse Technology Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 July 2019.

## OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2019 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are:

Aw Cheok Huat	[Appointed on 15 August 2018]
Loo Cheng Guan	[Appointed on 10 September 2018]
Sin Boon Ann	[Appointed on 10 September 2018]
Foo See Liang	[Appointed on 4 December 2018]
Lee Kam Seng	[Appointed on 14 June 2019]
Teo Choon Kow @ William Teo	[Appointed on 25 August 2019]
Choong Chee Peng Bert	[Appointed on 25 August 2019]

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, share options or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At beginning of the financial year or date of appointment	At end of the financial year	At beginning of the financial year or date of appointment	At end of the financial year
<b>Ordinary shares of the Company</b>				
Aw Cheok Huat	10,000	10,000	21,900,000	21,900,000

# DIRECTORS' STATEMENT

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 August 2019.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## SHARE OPTIONS

There were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

## AUDIT COMMITTEE

At the date of this statement, the Audit Committee ("AC") comprises three members, of whom all, including the Chairman, are independent non-executive directors and have recent and relevant accounting and/or related financial management expertise or experience. The members are as follows:

Foo See Liang	Chairman, Independent Non-Executive Director
Loo Cheng Guan	Member, Independent Non-Executive Director
Sin Boon Ann	Member, Independent Non-Executive Director

The AC performs the functions specified by Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and the Code, and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has held 6 meetings during the last financial year. The AC also oversees the overall policy setting and administration of the Company's whistle blowing policy and procedures, which serves to provide the employees of the Company a formal channel to raise concerns in confidence about possible improprieties in matters of financial reporting and other matters directly to the AC. All concerns can be reported by email or by letter to the Company Secretary's office which will then be forwarded to the Executive Director or the AC. They will assess whether action or review is required.

In performing its functions, the AC meets periodically with the Company's external and internal auditors with management to review accounting, auditing and financial reporting matters, as well as the Group's risk management and internal control systems covering financial, operational, compliance and information technology controls. In addition, the AC will meet with the Company's external and internal auditors without the presence of management at least once a year to discuss matters concerning the Group.

The duties of the AC, amongst others, include reviewing the following:

- internal and external auditors' audit plans and the scopes of examination;
- results of the audits and their effectiveness;
- independence and objectivity of the external auditors, taking into account the nature and extent of non-audit services performed by the external auditors;
- adequacy and effectiveness of the Group's risk management and internal control systems, including reporting to the Board at least annually the results of its review;

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE (CONTINUED)

- making recommendation to the Board on proposals to shareholders on the terms of engagement, appointment, re-appointment, remuneration, and removal of external auditors;
- hiring, re-hiring, removal, evaluation and compensation of out-sourced internal auditors;
- periodic results announcements prior to their submission to the Board for approval;
- audited financial statements of the Group and the Company prior to their submission to the Board for approval;
- significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- all cases of whistle blowing, in particular, the adequacy and independence of investigation and resolution for those significant cases.

The AC has full access to management and senior executives, and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or senior executive to attend its meetings.

The AC may also examine, within its terms of reference, any matters pertaining to the Group's affairs and monitor the Group's compliance with legal, regulatory and contractual obligations.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The AC has reviewed and concurred with the external auditors on the key audit matters identified. For more information on the key audit matters, please refer to pages 55 to 57.

For the financial year under review, the AC has conducted a review of all non-audit services (if any) provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has also met with the external and internal auditors without the presence of management. The aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 July 2019 was \$120,000. There were no non-audit fees paid to the external auditors. In appointing the audit firm, Ernst & Young LLP, for the audit of financial year ended 31 July 2019, the AC is satisfied that the Company has complied with the requirements of Rules 712, 715 and 716 of the SGX Listing Manual. AC meetings are held after the end of every financial quarter before the official announcement of results.

Having reviewed Ernst & Young LLP's performance, the AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditors for the financial year ending 31 July 2020 at the forthcoming AGM of the Company.

# DIRECTORS' STATEMENT

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept appointment as auditor.

On behalf of the board of directors:

### **Aw Cheok Huat**

Director

### **Lee Kam Seng**

Director

### **Singapore**

21 October 2019

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Datapulse Technology Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 July 2019, the statements of changes in equity of the Group and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key Audit Matters (Continued)

#### 1. *Acquisitions of hospitality assets/investments*

During the year, the Group acquired Hotel Aropa and a 15% equity interest in Holiday Inn Express Euljiro for \$42.5 million and \$4.8 million respectively. The acquisition accounting for these transactions requires management to exercise significant judgement in determining whether a transaction represents an acquisition of an asset, a business combination or an acquisition of a financial asset. Given the significance of the purchase considerations and the management judgments required in accounting for the acquisitions, we have identified the acquisitions of hospitality assets/investments as a key audit matter.

Our procedures in relation to the acquisitions of hospitality assets/investments included the following:

- Obtained and reviewed the sale and purchase agreements entered into for the acquisitions and other relevant documentation such as board minutes to understand the terms and conditions of the agreements;
- Assessed management's judgments applied in determining whether the acquisitions represented an acquisition of an asset, a business combination or an acquisition of a financial asset;
- Obtained the proof of the Group's ownership of the units in the respective trusts holding the assets acquired;
- Assessed the appropriateness of the initial capitalisation of costs;
- Verified the consideration transferred in respect of each transaction was appropriately calculated in accordance with the sales and purchase agreements; and
- Assessed the adequacy of disclosures on the acquisitions of the hospitality assets/investments.

#### 2. *Related party transactions disclosures*

In addition to the acquisitions of assets and investments mentioned above, the Group disposed Wayco Manufacturing (M) Sdn. Bhd. ("Wayco") for \$3.2 million during the year. Because of the significance of these transactions, we have identified the accuracy and completeness of disclosures of related party transactions as set out in respective notes to the consolidated financial statements as a key audit matter:

Our procedures in relation to the accuracy and completeness of related party transactions disclosures included the following:

- Obtained an understanding of the Group's policies and procedures in respect of the capturing of related party transactions and how management ensures all significant transactions and balances with related parties have been accurately disclosed in the consolidated financial statements;

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key Audit Matters (Continued)

#### 2. *Related party transactions disclosures* (Continued)

- Performed background search on the parties involved in the above transactions to evaluate whether the parties are considered "related" in accordance with SFRS(I) 1-24 *Related Party Disclosures*;
- Agreed the amounts disclosed to underlying documentation and reviewing relevant agreements, on a sample basis, as part of our evaluation of the disclosures; and
- Evaluated the completeness of the disclosures through review of statutory information, books and records and other documents obtained during the course of our audit.

### Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Seng Choon.

**Ernst & Young LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
21 October 2019

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Group	
		2019 \$'000	2018 \$'000 (Restated) (Note 20)
<b>Continuing operations</b>			
Revenue	3	2,153	-
Other income	4	1,209	760
		<b>3,362</b>	760
Staff costs		(1,362)	(827)
Depreciation of property, plant and equipment		(133)	-
Finance costs		(325)	-
Hotel operating expenses		(686)	-
Other operating expenses		(1,561)	(1,622)
		<b>(705)</b>	(1,689)
<b>Loss before tax and exceptional item</b>			
Exceptional item – Gain on sale of leasehold property		-	44,554
		<b>(705)</b>	42,865
<b>(Loss)/profit before tax</b>	5		
Tax expense	6	-	(987)
		<b>(705)</b>	41,878
<b>(Loss)/profit from continuing operations</b>			
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations (net of tax)	20	91	(7,398)
Gain on sale of discontinued operations	20	814	-
		<b>905</b>	(7,398)
		<b>200</b>	34,480
<b>Profit for the year</b>			
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
(Loss)/profit from continuing operations		(705)	41,878
Profit/(loss) from discontinued operations (net of tax)		905	(7,398)
		<b>200</b>	34,480
<b>Profit for the year</b>			
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents)	21	0.09	15.74
<b>Earnings per share from continuing operations attributable to owners of the Company</b>			
Basic and diluted earnings per share (cents)	21	(0.32)	19.12
<b>Earnings per share from discontinued operations attributable to owners of the Company</b>			
Basic and diluted earnings per share (cents)	21	0.41	(3.38)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Group	
	2019 \$'000	2018 \$'000
		(Restated) (Note 20)
<b>Profit for the year</b>	200	34,480
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation of property, plant and equipment	-	21
Revaluation reserve of property, plant and equipment released on disposal of a subsidiary	(21)	-
	<u>(21)</u>	<u>21</u>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences relating to foreign subsidiaries	(1,315)	30
Foreign currency translation differences relating to foreign subsidiary reclassified to profit or loss, upon disposal	11	-
	<u>(1,304)</u>	<u>30</u>
<b>Other comprehensive income for the year</b>	<u>(1,325)</u>	<u>51</u>
<b>Total comprehensive income for the year</b>	<u>(1,125)</u>	<u>34,531</u>
<b>Attributable to:</b>		
<b>Owners of the Company</b>		
Total comprehensive income from continuing operations, net of tax	(2,020)	40,766
Total comprehensive income from discontinued operations, net of tax	895	(6,235)
	<u>(1,125)</u>	<u>34,531</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u>(1,125)</u>	<u>34,531</u>
<b>Total comprehensive income for the year</b>	<u>(1,125)</u>	<u>34,531</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2019

	Note	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	Company 31 July 2018 \$'000	1 August 2017 \$'000
<b>Non-current assets</b>							
Property, plant and equipment	7	43,816	2,235	2,731	52	9	2,731
Investment property	8	-	335	-	-	-	-
Intangible asset	9	-	-	-	-	-	-
Investment securities	10	4,928	-	-	-	-	-
Long term deposit	13	1,157	-	-	-	-	-
Long term receivables	13	390	-	-	-	-	-
Subsidiaries	11	-	-	-	15,311	2,291	*
		<b>50,291</b>	2,570	2,731	<b>15,363</b>	2,300	2,731
<b>Current assets</b>							
Inventories	12	3	484	784	-	-	784
Trade and other receivables	13	6,105	454	1,322	24,170	380	1,322
Investment securities	10	8,796	-	-	8,796	-	-
Assets held for sale	14	-	380	8,310	-	380	8,310
Cash and bank balances	15	38,363	81,184	39,522	35,361	81,162	39,510
		<b>53,267</b>	82,502	49,938	<b>68,327</b>	81,922	49,926
<b>Total assets</b>		<b>103,558</b>	85,072	52,669	<b>83,690</b>	84,222	52,657
<b>Current liabilities</b>							
Trade and other payables	18	1,288	1,994	2,380	600	1,548	8,482
Current tax payable		988	1,551	-	988	1,530	-
Loans and borrowings	19	2,709	123	-	2,709	-	-
		<b>4,985</b>	3,668	2,380	<b>4,297</b>	3,078	8,482
<b>Net current assets</b>		<b>48,282</b>	78,834	47,558	<b>64,030</b>	78,844	41,444
<b>Non-current liabilities</b>							
Loans and borrowings	19	20,680	-	-	-	-	-
Deferred tax liabilities	17	44	239	370	44	44	370
		<b>20,724</b>	239	370	<b>44</b>	44	370
<b>Total liabilities</b>		<b>25,709</b>	3,907	2,750	<b>4,341</b>	3,122	8,852
<b>Net assets</b>		<b>77,849</b>	81,165	49,919	<b>79,349</b>	81,100	43,805
<b>Equity attributable to owners of the Company</b>							
Share capital	16	32,992	32,992	32,992	32,992	32,992	32,992
Reserves	16	44,857	48,173	16,927	46,357	48,108	10,813
<b>Total equity</b>		<b>77,849</b>	81,165	49,919	<b>79,349</b>	81,100	43,805
<b>Total equity and liabilities</b>		<b>103,558</b>	85,072	52,669	<b>83,690</b>	84,222	52,657

\* Less than \$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

Group	Note	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2018		32,992	(187)	21	30	48,309	81,165
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	200	200
<u>Other comprehensive income</u>							
Revaluation reserve of property, plant and equipment released on disposal of a subsidiary		-	-	(21)	-	-	(21)
Foreign currency translation differences relating to foreign subsidiary reclassified to profit or loss, upon disposal		-	-	-	11	-	11
Foreign currency translation differences relating to foreign subsidiaries		-	-	-	(1,315)	-	(1,315)
Total other comprehensive income		-	-	(21)	(1,304)	-	(1,325)
<b>Total comprehensive income for the year</b>		-	-	(21)	(1,304)	200	(1,125)
<b>Transactions with owners, recorded directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Final one-tier tax exempt dividends paid of 1.0 cent per share for FY2018	16	-	-	-	-	(2,191)	(2,191)
Total contributions by and distributions to owners		-	-	-	-	(2,191)	(2,191)
<b>Total transactions with owners</b>		-	-	-	-	(2,191)	(2,191)
At 31 July 2019		<b>32,992</b>	<b>(187)</b>	<b>-</b>	<b>(1,274)</b>	<b>46,318</b>	<b>77,849</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

Group	Note	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2017		32,992	(183)	-	-	17,110	49,919
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	34,480	34,480
<u>Other comprehensive income</u>							
Revaluation of property, plant and equipment		-	-	21	-	-	21
Foreign currency translation differences relating to foreign subsidiary		-	-	-	30	-	30
Total other comprehensive income		-	-	21	30	-	51
<b>Total comprehensive income for the year</b>		-	-	21	30	34,480	34,531
<b>Transactions with owners, recorded directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Final one-tier tax exempt dividends paid of 0.50 cent per share for FY2017	16	-	-	-	-	(1,095)	(1,095)
Special one-tier tax exempt dividends paid of 1.0 cent per share	16	-	-	-	-	(2,191)	(2,191)
Own shares acquired		-	(15)	-	-	-	(15)
Own shares sold		-	11	-	-	5	16
Total contributions by and distributions to owners		-	(4)	-	-	(3,281)	(3,285)
<b>Total transactions with owners</b>		-	(4)	-	-	(3,281)	(3,285)
At 31 July 2018		<u>32,992</u>	<u>(187)</u>	<u>21</u>	<u>30</u>	<u>48,309</u>	<u>81,165</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Group	
		2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		200	34,480
Adjustments for:			
Allowance for inventory obsolescence		-	66
Depreciation of property, plant and equipment	7	172	795
Finance costs		325	5
Gain on sale of leasehold property		-	(44,554)
Gain on sale of plant and equipment		(3)	(144)
Fair value gain on short term investments	4	(73)	-
Impairment loss recognised on goodwill		-	1,143
Impairment loss recognised on property, plant and equipment		-	1,501
Tax expense		26	1,194
Interest income	4	(1,093)	(760)
Gain on disposal of a subsidiary		(814)	-
Property, plant and equipment written-off		-	39
		<b>(1,260)</b>	<b>(6,235)</b>
Changes in working capital:			
Inventories		19	736
Trade and other receivables		(429)	1,008
Short term investments		(8,723)	-
Trade and other payables		(314)	(685)
Cash used in operations		<b>(10,707)</b>	<b>(5,176)</b>
Tax paid, net		<b>(543)</b>	<b>(17)</b>
<b>Net cash used in operating activities</b>		<b>(11,250)</b>	<b>(5,193)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		-	(3,530)
Acquisition of investment		(4,928)	-
Loans to third parties		(580)	-
Deposit paid for acquisition of investment		(5,296)	-
Deposit received for disposal of leasehold property		-	5,152
Deposit and stamp duty paid for purchase of leasehold property		-	(1,360)
Deposit and stamp duty refunded for purchase of leasehold property		-	1,360
Proceeds from disposal of discontinued operations, net of cash disposed of	20	3,051	-
Receipt of proceeds from sale of leasehold property, net of expenses		-	47,513
Interest received		1,093	632
Proceeds from sale of plant and equipment		419	200
Proceeds from sale of investment property		335	-
Purchase of property, plant and equipment		(46,177)	(23)
<b>Net cash (used in)/from investing activities</b>		<b>(52,083)</b>	<b>49,944</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Group	
		2019 \$'000	2018 \$'000
<b>Cash flows from financing activities</b>			
Dividends paid		(2,191)	(3,286)
Deposit pledged	13	(1,157)	-
Net proceeds from borrowings		24,307	-
Amounts due to related parties		-	15
Interest paid		(325)	(5)
Repurchase of own shares		-	(15)
Proceeds from own shares sold		-	16
<b>Net cash from/(used in) financing activities</b>		<b>20,634</b>	<b>(3,275)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(42,699)</b>	<b>41,476</b>
Cash and cash equivalents at 1 August		81,061	39,522
Effect of exchange rate changes on balances held in foreign currency		1	63
Cash and cash equivalents at 31 July	15	<b>38,363</b>	81,061

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 1. CORPORATE INFORMATION

Datapulse Technology Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The registered office and principal place of business of the Company is 8 Shenton Way, #09-01 AXA Tower, Singapore 068811.

In prior year, the Company discontinued its activities relating to manufacture and sale of media storage products, after which the Company's principal activity is investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 July 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 July 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("S\$") or ("SGD") and all values in the tables are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

These financial statements for the year ended 31 July 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 July 2019, together with the comparative period data for the year ended 31 July 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 August 2017, the Group and the Company's date of transition to SFRS(I).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) policies (SFRS(I))

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 August 2018 are disclosed below.

#### Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- The comparative information does not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

On transition to SFRS(I), the Group had elected to treat the carrying amount of its freehold properties, revalued under the previous accounting policy as their deemed cost as at 1 August 2017 and depreciated based on their remaining useful lives. There was no material impact to the financial statements arising from this election.

#### **New accounting standards effective on 1 August 2018**

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective on 1 August 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

#### **SFRS(I) 9 Financial Instruments**

On 1 August 2018, the Group adopted SFRS(I) 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 August 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

#### Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) policies (SFRS(I)) (Continued)

#### SFRS(I) 9 Financial Instruments (Continued)

##### Classification and measurement (Continued)

There was no material impact arising from the adoption of classification and measurement requirements of SFRS(I) 9.

##### Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees, either on a 12-month or lifetime basis. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

There was no material impact upon adoption of the impairment requirements of SFRS(I) 9.

#### SFRS(I) 15 Revenue from Contracts with Customers

On 1 August 2018, the Group adopted SFRS(I) 15 Revenues from Contracts with Customers, which is effective for annual periods beginning on or after 1 January 2018 and has applied SFRS(I) 15 retrospectively.

The Group is in the business of investment holding and hotel operations. There is no material impact arising from the adoption of SFRS(I) 15.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheet to reflect the right to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, arising from the recognition of right-of-use assets and lease liabilities respectively.

### 2.4 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities at the end of each financial year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future financial years.

#### ***Judgments in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgments which has the most significant effect on the amounts recognised in the financial statements:

#### Determination of whether a transaction constitutes an asset acquisition or business combination or an acquisition of a financial asset

In the course of business, the Group may acquire hospitality assets or equity interests in companies that own hospitality assets. The acquisition accounting for such transactions requires management to exercise significant judgement in determining whether the transaction represents an acquisition of an asset, a business combination or an acquisition of a financial asset.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying assets.

If substantially all of the acquisition is made up of non-financial assets, then the acquisition is an asset acquisition and is accounted for at cost with acquisition related costs capitalised as part of the assets acquired.

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments. Please refer to Note 2.11(a) for the Group's accounting policy on the initial recognition of a financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Significant accounting judgements and estimates (Continued)

#### *Judgments in applying accounting policies* (Continued)

##### Classification and measurement of equity instruments as FVOCI

The Group intends to hold its unquoted equity instruments for an indefinite period and may sell the investment in response to liquidity needs or in response to changes in the market conditions. Therefore, management has concluded that these equity instruments are not held for trading and has elected to classify and measure these equity instruments at FVOCI.

##### Impairment assessment for freehold properties

The Group carries its freehold properties at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of the freehold properties and assesses if there is any indication of impairment in its freehold properties by considering the related hotel asset's operating performance and evaluating if the hotel's performance is in line with the assumptions applied in the most recent hotel valuation.

In addition, management assesses, on an annual basis, whether there are triggering events, such as adverse changes in expected occupancy rates, discount rates, revenue growth rates and the competitive landscape in local markets, indicating potential impairment.

The carrying amount of the Group's freehold properties at the end of the financial year is disclosed in Note 7 to the financial statements.

##### Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences its revenue streams and the economic environment. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### Impairment assessment of investment in subsidiaries

The recoverable amounts of the investment in subsidiaries are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Basis of consolidation (Continued)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### 2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the financial year are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Foreign currency (Continued)

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the financial year and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings*	50 years
Plant and equipment	3 to 10 years
Office equipment	3 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years
Renovation	5 to 8 years

\* Freehold lands and buildings are collectively classified as "Freehold properties".

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is derecognised.

### 2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Investment properties (Continued)

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments

#### (a) Financial assets

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

#### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

#### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### *Subsequent measurement* (Continued)

#### (iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the year in which it arises.

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### *De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are recognised when and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments (Continued)

#### (b) Financial liabilities (Continued)

##### *De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group calculate ECLs for trade receivables initially based on the Group's historical observed default rates and adjust based on the forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

For amounts due from subsidiaries (non-trade), the Company uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

The Group considers a financial asset to be in default when there is a significant deterioration in credit rating. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which is subject to an insignificant risk of changes in value.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.17 Operating leases

#### (a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(b). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.18 Taxes

#### (a) **Current income tax**

Current income tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial year, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Taxes (Continued)

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each financial year.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exist to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Taxes (Continued)

#### (c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.19 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Hotel operations revenue*

Revenue derived from hotel operations include rental of rooms and food and beverage sales.

##### (i) *Rental of rooms*

Revenue is recognised over time for the occupancy of rooms.

##### (ii) *Sales of food and beverages*

Revenue is recognised at the point of sales of food and beverages.

#### (b) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and recognised over time. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (c) *Dividend income*

Dividend income is recognised in profit or loss at a point in time when the Group's right to receive payment is established.

#### (d) *Interest income*

Interest income is recognised over time using the effective interest method.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Revenue (Continued)

(e) ***Gains on disposal of investment***

Profits from sale of investment securities are recognised at a point in time upon conclusion of the contract for sale.

### 2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.21 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. REVENUE

	Group	
	2019 \$'000	2018 \$'000 (Restated)
Hotel operations revenue		
– Room	1,170	–
– Food and beverage	97	–
– Sauna	262	–
– Others	2	–
Gain on disposal of investments	415	–
Dividend income from equity investments at FVPL	137	–
Interest income from bond investments at FVPL	70	–
	<b>2,153</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 4. OTHER INCOME

	Group	
	2019 \$'000	2018 \$'000
		(Restated)
Gain on sale of property, plant and equipment	3	-
Fair value gain on short term investments at FVPL	73	-
Interest income from banks	1,093	760
Other income – Productivity Innovation Credit	40	-
	<u>1,209</u>	<u>760</u>

## 5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax for the year has been arrived at after charging/(crediting) the following items:

	Group	
	2019 \$'000	2018 \$'000
		(Restated)
Audit fees paid to:		
– auditors of the Company	120	106
– other auditors	38	22
Non-audit fees paid to:		
– auditors of the Company	-	18
– other auditors	40	-
Professional fees	376	767
Legal fees	253	135
Contributions to defined contribution plans, included in staff costs	74	41
Annual report and annual/extraordinary general meeting expenses	111	132
Commissions and brokerage fees	82	-
Central Depository and Singapore Exchange Listing expenses	68	109
Management fee expenses	64	-
Depreciation of property, plant and equipment	133	-
Exchange (gain)/loss	(84)	5
Operating lease expense	207	106
	<u>207</u>	<u>106</u>

### Exceptional item

Items that are material either because of their size or their nature, or that are non-recurring are considered exceptional items. In prior year, an exceptional item arose on the gain on disposal of the Group's property at 15A Tai Seng Drive on 31 January 2018, amounting to \$44,554,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 6. TAX EXPENSE

	Group	
	2019 \$'000	2018 \$'000 (Restated)
<b>Tax recognised in profit or loss</b>		
<b>Current tax expense</b>		
Current year	-	987
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
Total tax expense	-	987
<b>Reconciliation of effective tax rate</b>		
(Loss)/profit before tax	(705)	42,865
Profit/(loss) before tax from discontinued operations	931	(7,191)
Profit/(loss) before tax	226	35,674
Tax at the domestic rates applicable in the countries where the Group operates	(138)	6,065
Income not subject to tax	(199)	(6,474)
Non-deductible expenses	388	639
Effect of partial tax exemptions and tax relief	(7)	-
Deferred tax asset not recognised	-	781
Others	(44)	(24)
	-	987

At 31 July 2019, the Group has unutilised tax losses, unutilised capital allowances and unutilised donations of approximately \$2,511,000 (2018: \$2,511,000), \$3,027,000 (2018: \$3,027,000) and \$82,000 (2018: \$82,000) respectively that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these tax losses, capital allowances and donations are subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

## 7. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation			At cost					Total \$'000
	Freehold properties \$'000	Freehold land \$'000	Freehold building \$'000	Plant and equipment \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Renovation \$'000	
<b>Valuation/Cost</b>									
At 1 August 2017	-	-	-	35,958	1,182	2,669	704	-	40,513
Acquisition through business combinations	2,049	-	-	134	6	3	6	3	2,201
Additions	-	-	-	9	7	*	-	6	22
Revaluation	21	-	-	-	-	-	-	-	21
Disposals/write-offs	-	-	-	(22,986)	(1,010)	(2,669)	(704)	(6)	(27,375)
Elimination of accumulated depreciation on revaluation	(20)	-	-	-	-	-	-	-	(20)
Reclassification to assets held-for-sale	-	-	-	(8,013)	-	-	-	-	(8,013)
Effect of movement in exchange rates	28	-	-	11	*	1	1	*	41
At 31 July 2018 and 1 August 2018	2,078	-	-	5,113	185	4	7	3	7,390
Additions	-	30,692	15,177	3	107	198	-	-	46,177
Disposals/write-offs	-	-	-	(4,602)	(54)	-	-	-	(4,656)
Attributable to discontinued operations (Note 20)	(2,078)	-	-	(514)	(13)	(4)	(7)	(3)	(2,619)
Effect of movement in exchange rates	-	(1,489)	(736)	-	-	(9)	-	-	(2,234)
At 31 July 2019	-	29,203	14,441	-	225	189	-	-	44,058

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At valuation			At cost					Total \$'000
	Freehold properties \$'000	Freehold land \$'000	Freehold building \$'000	Plant and equipment \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Renovation \$'000	
<b>Accumulated depreciation and impairment loss</b>									
At 1 August 2017	-	-	-	33,324	1,131	2,664	663	-	37,782
Depreciation charge for the year	20	-	-	750	17	2	6	*	795
Impairment loss	-	-	-	1,501	-	-	-	-	1,501
Disposals/write-offs	-	-	-	(22,966)	(981)	(2,666)	(668)	-	(27,281)
Elimination of accumulated depreciation on revaluation	(20)	-	-	-	-	-	-	-	(20)
Reclassification to assets held-for-sale	-	-	-	(7,633)	-	-	-	-	(7,633)
Effect of movement in exchange rates	-	-	-	9	-	1	1	*	11
At 31 July 2018 and 1 August 2018	-	-	-	4,985	167	1	2	-	5,155
Depreciation charge for the year	-	-	112	18	12	28	2	-	172
Disposals/write-offs	-	-	-	(4,564)	(54)	-	-	-	(4,618)
Attributable to discontinued operations (Note 20)	-	-	(16)	(439)	(7)	(1)	(4)	-	(467)
At 31 July 2019	-	-	96	-	118	28	-	-	242
<b>Carrying amounts</b>									
At 31 July 2017	-	-	-	2,634	51	5	41	-	2,731
At 31 July 2018	2,078	-	-	128	18	3	5	3	2,235
At 31 July 2019	-	<b>29,203</b>	<b>14,345</b>	-	<b>107</b>	<b>161</b>	-	-	<b>43,816</b>

\* Less than \$1,000

As at 31 July 2018, had the freehold properties been carried at historical cost, their carrying amount would have been \$2,029,000 for the Group.

As at 31 July 2019, the Group's freehold properties with carrying amount of \$43,548,000 are pledged as security for a subsidiary's bank facility (Note 19).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Plant and equipment \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Renovation \$'000	Total \$'000
<b>Cost</b>						
At 1 August 2017	35,958	1,182	2,669	704	-	40,513
Additions	-	1	-	-	6	7
Disposals/write-offs	(22,986)	(1,011)	(2,669)	(704)	(6)	(27,376)
Reclassification to assets held-for-sale	(8,013)	-	-	-	-	(8,013)
At 31 July 2018 and 1 August 2018	4,959	172	-	-	-	5,131
Additions	-	29	21	-	-	50
Disposals/write-offs	(4,959)	(54)	-	-	-	(5,013)
At 31 July 2019	-	147	21	-	-	168
<b>Accumulated depreciation and impairment loss</b>						
At 1 August 2017	33,324	1,131	2,664	663	-	37,782
Depreciation charge for the year	734	13	1	5	-	753
Impairment loss	1,501	-	-	-	-	1,501
Disposals/write-offs	(22,967)	(981)	(2,665)	(668)	-	(27,281)
Reclassification to assets held-for-sale	(7,633)	-	-	-	-	(7,633)
At 31 July 2018 and 1 August 2018	4,959	163	-	-	-	5,122
Depreciation charge for the year	-	6	1	-	-	7
Disposals/write-offs	(4,959)	(54)	-	-	-	(5,013)
At 31 July 2019	-	115	1	-	-	116
<b>Carrying amounts</b>						
At 31 July 2017	2,634	51	5	41	-	2,731
At 31 July 2018	-	9	-	-	-	9
At 31 July 2019	-	32	20	-	-	52

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 8. INVESTMENT PROPERTY

	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000
At 1 August	335	-	-
Acquisition through business combination	-	330	-
Attributable to disposal	(335)	-	-
Translation differences on consolidation	-	5	-
At 31 July	-	335	-

Investment property comprises a freehold shop house in Malaysia that was leased to a third party for a period of 1 year.

## 9. INTANGIBLE ASSET

	Group Goodwill \$'000
<b>Cost</b>	
At 1 August 2017	-
Acquisition through business combination	1,143
At 31 July 2018 and 1 August 2018	1,143
Attributable to discontinued operations	(1,143)
At 31 July 2019	-
<b>Impairment losses</b>	
At 1 August 2017	-
Impairment loss recognised	1,143
At 31 July 2018 and 1 August 2018	1,143
Attributable to discontinued operations	(1,143)
At 31 July 2019	-
<b>Carrying amounts</b>	
At 31 July 2018	-
At 31 July 2019	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 10. INVESTMENT SECURITIES

	<b>Group and Company 2019 \$'000</b>
<i>At fair value through profit or loss (FVPL)</i>	
- Equity securities (quoted)	<b>8,796</b>
	<b>Group 2019 \$'000</b>
<i>At fair value through other comprehensive income (FVOCI)</i>	
- Equity securities (unquoted)	<b>4,928</b>
<b>Net carrying amount</b>	
Current	<b>8,796</b>
Non-current	<b>4,928</b>

On 21 June 2019, the Group completed the acquisition of a 15% equity interest in Holiday Inn Express Euljiro, a 224-room midscale hotel located in Seoul for a cash consideration of \$4,800,000. The hotel has since been renamed Travelodge Myeongdong Euljiro.

### Investments in equity instrument designated at fair value through other comprehensive income (FVOCI)

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the financial year is as follows:

	<b>Group 2019 \$'000</b>
<i>At fair value through other comprehensive income (FVOCI)</i>	
- Equity securities (unquoted)	
Korea Investment Private Placement Business Hotel REIT No. AI861	<b>4,910</b>
Pinetree Hotel Management LLC	<b>18</b>
	<b>4,928</b>

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term capital appreciation.

## 11. SUBSIDIARIES

	<b>31 July 2019 \$'000</b>	<b>Company 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>
Shares, at cost	<b>2</b>	3,434	*
Amounts due from subsidiaries	<b>15,309</b>	-	-
Impairment loss	<b>-</b>	(1,143)	-
	<b>15,311</b>	2,291	*

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 11. SUBSIDIARIES (CONTINUED)

The amounts due from subsidiaries were non-trade in nature, unsecured and bear interest of 3.85% p.a. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future. These amounts were in substance part of the entity's net investment in the subsidiaries. There was no allowance for impairment losses arising from the amounts due from subsidiaries.

The movement in the impairment loss in respect of investment in subsidiaries during the year was as follows:

	31 July 2019 \$'000	Company 31 July 2018 \$'000	1 August 2017 \$'000
At 1 August	1,143	-	-
Disposal of subsidiary	(1,143)	-	-
Impairment losses recognised	-	1,143	-
At 31 July	-	1,143	-

Details of subsidiaries are as follows:

Name of Subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group		
			31 July 2019 %	31 July 2018 %	1 August 2017 %
<b>Held by the Company</b>					
Datapulse Investment Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	100
Wayco Manufacturing (M) Sdn Bhd <sup>(3)</sup>	Manufacturing of haircare products	Malaysia	-	100	100
Capiti Investments Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
Capiti Asset Management Pte. Ltd. <sup>(1),(5)</sup>	Provision of management services	Singapore	100	-	-
<b>Held through Subsidiaries</b>					
Capikor Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
Datapulse Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	-
KPH Top Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
KPH Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
KPH 2 Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
SPH Top Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
SPH 1 Pte. Ltd. <sup>(1),(5)</sup>	Investment holding	Singapore	100	-	-
RK One Management LLC <sup>(2)</sup>	Hotel operations	Republic of Korea	100	-	-
IGIS Private Placement Real Estate Investment Trust No. 247 <sup>(4)</sup>	Investment holding	Republic of Korea	100	-	-

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of EY Global in the respective countries.

(3) Disposed during the financial year ended 31 July 2019.

(4) Audited by Hanul LLC, South Korea.

(5) Incorporated during the financial year ended 31 July 2019.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 12. INVENTORIES

	<b>31 July 2019 \$'000</b>	<b>Group 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>	<b>31 July 2019 \$'000</b>	<b>Company 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>
Food and beverage	3	-	-	-	-	-
Raw materials	-	484	730	-	66	730
Work in progress	-	31	16	-	-	16
Finished goods	-	49	38	-	-	38
	<b>3</b>	<b>564</b>	<b>784</b>	<b>-</b>	<b>66</b>	<b>784</b>
Less: Allowance for inventory obsolescence	-	(80)	-	-	(66)	-
	<b>3</b>	<b>484</b>	<b>784</b>	<b>-</b>	<b>-</b>	<b>784</b>

The allowance for inventory obsolescence was recognised in 'other operating expenses'.

The movement in the allowance for inventory obsolescence during the year was as follows:

	<b>31 July 2019 \$'000</b>	<b>Group 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>	<b>31 July 2019 \$'000</b>	<b>Company 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>
At 1 August	80	-	-	66	-	-
Acquired through business combination	-	14	-	-	-	-
Attributable to discontinued operations (Note 20)	(80)	-	-	(66)	-	-
Allowance made during the year	-	66	-	-	66	-
At 31 July	-	80	-	-	66	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 13. TRADE AND OTHER RECEIVABLES

	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	Company 31 July 2018 \$'000	1 August 2017 \$'000
<b>Trade and other receivables (current):</b>						
Trade receivables	19	28	1,028	1	1	1,028
Amount due from subsidiaries (non-trade)	-	-	-	23,815	2	-
Deposits	81	75	1	81	64	1
Interest receivables	105	212	84	100	212	84
GST receivables	77	68	-	77	37	-
Other receivables	5,773	6	7	49	4	7
<b>Financial assets carried at amortised cost (current)</b>	<b>6,055</b>	389	1,120	<b>24,123</b>	320	1,120
Prepayment	50	65	202	47	60	202
<b>Total trade and other receivables (current)</b>	<b>6,105</b>	454	1,322	<b>24,170</b>	380	1,322
<b>Other receivables (non-current):</b>						
Long term deposits	1,157	-	-	-	-	-
Long term receivables	390	-	-	-	-	-
<b>Total trade and other receivables (current and non-current)</b>	<b>7,652</b>	454	1,322	<b>24,170</b>	380	1,322

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 25.

Other receivables mainly relate to the purchase consideration for a 5% equity interest in a hotel in Singapore. The proposed investment was completed subsequent to the financial year end on 8 August 2019.

Long term deposits are pledged to the bank for the term loan facility.

Long term receivables relate to a shareholder loan to a company in which the Group has a 15% interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$12,000 as at 31 July 2018 and \$317,000 as at 1 August 2017 that are past due at the end of the financial year but not impaired. The analysis of their aging at the end of the financial year is as follows:

	Group		Company	
	31 July 2018 \$'000	1 August 2017 \$'000	31 July 2018 \$'000	1 August 2017 \$'000
Trade receivables past due but not impaired:				
- Less than 30 days	10	308	-	308
- 30 to 60 days	1	6	-	6
- 61 to 90 days	-	3	-	3
- More than 90 days	1	-	1	-
	<u>12</u>	<u>317</u>	<u>1</u>	<u>317</u>

## 14. ASSETS HELD FOR SALE

On 25 July 2018, the Company entered into a sale and purchase agreement to dispose of all its Blu-Ray replication line equipment, which were previously used for the Media Storage Business. The sale was completed on 6 August 2018. Accordingly, the Blu-Ray replication line equipment had been reclassified to assets held for sale as at 31 July 2018, and was stated at fair value less costs to sell.

Assets held for sale as at 1 August 2017 pertained to the Company's leasehold property and the renovations located at 15A Tai Seng Drive (the "Tai Seng Property"). On 26 July 2017, the Company granted an option to purchase to an independent third party purchase for the sale of the Tai Seng Property at a consideration of \$53,500,000. The sale of the Tai Seng Property was completed on 31 January 2018.

At 31 July, the assets held for sale comprised the following assets:

	Group and Company		
	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000
Property, plant and equipment	<u>-</u>	<u>380</u>	<u>8,310</u>

### Measurement of fair values

The fair value less costs to sell for the Blu-Ray replication line equipment was estimated based on the actual sales consideration less the estimated selling costs to be incurred upon completion of the sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 15. CASH AND BANK BALANCES

	Group			Company		
	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000
Fixed deposits	26,666	70,609	33,625	26,666	70,609	33,625
Cash at bank and on hand	11,697	10,575	5,897	8,695	10,553	5,885
	<b>38,363</b>	81,184	39,522	<b>35,361</b>	81,162	39,510
Less: Bank overdraft (Note 19)	-	(123)	-	-	-	-
Cash and cash equivalents	<b>38,363</b>	81,061	39,522	<b>35,361</b>	81,162	39,510

The weighted average effective interest rate per annum relating to fixed deposits for the Group and Company is 2.5% (2018: 1.5%). Interest rates reprice upon maturity or rollover of the fixed deposits, at intervals of one to three months.

## 16. SHARE CAPITAL AND RESERVES

### Share capital

	2019 and 2018	
	No. of shares	\$'000
<b>Company</b>		
At 1 August and 31 July	219,904,444	32,992

All shares (excluding treasury shares) rank equally with regards to the Company's residual assets. All issued shares are fully paid, with no par value.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### Use of proceeds from private placement

On 11 June 2015, through a private placement exercise, the Company allotted and issued 65,000,000 new ordinary shares to Lian Beng Group Ltd at an issue price of \$0.11235 per share. Total proceeds of \$7,302,750 were raised, of which \$57,596 was utilised for expenses incurred for the issue of the new ordinary shares. The net proceeds of \$7,245,154 are intended to be used for property related businesses.

### Reserves

	Group			Company		
	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000
Foreign currency translation reserve	(1,274)	30	-	-	-	-
Treasury shares	(187)	(187)	(183)	(187)	(187)	(183)
Revaluation reserve	-	21	-	-	-	-
Retained earnings	46,318	48,309	17,110	46,544	48,295	10,996
	<b>44,857</b>	48,173	16,927	<b>46,357</b>	48,108	10,813

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 16. SHARE CAPITAL AND RESERVES (CONTINUED)

### Reserves (Continued)

#### *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

#### *Treasury shares*

The reserve for the Company's own shares comprises the cost of the Company's shares acquired and held by the Group. As at 31 July 2019, the Group held 829,600 (2018: 829,600) of the Company's shares.

#### *Revaluation reserve*

The revaluation reserve records the revaluation surplus arising from valuation of certain property, plant and equipment for 31 July 2018 which were disposed as part of the discontinued operations in the year ended 31 July 2019.

### Dividends

The following dividends were declared and paid by the Group and Company:

	<b>Group and Company</b>	<b>Group and Company</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Declared and paid during the financial year:</b>		
Final one-tier tax exempt dividend of 1.00 cent (2018: 0.50 cent) per ordinary share	2,191	1,095
Special one-tier tax exempt dividend of 1.00 cent per ordinary share	-	2,191
	<b>2,191</b>	<b>3,286</b>

Subsequent to the reporting date, the following dividends were proposed by directors of the Company. These dividends have not been provided for as at the reporting date:

	<b>Group and Company</b>	<b>Group and Company</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Proposed but not recognised as a liability as at 31 July:</b>		
Final one-tier tax exempt dividend of 0.50 cent per ordinary share (2018: 1.00 cent)	1,095	2,191

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 17. DEFERRED TAX LIABILITIES

Net deferred tax liabilities are attributable to the following:

	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	Company 31 July 2018 \$'000	1 August 2017 \$'000
Differences in depreciation for tax purposes	(44)	(230)	(628)	(44)	(44)	(628)
Revaluations to fair value of investment property	-	(9)	-	-	-	-
Deferred tax liabilities	(44)	(239)	(628)	(44)	(44)	(628)
Unutilised tax losses	-	-	258	-	-	258
Deferred tax assets	-	-	258	-	-	258
<b>Net deferred tax liabilities</b>	<b>(44)</b>	<b>(239)</b>	<b>(370)</b>	<b>(44)</b>	<b>(44)</b>	<b>(370)</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets relate to the same tax authority.

### Movements in temporary differences during the year

	At 1 August 2018 \$'000	Attributable to discontinued operations (Note 20) \$'000	At 31 July 2019 \$'000
<b>Group</b>			
Differences in depreciation for tax purposes	(230)	186	(44)
Revaluations to fair value of investment property	(9)	9	-
	(239)	195	(44)
<b>Company</b>			
Differences in depreciation for tax purposes	(44)	-	(44)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 18. TRADE AND OTHER PAYABLES

	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	Company 31 July 2018 \$'000	1 August 2017 \$'000
Trade payables	139	131	459	-	-	459
Accrued operating expenses	648	1,428	1,343	491	1,389	1,343
Amounts due to subsidiaries (non-trade)	-	-	-	-	26	6,102
Amount due to Way Company Pte Ltd <sup>1</sup> (non-trade)	-	87	-	-	-	-
Amount due to Way Trading (M) Sdn Bhd <sup>2</sup> (non-trade)	-	198	-	-	-	-
Deposit received	6	125	-	-	122	-
Interest payables	101	-	-	9	-	-
Option fees received	-	-	535	-	-	535
Other payables	394	25	43	100	11	43
	<b>1,288</b>	<b>1,994</b>	<b>2,380</b>	<b>600</b>	<b>1,548</b>	<b>8,482</b>

<sup>1</sup> Way Company Pte Ltd is the former shareholder of Wayco.

<sup>2</sup> Way Trading (M) Sdn Bhd is a former related corporation of Wayco.

The non-trade amounts due to subsidiaries, amount due to Way Company Pte Ltd, and amount due to Way Trading (M) Sdn Bhd are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in Note 25.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 19. LOANS AND BORROWINGS

	Maturity	31 July	Group	1 August	31 July	Company	1 August
		2019	31 July	2017	2019	31 July	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current</b>							
Bank loans:							
2.75% p.a fixed rate SGD							
bank loan	2019	1,700	-	-	1,700	-	-
0.65% p.a fixed rate JPY							
bank loan	2019	1,009	-	-	1,009	-	-
Bank overdraft	On demand	-	123	-	-	-	-
		<b>2,709</b>	123	-	<b>2,709</b>	-	-
<b>Non-current</b>							
Term loan:							
KRW loan at financial							
debenture (FD) (AAA)*							
+1.85% p.a.	2022	20,680	-	-	-	-	-
Total loans and borrowings		<b>23,389</b>	123	-	<b>2,709</b>	-	-

\* FD (AAA) is the average rate of such FD (AAA) published by Korea Financial Investment Association for 10 consecutive Banking days immediately preceding the interest determination date.

2.75% p.a fixed rate SGD bank loan is fully repayable in December 2019.

0.65% p.a fixed rate JPY bank loan is fully repayable in December 2019.

The bank overdraft bears an interest of 7.85% per annum.

The bank overdraft is secured by way of the Group's freehold properties with a carrying amount of \$2,078,000 (Note 7) and is jointly and severally guaranteed by Wayco's directors.

KRW loan is secured by a fixed charge over certain freehold land and building of a subsidiary with a carrying amount of \$43,548,000 (Note 7) and a corporate guarantee from the Company.

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Cash flows	Non-cash	2019
	\$'000	\$'000	changes	\$'000
			Foreign	
			exchange	
			movement	
			\$'000	
Loans and borrowings	123	24,307	(1,041)	23,389



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 20. DISCONTINUED OPERATIONS

On 15 November 2018, the Company announced that it had entered into a binding term sheet in respect of the proposed disposal of Wayco, which carries on the business of manufacturing of haircare, cosmetics and other homecare chemical products in Malaysia. On 30 April 2019, the Group completed the disposal of Wayco. With the disposal of Wayco, the Company ceased to be engaged in the Haircare Business. Accordingly, the results of Wayco have been presented as discontinued operations, with comparatives restated as if the operation has been discontinued from the start of the immediately preceding year.

On 25 July 2018, the Company entered into a sale and purchase agreement to dispose of all Blu-Ray replication line equipment, which were previously used for the manufacture and sale of media storage products. With the disposal of the Blu-Ray replication line equipment, the Company ceased to be engaged in the Media Storage Business. Accordingly, the results from the Media Storage Business were presented as part of discontinued operations in FY2018.

Consequently, the results of discontinued operations for FY2019 comprise the results of the Haircare Business while the results of discontinued operations for FY2018 have been restated and comprise the results of both the Haircare Business and the Media Storage Business.

### Income statement disclosures

The results of discontinued operations for the years ended 31 July are as follows:

	Group	
	2019 \$'000	2018 \$'000 (Restated)
<b>Results of discontinued operations</b>		
Revenue	995	8,920
Other income	24	228
Impairment loss on goodwill	-	(1,143)
Impairment loss on property, plant and equipment	-	(1,501)
Expenses	<b>(902)</b>	(13,695)
<b>Results from operating activities</b>	<b>117</b>	(7,191)
Tax expense	<b>(26)</b>	(207)
<b>Profit/(loss) from discontinued operations (net of tax)</b>	<b>91</b>	(7,398)
Gain on sale of discontinued operations	<b>814</b>	-
<b>Total results from discontinued operations</b>	<b>905</b>	(7,398)

### Cash flow statement disclosures

The cash flows attributable to discontinued operations are as follows:

<b>Cash flow from discontinued operations</b>		
Net cash used in operating activities	<b>(88)</b>	(4,108)
Net cash generated from investing activities	<b>325</b>	179
Net cash used in financing activities	<b>(123)</b>	-
<b>Net cash flows from/(used in) discontinued operations during the year</b>	<b>114</b>	(3,929)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 20. DISCONTINUED OPERATIONS (CONTINUED)

### Balance sheet disclosures

The major classes of assets and liabilities of Wayco disposed as at 31 July are as follows:

	2019 \$'000
<b>Assets:</b>	
Property, plant and equipment	2,152
Trade and other receivables	264
Inventories	462
Cash and cash equivalents	125
	<u>3,003</u>
<b>Liabilities:</b>	
Trade and other payables	(394)
Current tax payable	(34)
Deferred tax liabilities	(193)
	<u>(621)</u>
<b>Net assets</b>	<u>2,382</u>
<b>Reserve:</b>	
Foreign currency translation differences relating to a foreign subsidiary reclassified to profit or loss, upon disposal	11
	<u>11</u>
Consideration received, satisfied in cash	3,176
Cash and cash equivalents disposed	(125)
<b>Net cash inflow</b>	<u>3,051</u>

## 21. EARNINGS PER SHARE

The calculation of basic and dilutive earnings per share at 31 July was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Continuing operations \$'000	Group Discontinued operations \$'000	Total \$'000
<b>2019</b>			
(Loss)/profit attributable to ordinary shareholders	(705)	905	200
<b>2018</b>			
Profit/(loss) attributable to ordinary shareholders	41,878	(7,398)	34,480

### Weighted average number of ordinary shares

	Group Number of shares 2019	Group Number of shares 2018
Issued shares at 1 August	219,904,444	219,904,444
Effect of own shares held	(829,600)	(829,600)
	<u>219,074,844</u>	<u>219,074,844</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 22. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of products and services, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

- (i) The "Investments" segment relates to the holding of long term investments and trading in short term investments.
- (ii) The "Hotel" segment relates to hotel operations.
- (iii) The "Media Storage" products and services segment relates to the manufacturing of CD, DVD and BD (optical disk) products as well as activation cards used for software and games. This business segment had ceased operations and was disclosed as discontinued operations in the previous financial year.
- (iv) The "Haircare Business" segment relates to the manufacturing and distribution of haircare, cosmetics and other homecare chemical products. This business segment was disposed on 30 April 2019 and disclosed as discontinued operations.

These are managed separately because they require different operating and marketing strategies, given that they operate in and serve customers in different geographical areas. For each of these, the Group's Executive Director (the chief operating decision maker) reviews internal management reports on a monthly basis.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 22. SEGMENT INFORMATION (CONTINUED)

Group	Investments S\$'000	Hotel S\$'000	Haircare Business (Discontinued operations) S\$'000	Adjustments/ Eliminations S\$'000	Notes	Total S\$'000
<b>31 July 2019</b>						
<b>Revenue:</b>						
External revenue	622	1,531	995	(995)	A	2,153
Inter segment revenue	-	598	-	(598)	B	-
Total revenue for reporting segments	622	2,129	995	(1,593)		2,153
<b>Results:</b>						
Interest income	1,310	14	-	(231)	C	1,093
Finance costs	(10)	(546)	(3)	234	A, C	(325)
Depreciation of property, plant and equipment	(6)	(31)	(39)	(57)	A, C	(133)
<b>Reportable segment (loss)/profit for the year</b>	<b>(590)</b>	<b>(115)</b>	<b>117</b>	<b>(117)</b>	<b>C</b>	<b>(705)</b>
Tax expense	-	-	(26)	26	C	-
Additions to non-current assets	50	46,124	3	(3)	D	46,174
Reportable segment assets	54,430	49,128	3,003	(3,003)	E	103,558
Reportable segment liabilities	4,423	21,286	621	(621)	F	25,709

Group	Investments S\$'000	Media Storage (Discontinued operations) S\$'000	Haircare Business (Discontinued operations) S\$'000	Adjustments/ Eliminations S\$'000	Notes	Total S\$'000
<b>31 July 2018</b>						
<b>Revenue:</b>						
External revenue	-	8,204	716	(8,920)	A	-
Inter segment revenue	-	-	-	-		-
Total revenue for reporting segments	-	8,204	716	(8,920)		-
<b>Results:</b>						
Interest income	760	-	-	-		760
Finance costs	-	-	(5)	5	C	-
Depreciation of property, plant and equipment	-	(754)	(41)	795	C	-
<b>Reportable segment (loss)/profit for the year</b>	<b>42,865</b>	<b>(6,019)</b>	<b>(1,172)</b>	<b>7,191</b>	<b>C</b>	<b>42,865</b>
Tax expense	(987)	(217)	10	207	C	(987)
Additions to non-current assets	-	7	15	(22)	D	-
Reportable segment assets	81,559	380	3,133	-	E	85,072
Reportable segment liabilities	2,179	918	810	-	F	3,907

	Investments S\$'000	Media Storage (Discontinued operations) S\$'000	Haircare Business (Discontinued operations) S\$'000	Adjustments/ Eliminations S\$'000	Notes	Total S\$'000
<b>1 August 2017</b>						
Additions to non-current assets	-	-	16	(16)	D	-
Reportable segment assets	47,831	-	4,838	-	E	52,669
Reportable segment liabilities	-	-	2,750	-	F	2,750

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 22. SEGMENT INFORMATION (CONTINUED)

### Notes:

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A The amounts relating to the Haircare Business segment has been excluded to arrive at amounts shown in profit of loss as they are presented separately in the statement of comprehensive income as part of "profit from discontinued operations, net of tax". The breakdown for this is presented in Note 20 *Discontinued Operations*.
- B Inter-segment revenues are eliminated on consolidation.
- C The following items are (deducted from)/added to segment results to arrive at "(loss)/profit before tax from continuing operations" presented in the consolidated income statement:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Segment results of discontinued operations	<u>(117)</u>	<u>7,191</u>

- D Additions to non-current assets consist of additions to property, plant and equipment.
- E The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>31 July</b>	<b>Group</b>	<b>1 August</b>
	<b>2019</b>	<b>31 July</b>	<b>2017</b>
	<b>\$'000</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Assets from discontinued operations	<u>(3,003)</u>	<u>-</u>	<u>-</u>

- F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	<b>31 July</b>	<b>Group</b>	<b>1 August</b>
	<b>2019</b>	<b>31 July</b>	<b>2017</b>
	<b>\$'000</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Liabilities from discontinued operations	<u>(621)</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 22. SEGMENT INFORMATION (CONTINUED)

### Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	Group		
	2019 \$'000	2018 \$'000	
		(Restated)	
<b>Revenue</b>			
Total revenue for reporting segments	3,148	8,920	
Elimination of discontinued operations	(995)	(8,920)	
Consolidated revenue	<u>2,153</u>	<u>-</u>	
<b>Profit or loss</b>			
Total profit or loss for reportable segments	(588)	35,674	
Elimination of discontinued operations	(117)	7,191	
Consolidated (loss)/profit before tax	<u>(705)</u>	<u>42,865</u>	
	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000
<b>Assets</b>			
Total assets for reportable segments	106,561	85,072	52,669
Discontinued operations (Note 20)	(3,003)	-	-
Consolidated total assets	<u>103,558</u>	<u>85,072</u>	<u>52,669</u>
<b>Liabilities</b>			
Total liabilities for reportable segments	26,330	3,907	2,750
Discontinued operations (Note 20)	(621)	-	-
Consolidated total liabilities	<u>25,709</u>	<u>3,907</u>	<u>2,750</u>

There are no reconciling items in relation to other material items.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 22. SEGMENT INFORMATION (CONTINUED)

### Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets.

	Group		
	2019 \$'000	2018 \$'000 (Restated)	
<b>Revenue</b>			
Singapore	622	8,204	
Korea	1,531	-	
Malaysia	995	716	
Less: Discontinued operations	(995)	(8,920)	
	<b>2,153</b>	<b>-</b>	
	31 July 2019 \$'000	Group 31 July 2018 \$'000	1 August 2017 \$'000
<b>Non-current assets</b>			
Singapore	5,370	9	2,731
Korea	44,921	-	-
Malaysia	-	2,561	-
	<b>50,291</b>	<b>2,570</b>	<b>2,731</b>

## 23. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 23. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) Assets and liabilities not carried at fair value and whose carrying amount are a reasonable approximation of fair value

Determination of fair value

***Trade and other receivables (Note 13), cash and bank balances (Note 15), trade and other payables (Note 18) and current borrowings (Note 19)***

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the financial year, or that the applicable market rate of return at the reporting date is close to the effective interest rate of the balance.

The carrying amounts of non-current borrowings approximate their fair values because they are repriced to or approximate the market interest rates near the end of the financial year.

## 24. RELATED PARTIES

Other than disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out on terms agreed between the parties as follows:

### Transactions with key management personnel

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Remuneration of key management personnel</b>		
Short-term employee benefits	<b>509</b>	883
Post-employment benefits	<b>13</b>	26
	<b>522</b>	909

Key management personnel are the Directors and key personnel having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

### Credit risk

Risk management policy

Credit risk is the potential financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Risk management policy (Continued)

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Company's respective maximum exposure to credit risk. The Group and the Company do not hold any collateral in respect of their financial assets.

The Group has established credit limits for customers and monitors their balances. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments that are past due 90 days, based on the Group's historical estimate.

To assess whether there is a significant increase in credit risk, the Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the counterparty.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- There is a disappearance of an active market for that financial asset because of financial difficulty.

### (a) Trade receivables

The Group provides applies the simplified approach and recognises lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern. The expected credit losses also incorporate forward looking information such as forecast of economic conditions.

Information regarding financial assets that are either past due or impaired is disclosed in Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Risk management policy (Continued)

#### (b) Amounts due from subsidiaries

For amounts due from subsidiaries, the Company uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets. In determining whether a significant increase in credit risk has occurred, the Company also considers events such as significant adverse changes in financial conditions and changes in the operating results of the subsidiaries.

### Liquidity risk

#### Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk on an ongoing basis and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

#### Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>2019</b>				
<b>Financial assets:</b>				
Investment securities	8,796	4,928	-	13,724
Long term deposit	-	1,157	-	1,157
Long term receivables	-	390	-	390
Trade and other receivables*	6,055	-	-	6,055
Cash and bank balances	38,363	-	-	38,363
Total undiscounted financial assets	53,214	6,475	-	59,689
<b>Financial liabilities:</b>				
Trade and other payables#	(1,282)	-	-	(1,282)
Loans and borrowings	(2,731)	(21,828)	-	(24,559)
Total undiscounted financial liabilities	(4,013)	(21,828)	-	(25,841)
Total net undiscounted financial assets/(liabilities)	49,201	(15,353)	-	33,848

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

Group	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>2018</b>				
<b>Financial assets:</b>				
Trade and other receivables*	389	-	-	389
Cash and bank balances	81,184	-	-	81,184
Total undiscounted financial assets	81,573	-	-	81,573
<b>Financial liabilities:</b>				
Trade and other payables#	(1,869)	-	-	(1,869)
Loans and borrowings	(123)	-	-	(123)
Total undiscounted financial liabilities	(1,992)	-	-	(1,992)
Total net undiscounted financial assets	79,581	-	-	79,581
<b>2017</b>				
<b>Financial assets:</b>				
Trade and other receivables*	1,120	-	-	1,120
Cash and bank balances	39,522	-	-	39,522
Total undiscounted financial assets	40,642	-	-	40,642
<b>Financial liabilities:</b>				
Trade and other payables#	(1,845)	-	-	(1,845)
Total undiscounted financial liabilities	(1,845)	-	-	(1,845)
Total net undiscounted financial assets	38,797	-	-	38,797
<b>Company</b>				
<b>2019</b>				
<b>Financial assets:</b>				
Trade and other receivables*	24,123	-	-	24,123
Cash and bank balances	35,361	-	-	35,361
Total undiscounted financial assets	59,484	-	-	59,484
<b>Financial liabilities:</b>				
Trade and other payables#	(600)	-	-	(600)
Total undiscounted financial liabilities	(600)	-	-	(600)
Total net undiscounted financial assets	58,884	-	-	58,884

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

Company	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>2018</b>				
<b>Financial assets:</b>				
Trade and other receivables*	320	-	-	320
Cash and bank balances	81,162	-	-	81,162
Total undiscounted financial assets	81,482	-	-	81,482
<b>Financial liabilities:</b>				
Trade and other payables#	(1,426)	-	-	(1,426)
Total undiscounted financial liabilities	(1,426)	-	-	(1,426)
Total net undiscounted financial assets	80,056	-	-	80,056
<b>Company</b>	<b>One year or less \$'000</b>	<b>One to five years \$'000</b>	<b>More than five years \$'000</b>	<b>Total \$'000</b>
<b>2017</b>				
<b>Financial assets:</b>				
Trade and other receivables*	1,120	-	-	1,120
Cash and bank balances	39,510	-	-	39,510
Total undiscounted financial assets	40,630	-	-	40,630
<b>Financial liabilities:</b>				
Trade and other payables#	(7,947)	-	-	(7,947)
Total undiscounted financial liabilities	(7,947)	-	-	(7,947)
Total net undiscounted financial assets	32,683	-	-	32,683

# Excluding deposit received and option fees received

\* Excluding prepayments

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Sensitivity analysis for equity price risk

At the end of the financial year, if the price of the shares held had been 2% higher/lower with all other variables held constant, the Group's profit before tax would have been \$176,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in quoted securities.

### Currency risk

#### Risk management policy

The Group is exposed to currency risk on sales, purchases and cash holdings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Korean Won ("KRW") and United States dollar ("USD").

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level, by buying or selling foreign currencies at forward rates when necessary to address short term imbalances.

#### Sensitivity analysis – foreign currency risk

A reasonably possible strengthening of the above currencies, as indicated below, against the SGD at 31 July would have decreased loss before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on a consistent basis as prior years.

	<b>Loss before tax</b>	
	<b>31 July 2019 \$'000</b>	<b>31 July 2018 \$'000</b>
<b>Group</b>		
USD (10% strengthening)	*	(844)
KRW (10% strengthening)	<b>(361)</b>	<b>-</b>

\* Less than \$1,000

	<b>Loss before tax</b>	
	<b>31 July 2019 \$'000</b>	<b>31 July 2018 \$'000</b>
<b>Company</b>		
USD (10% strengthening)	<b>(7)</b>	<b>(844)</b>

A 10% weakening of the above currencies against the SGD would have an equal but opposite effect on the loss before tax to the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk

#### Risk management policy

The Group's exposure to changes in interest rates relates primarily to fixed deposits. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income/expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

#### Sensitivity analysis for interest rate risk

At the end of the financial year, if interest rates had been 50 basis points ("bp") higher with all other variables held constant, the Group's loss before tax would have increased by the amounts shown below.

	Group Loss before tax			Company Loss before tax		
	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000	31 July 2019 \$'000	31 July 2018 \$'000	1 August 2017 \$'000
<b>Variable rate instruments</b>						
Loans and borrowings	<b>103</b>	-	-	-	-	-

A 50 bp decrease in interest rates would have an equal but opposite effect on the loss before tax to the amounts shown above, on the basis that all other variables remain constant.

## 26. CAPITAL MANAGEMENT

In managing the capital of the Group, the Board aims to maintain a capital structure which balances the need to maximise the rate of return on capital and at the same time safeguard the Group's ability to continue as a going concern in the long term, maintain investors, creditors and market confidence, and sustain future development of the business.

The Group defines capital as share capital and reserves.

The Group manages the level of capital in proportion to risk and future business development requirements while balancing the need to maximise the return on capital. The Group does not stipulate the desired level of capital. It monitors and manages its capital structure on an ongoing basis and makes adjustments to it in light of changes in economic conditions, risk characteristics of the underlying assets and performance of the Group.

As part of the capital management process, the Group may adjust its level of dividends, issue new shares and/or return capital to shareholders, where appropriate. The Board takes into consideration the cash position and business and capital requirements of the Group when determining the level of dividends to pay shareholders. From time to time, the Company may also purchase its own shares from the market or off-market; the timing of these purchases depends on market conditions and prices.

There was no change to the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to any externally imposed capital requirement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 27. COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for as at the end of the financial year but not recognised in the financial statements are as follows:

	<b>31 July 2019 \$'000</b>	<b>Group 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>	<b>31 July 2019 \$'000</b>	<b>Company 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>
Authorised and contracted for	<b>2,440</b>	-	-	-	-	-
Authorised but not contracted for	<b>1,872</b>	-	13,000	-	-	13,000

### (b) Operating lease commitments – as lessee

The Group has entered into commercial leases on office premise, warehouse, photocopier, and motor vehicles. These leases have an average tenure of between 3 to 5 years with no contingent rent provision included in the contracts.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 July 2019 amounted to \$207,000 (2018: \$106,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	<b>31 July 2019 \$'000</b>	<b>Group 31 July 2018 \$'000</b>	<b>1 August 2017 \$'000</b>
Not later than one year	<b>207</b>	123	205
Later than one year but not later than five years	<b>311</b>	102	-
Later than five years	-	*	-

\* Less than \$1,000



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

## 28. CONTINGENT LIABILITIES

### Guarantees

The Group has provided the following guarantees at the end of the financial year:

- The Company has provided a corporate guarantee to a bank for a loan of KRW18,000,000,000 (\$20,680,000 equivalent) (Note 19) taken by a subsidiary.
- The Company has guaranteed its share of the subsidiary's contingent liabilities, amounting to KRW4,867,500,000 (\$5,632,000 equivalent), which have been incurred jointly with other investors. The contingent liabilities pertain to a UOB loan undertaken to finance the acquisition of Holiday Inn Express Euljiro (Note 10).

## 29. SUBSEQUENT EVENT

On 8 July 2019, the Group entered into definitive agreements to acquire a 5% equity interest for \$12,100,000 in a hotel located in Singapore that was previously known as "Bay Hotel Singapore". The proposed investment was successfully completed on 8 August 2019 and pursuant to the completion, Travelodge Hotels Asia has been appointed as the hotel operator and the hotel has since been rebranded as Travelodge Harbourfront Singapore.

## 30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial period ended 31 July 2019 were authorised for issue in accordance with a resolution of the directors on 21 October 2019.

# STATISTICS OF SHAREHOLDINGS

AS AT 7 OCTOBER 2019

NO. OF ISSUED SHARES (INCLUDING TREASURY SHARES)	: 219,904,444
NUMBER/PERCENTAGE OF TREASURY SHARES HELD	: 829,600 (0.38%)
NUMBER/PERCENTAGE OF SUBSIDIARY HOLDINGS HELD	: NIL
NUMBER OF SHARES IN ISSUE (EXCLUDING TREASURY SHARES)	: 219,074,844
CLASS OF SHARES	: ORDINARY SHARES
NUMBER OF SHAREHOLDERS (EXCLUDING SHARES HELD IN TREASURY)	: 8,439
VOTING RIGHTS	: ON A POLL 1 VOTE FOR EACH SHARE HELD The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	203	2.40	9,729	0.00
100 – 1,000	2,285	27.08	1,664,156	0.76
1,001 – 10,000	4,503	53.36	18,874,381	8.62
10,001 – 1,000,000	1,432	16.97	52,315,891	23.88
1,000,001 & ABOVE	16	0.19	146,210,687	66.74
TOTAL	8,439	100.00	219,074,844	100.00

Top Twenty Shareholders as at 7 October 2019		NO. OF SHARES	%
1	NG SIEW HONG	41,631,705	19.00
2	UNISERAYA HOLDINGS PTE LTD	33,733,333	15.40
3	HSBC (SINGAPORE) NOMINEES PTE LTD	21,910,000	10.00
4	PHILLIP SECURITIES PTE LTD	12,503,519	5.71
5	MAYBANK KIM ENG SECURITIES PTE. LTD	10,129,329	4.62
6	DBS NOMINEES PTE LTD	4,060,931	1.85
7	CITIBANK NOMINEES SINGAPORE PTE LTD	3,795,331	1.73
8	RHB SECURITIES SINGAPORE PTE LTD	3,058,765	1.40
9	UOB KAY HIAN PTE LTD	2,979,463	1.36
10	MS VENTURE PTE LTD	2,284,400	1.04
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,131,969	0.97
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,065,802	0.94
13	LIM AND TAN SECURITIES PTE LTD	2,011,666	0.92
14	OCBC NOMINEES SINGAPORE PTE LTD	1,694,052	0.77
15	DBS VICKERS SECURITIES (S) PTE LTD	1,184,631	0.54
16	OCBC SECURITIES PRIVATE LTD	1,035,791	0.47
17	POH KHENG MUI (FU QINGMEI)	780,666	0.36
18	YEO AH MOEY	666,666	0.31
19	KUAN BON HENG	647,666	0.30
20	SIM KOK HAI	617,666	0.29
		148,923,351	67.98

# STATISTICS OF SHAREHOLDINGS

AS AT 7 OCTOBER 2019

	Direct		Deemed	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Substantial Shareholders</b>				
Ng Siew Hong	41,631,705	19.003	–	–
Uniseraya Holdings Pte Ltd	33,733,333	15.398	–	–
Aw Cheok Huat	10,000	0.005	21,900,000	9.997
Ng Khim Guan <sup>(2)</sup>	166,666	0.076	33,733,333	15.398
Kwek Li Chien <sup>(2)</sup>	–	–	33,733,333	15.398
Ng Han Meng <sup>(3)</sup>	332	–	33,733,333	15.398
Ng Bie Tjin @ Djuniarti Intan <sup>(4)</sup>	10,000	0.005	35,038,133	15.994

**Notes:**

- (1) Based on the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) of 219,074,844 Shares.
- (2) Mr. Ng Khim Guan and Ms. Kwek Li Chien's deemed interests arise from the 33,733,333 Shares in which Uniseraya Holdings Pte Ltd has an interest.
- (3) Mr. Ng Han Meng's direct interest in 332 Shares held in his own name, and his deemed interest arise from the 33,733,333 Shares in which Uniseraya Holdings Pte Ltd has an interest.
- (4) Ms. Ng Bie Tjin @ Djuniarti Intan's direct interest in 10,000 Shares held in her own name, and her deemed interest arises from the 33,733,333 Shares in which Uniseraya Holdings Pte Ltd has an interest and the 1,304,800 Shares in nominee account(s).

**Shareholdings in the hands of public**

The percentage of shareholdings in the hands of the public is approximately 55%. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which states that an issuer must ensure that at least 10% of its listed securities is at all times held by the public.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-ninth annual general meeting of Datapulse Technology Limited (the “**Company**”) will be held at Singapore Swimming Club, Fort Room, Level 2, 45 Tanjong Rhu Road, Singapore 436899 on Wednesday, 13 November 2019 at 2.00 p.m. for the following purposes:

## Ordinary Business

- 1 To receive and adopt the directors’ statement and audited financial statements for the financial year ended 31 July 2019 and the auditors’ report thereon. **(Resolution 1)**
- 2 To declare a final one-tier tax exempt dividend of 0.5 cent per share for the financial year ended 31 July 2019. **(Resolution 2)**
- 3 To approve the payment of directors’ fees of \$241,544 for the financial year ended 31 July 2019 (2018: \$150,000). **(Resolution 3)**
- 4 To approve the payment of directors’ fees of up to \$250,000 for the financial year ending 31 July 2020, to be paid quarterly in arrears. **(Resolution 4)**
- 5 To re-elect the following directors who retire pursuant to Regulation 105 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
  - (A) Mr Lee Kam Seng **(Resolution 5)**  
[see Explanatory Note 1]
  - (B) Mr Teo Choon Kow @ William Teo **(Resolution 6)**  
[see Explanatory Note 2]
  - (C) Mr Choong Chee Peng Bert **(Resolution 7)**  
[see Explanatory Note 3]

To note the retirement of Mr Sin Boon Ann pursuant to Regulation 101 of the Company’s Constitution. Mr Sin has indicated that he will not be standing for re-election at the forthcoming annual general meeting. Mr Sin will cease to be a director of the Company, the chairman of the Nominating Committee and a member of the Audit and Remuneration Committees with effect from the close of the forthcoming annual general meeting.

To note the retirement of Associate Professor Foo See Liang pursuant to Regulation 105 of the Company’s Constitution. Associate Professor Foo has indicated that he will not be standing for re-election at the forthcoming annual general meeting. Associate Professor Foo will cease to be a director of the Company, the chairman of the Audit Committee and a member of the Nominating and Remuneration Committees with effect from the close of the forthcoming annual general meeting.
- 6 To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING

## Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions as ordinary resolutions:

7 That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Limited ("**SGX-ST**"), authority be and is hereby given to the directors of the Company (the "**Share Issue Mandate**") to:

- (A)
  - (I) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (II) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other Instruments convertible into Shares; and/or
  - (III) notwithstanding that such authority conferred by this resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and
- (B) issue shares in pursuance of any Instrument made or granted by the directors of the Company pursuant to (A)(II) and/or (A)(III) above, notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time the Shares are to be issued,

provided that:

- (I) the aggregate number of shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (I) above, the percentage of total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the time of the passing of this resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;

# NOTICE OF ANNUAL GENERAL MEETING

- (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting as at the time of the passing of this resolution, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (III) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company as amended from time to time; and
- (IV) the authority conferred on the directors of the Company pursuant to this resolution may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
  - (b) in the case of shares issued in pursuance of the Instruments, made or granted pursuant to this resolution, until the issuance of such shares in accordance with the terms of the Instruments; or
  - (c) the date on which the authority conferred in this resolution is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting.

[see Explanatory Note 4]

**(Resolution 9)**

8 That:

- (A) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (I) on-market purchases (each a "**Market Purchase**") transacted through the SGX-ST trading system or on another stock exchange on which the Company's equity securities are listed; and/or
  - (II) off-market purchases (each an "**Off-Market Purchase**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

# NOTICE OF ANNUAL GENERAL MEETING

- (B) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
- (I) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held;
  - (II) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
  - (III) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting;

- (C) in this resolution:

**“Prescribed Limit”** means ten percent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this resolution; and **“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (I) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (II) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price,

where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) Market Days (being days on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

**“Highest Last Dealt Price”** means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

**“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from the shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (D) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[see Explanatory Note 5]

**(Resolution 10)**

# NOTICE OF ANNUAL GENERAL MEETING

9 That:

- (A) authority be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of “entities at risk” under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the addendum to this notice of annual general meeting (“**Addendum**”), with any party who is of the class or classes of interested persons described in the Addendum, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such shareholders’ general mandate hereinafter called the “**Shareholders’ Mandate**”);
- (B) the Shareholders’ Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (C) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST, which may be prescribed by the SGX-ST from time to time; and
- (D) the directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the Shareholders’ Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

[see Explanatory Note 6]

**(Resolution 11)**

AND to transact any other business which may be properly transacted at an annual general meeting.

By Order of the Board

Lee Kam Seng  
Company Secretary

Singapore  
29 October 2019



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

- 1 Key information on Mr Lee is set out on pages 41 to 50 of the annual report.
- 2 Mr Teo will upon re-election as a director of the Company, remain as a member of the Nominating Committee and be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Key information on Mr Teo is set out on pages 41 to 50 of the annual report.
- 3 Mr Choong will upon re-election as a director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Key information on Mr Choong is set out on pages 41 to 50 of the annual report.
- 4 Resolution 9 proposed in item 7 above, if passed, will empower the directors of the Company to, from the date of the above annual general meeting until the next annual general meeting or the date by which the next annual general meeting is required by law to be held, or when revoked by the Company in general meeting, or the expiration of such other period as may be prescribed by the Companies Act, Chapter 50, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest, allot and issue Shares, to make or grant Instruments, and to issue Shares in pursuance of such Instruments for such purposes as they consider in the interests of the Company. The aggregate number of Shares that the Directors may allot and issue under this Resolution (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares to be issued other than on a *pro rata* basis shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution), to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for: (a) new Shares arising from the conversion or exercise of any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time the proposed Resolution 9 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- 5 Resolution 10 proposed in item 8 above, if passed, will empower the Company to purchase or otherwise acquire issued Shares by way of Market Purchases or Off-Market Purchases, in accordance with the terms and conditions set out in the Addendum.  
Please refer to the Addendum for additional information in relation to the proposed renewal of the Share Purchase Mandate.
- 6 Resolution 11 proposed in item 9 above, if passed, will allow the Company, and its subsidiaries and associated companies or any of them to, from the date of the above annual general meeting until the next annual general meeting or the date by which the next annual general meeting is required by law to be held, or when revoked by the Company in general meeting, or the expiration of such other period as may be prescribed by the Companies Act, Chapter 50, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest, enter into interested person transactions (details of which are set out in the Addendum).

## Notes

- (i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
- (ii) A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar Office, B.A.C.S Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for the holding of the meeting.

## Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

**PROXY FORM**  
**THIRTY-NINTH ANNUAL GENERAL MEETING**

**IMPORTANT**

- 1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
- 2 For CPF/SRS investors who have used their CPF/SRS monies to buy Datapulse Technology Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
- 3 By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 29 October 2019.

I/We \_\_\_\_\_ (Name) NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of **Datapulse Technology Limited ("Company")** hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the thirty-ninth annual general meeting of the Company ("**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting to be held at Singapore Swimming Club, Fort Room, Level 2, 45 Tanjong Rhu Road, Singapore 436899 on Wednesday, 13 November 2019 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the Meeting and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" or a "√" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below.)

No.	Resolutions	No. of Votes "For"	No. of Votes "Against"
<b>Ordinary Business</b>			
1	To receive and adopt the directors' statement and audited financial statements		
2	To declare a final one-tier tax exempt dividend		
3	To approve the payment of directors' fees for the financial year ended 31 July 2019		
4	To approve the payment of directors' fees for the financial year ending 31 July 2020		
5	To re-elect Mr Lee Kam Seng as director		
6	To re-elect Mr Teo Choon Kow @ William Teo as director		
7	To re-elect Mr Choong Chee Peng Bert as director		
8	To re-appoint Ernst & Young LLP as auditors and to authorise the directors to fix their remuneration		
<b>Special Business</b>			
9	To authorise the directors to allot and issue shares		
10	To approve the proposed renewal of the share purchase mandate		
11	To approve the proposed renewal of the mandate for interested person transactions		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

**Total Number of Ordinary Shares Held**

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\_\_\_\_\_  
 Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## Notes

- 1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- 2 (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
- 3 A proxy need not be a member of the Company.
- 4 The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar Office, B.A.C.S Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours before the time appointed for the holding of the meeting.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting.
- 9 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Aw Cheok Huat**

Chairman of the Board and Non-Independent  
Non-Executive Director

### **Teo Choon Kow @ William Teo**

Lead Independent Director

### **Sin Boon Ann**

Independent Non-Executive Director

### **Loo Cheng Guan**

Independent Non-Executive Director

### **Foo See Liang**

Independent Non-Executive Director

### **Choong Chee Peng Bert**

Independent Non-Executive Director

### **Lee Kam Seng**

Executive Director

## AUDIT COMMITTEE

### **Foo See Liang**

Chairman

### **Loo Cheng Guan**

Member

### **Sin Boon Ann**

Member

## NOMINATING COMMITTEE

### **Sin Boon Ann**

Chairman

### **Loo Cheng Guan**

Member

### **Foo See Liang**

Member

### **Teo Choon Kow @ William Teo**

Member

## REMUNERATION COMMITTEE

### **Loo Cheng Guan**

Chairman

### **Sin Boon Ann**

Member

### **Foo See Liang**

Member

## COMPANY SECRETARY

### **Lee Kam Seng**

### **Lee Pih Peng**

## REGISTERED OFFICE

Company Registration No. 198002677D

8 Shenton Way

#09-01 AXA Tower

Singapore 068811

Tel: (65) 6382 7989

E-mail: [datapulse@datapulse.com.sg](mailto:datapulse@datapulse.com.sg)

Website: [www.datapulse.com.sg](http://www.datapulse.com.sg)

## SHARE REGISTRAR

B.A.C.S. Private Limited

8 Robinson Road

#03-00 ASO Building

Singapore 048544

## AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner-in-charge: Tan Seng Choon

(Date of appointment: Since financial year ended  
31 July 2019)

## PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank Singapore Limited

United Overseas Bank Limited



**DATAPULSE**  
TECHNOLOGY

**DATAPULSE TECHNOLOGY LIMITED**

Co. Registration No. 198002677D

8 Shenton Way

#09-01 AXA Tower

Singapore 068811

tel: +65 6382 7989

email: [datapulse@datapulse.com.sg](mailto:datapulse@datapulse.com.sg)

website: [www.datapulse.com.sg](http://www.datapulse.com.sg)