



DATAPULSE
TECHNOLOGY



2020

ANNUAL REPORT





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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 2020 ("**FY2020**").

FY2020 was a tumultuous year due to the unprecedented Coronavirus Disease 2019 ("**COVID-19**") pandemic outbreak which has heavily impacted economies worldwide. Against this backdrop of global market uncertainty, the Group made a decision to temporarily close our hotel, Travelodge Myeongdong City-Hall ("**TLMC**"), located in Seoul, South Korea in May 2020. We have used this opportunity to accelerate and complete extensive refurbishments to the hotel including a refreshed lobby design and addition of facilities such as a gym and meeting room. The existing sauna and spa facilities were also upgraded and reconfigured to create 9 additional rooms.

Secondly, the Group has also taken steps to prepare and position itself for recovery and beyond by enhancing the health & safety protocols and increasing the use of digital platforms in our hotel.

Thirdly, we rolled out proactive cost containment initiatives to reduce costs across all hotel departments, and at the same time put efforts in building our capacity for the future through identification of potential investment opportunities and talent development.

In the meantime, the Group has implemented cost-containment measures at the corporate level to manage payroll cost and overheads, including but not limited to a reduction in Directors' fees for FY2020 and pay cuts for management employees.

FINANCIAL REVIEW

Revenue from the hotel segment contributed \$1.9 million, while the asset management and investments segments contributed \$0.5 million and \$0.3 million respectively, bringing the Group's total revenue to \$2.7 million in FY2020.

The Group recorded a loss from continuing operations of \$6.5 million, which includes an impairment loss of \$1.9 million to TLMC on conservative grounds to account for the impact of COVID-19 on hotel valuation.

Taking into account the tax credit of \$0.7 million, the loss attributable to shareholders for FY2020 amounted to \$5.8 million.

DIVIDEND

Given the Group's current loss position for FY2020 and the uncertainty surrounding COVID-19, the Group has to take on a prudent approach with regards to cost containment measures and conserving cash to fund its operations. The Board is not recommending the payment of a dividend for FY2020.

BUSINESS OUTLOOK

The COVID-19 outbreak in 2020 has cast a dark cloud over the global economy, with hospitality being one of the hardest hit industries. Measures undertaken by governments all around the world, including lockdown, travel bans and

CHAIRMAN'S STATEMENT

restrictions, in response to control the COVID-19 spread has essentially brought global travel to a standstill. The cessation of international travel has resulted in consumers shifting towards travelling domestically, making domestic visitors a key target market, an area which the Group will now focus on.

Going forward, we will continue to maintain a balance between prudent cash management and potential investment opportunities. COVID-19 will produce undervalued real estate assets located in gateway cities throughout Asia that will be pursued. In this respect we will look to leverage our expertise and resources vis-à-vis reputable capital partners who share similar investment objectives with the Group.

CHANGES TO THE BOARD

In January 2020, the Group welcomed a new Independent Non-Executive Director, Mr Lau Yan Wai, to our Board. Mr Lau is an experienced corporate lawyer and we believe that his expertise in areas of corporate law and securities law will significantly enhance the capabilities of the Board in the evaluation of investment opportunities and corporate actions.

Independent Director Mr Loo Cheng Guan has resigned from the Board on 1 October 2020. On behalf of the Board, I would like to thank him for his past service to the Group and wish him well in his endeavours.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere appreciation to our shareholders, business partners, and all our stakeholders for their support in this difficult time. I would also like to thank our management team for their hard work and dedication throughout the year as well as their commitment to work through this COVID-19 crisis together with the Board.

AW CHEOK HUAT
NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN



REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

The Group's revenue is contributed by 3 business segments, namely the hotel operations, asset management and investment trading segments.

The Group recorded total revenue of \$2.7 million in FY2020. The hotel operations business contributed \$1.9 million, while asset management fees and investment income contributed \$0.5 million and \$0.3 million respectively.

Hotel operations revenue comprises of the full year result of Travelodge Myeongdong City Hall (formerly known as Hotel Aropa) ("TLMC") in FY2020 as compared to 5 months in FY2019 as the Group only completed the acquisition of the hotel on 20 March 2019. Revenue from the hotel is severely impacted in FY2020 due to (i) the hotel undergoing substantial refurbishment and rebranding works since August 2019 which reduced the available rooms for sale during the year and (ii) temporary closure of the hotel since May 2020 due to the worsening COVID-19 outbreak in Seoul.

Other income for the Group amounted to \$0.7 million for FY2020 as compared to an income of \$1.2

million in FY2019. The decrease of \$0.5 million was mainly due to decrease in interest income as a result of lower fixed deposit rates. The Group incurred a fair value loss on short-term investments of \$0.8 million and a loss on disposal of investments of \$0.1 million for FY2020.

The increase in staff costs from \$1.4 million in FY2019 to \$1.9 million in FY2020 was mainly due to full year hotel staff costs being taken up in FY2020 as compared to 5 months in FY2019. Depreciation cost of \$0.8 million for FY2020 mainly came from the depreciation charge on the freehold building and renovation of TLMC and right-of-use assets, while finance costs of \$0.9 million mainly came from interest expense arising from term loan facility obtained for the acquisition of TLMC.

The increase in hotel operating costs from \$0.7 million in FY2019 to \$1.3 million in FY2020 was mainly due to 9 months of operation costs of TLMC taken up in FY2020 prior to its temporary closure, as compared to 5 months in FY2019 after TLMC was acquired in late March 2019.

The increase in impairment loss of freehold properties of \$1.9 million was mainly due to the impact of COVID-19 on the global hospitality industry.

The increase in other operating expenses of \$0.5 million was mainly due to higher operating expenses incurred in the full year operations of TLMC, as opposed to only 5 months in the prior year.

Tax credit of \$0.7 million is mainly due to the reversal of past years' capital allowances and deferred tax income arising from unutilised tax losses and unutilised capital allowances.

As a result of the above, the Group's loss attributable to shareholders was \$5.8 million in FY2020. In contrast, profit attributable to shareholders amounted to \$0.2 million in FY2019, which included an exceptional gain of \$0.8 million from the sale of Wayco Manufacturing (M) Sdn Bhd.

FINANCIAL POSITION

Property, plant and equipment increased from \$43.8 million as at 31 July 2019 to \$44.2 million in as at 31 July 2020, mainly from the refurbishment and renovation works for TLMC of approximately \$3.0 million which was partially offset by the \$1.9 million impairment loss on TLMC and depreciation charge of \$0.6 million.

Right-of-use assets of \$0.3 million as at 31 July 2020 mainly relates to the Group's office lease.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Long-term investments of \$4.7 million as at 31 July 2020 relate to a 15% minority interest in a hotel in Seoul and a 5% minority interest in a hotel in Singapore. Long-term deposit of \$1.2 million as at 31 July 2020 mainly relates to deposit pledged to the bank for the term loan facility.

Long-term receivables of \$5.2 million as at 31 July 2020 mainly relate to loans to investee companies in which the Group has minority interests in. The trade and other receivables as at 31 July 2019 were mainly related to the purchase consideration for a 5% share in a hotel investment in Singapore, which was completed on 8 August 2019. Following the completion, it is accounted as part of long-term receivables as at 31 July 2020.

Deferred tax assets of \$0.3 million as at 31 July 2020 mainly arose due to current year unutilised tax losses.

Short-term investments of \$4.8 million as at 31 July 2020 relates to quoted investments that are held for trading and carried at fair value through profit or loss.

Non-current borrowings of \$20.6 million as at 31 July 2020 relates to the term loan for the acquisition of TLMC.

Current borrowings decreased from \$2.7 million to \$1.7 million due to repayment of short-term borrowings during the year.

Lease liabilities of \$0.3 million as at 31 July 2020 relates to the accounting for the right-of-use assets of the Group.

Trade and other payables were \$1.2 million as at 31 July 2020, which was similar to that as at 31 July 2019.

Current tax payable was \$1.0 million as at 31 July 2020, which was similar to that as at 31 July 2019.

The Group's total equity decreased by \$7.6 million during the year mainly as a result of the loss for the year and the dividends paid.

CASH FLOWS

The Group's cash and bank balances as at 31 July 2020 was \$33.9 million. This is equivalent to 15.5 cents cash per share.

Net cash from operating activities of \$1.8 million for FY2020 was mainly due to (i) the proceeds received from disposal of short-term investments amounting to \$3.2 million, (ii) tax credit received of \$0.3 million and (iii) changes in working capital of \$0.9 million. This is partially offset against the Group's cash operating losses of \$2.6 million.

Net cash used in investing activities of \$3.1 million for FY2020 was mainly due to additions to property, plant and equipment of \$3.2 million, repayment and provision of loans to third parties of \$0.4 million, partially offset by fixed deposits interest income of \$0.6 million.

Net cash used in financing activities of \$3.2 million for FY2020 was mainly due to (i) dividend payment of \$1.1 million, (ii) repayment of short-term borrowings and interest payments of \$1.9 million and (iii) payment of lease obligations of \$0.2 million.



FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
FINANCIAL PERFORMANCE					
Revenue (\$'000) <i>(note 1)</i>	23,309	12,678	8,920	3,148	2,714
Profit/(loss) for the year (\$'000)	905	3,029	34,480	200	(5,752)
Profit/(loss) attributable to owners of the Company (\$'000)	905	3,029	34,480	200	(5,752)
Earnings/(loss) per share (cents)	0.41	1.38	15.74	0.09	(2.63)
Return on assets (%) <i>(note 2)</i>	1.55	5.49	50.07	0.21	(5.79)
Return on equity (%) <i>(note 2)</i>	1.90	6.23	52.61	0.25	(7.77)
FINANCIAL POSITION					
Total assets (\$'000)	57,688	52,669	85,072	103,558	95,131
Total liabilities (\$'000)	10,427	2,750	3,907	25,709	24,838
Total equity/shareholders' funds (\$'000)	47,261	49,919	81,165	77,849	70,293
Net current assets (\$'000)	31,417	47,557	78,833	48,282	35,133
Net asset value per share (cents)	21.57	22.79	37.05	35.54	32.09
CASH FLOW					
Net cash from/(used in) operating activities (\$'000)	3,891	(737)	(5,193)	(11,250)	1,799
Net cash and bank balances (\$'000) <i>(note 3)</i>	25,854	39,522	81,061	14,974	11,558
Net cash per share (cents)	11.80	18.04	37.00	6.84	5.28
DIVIDENDS					
	2016	2017	2018	2019	2020
Total dividend per share (cents)	0.30	0.50	2.00	0.50	-
Total dividend declared (\$'000) <i>(note 4)</i>	657	1,095	4,381	1,095	-
Dividend payout (%)	72.60	36.20	12.70	547.70	-
Dividend yield (%) <i>(note 5)</i>	1.30	1.69	7.41	2.44	-
SHARE PRICE					
Highest (cents)	30.60	28.00	44.00	30.00	28.00
Lowest (cents)	19.90	19.80	26.50	21.00	16.00
Average (cents)	24.69	22.29	31.45	26.14	20.50
Weighted average number of shares (million)	220	219	219	219	219
Average market capitalisation (\$'million) <i>(note 6)</i>	54	49	69	57	45
Average shareholders' funds (\$'million)	48	49	66	80	74
Market value added/(market discount) (\$'million) <i>(note 7)</i>	6	-	3	(23)	(29)

Note 1:

Figures comprised of revenue from continuing and discontinued operations.

Note 2:

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 3:

Calculation of net cash and bank balances is based on cash and bank balances less interest bearing borrowings.

Note 4:

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 5:

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 6:

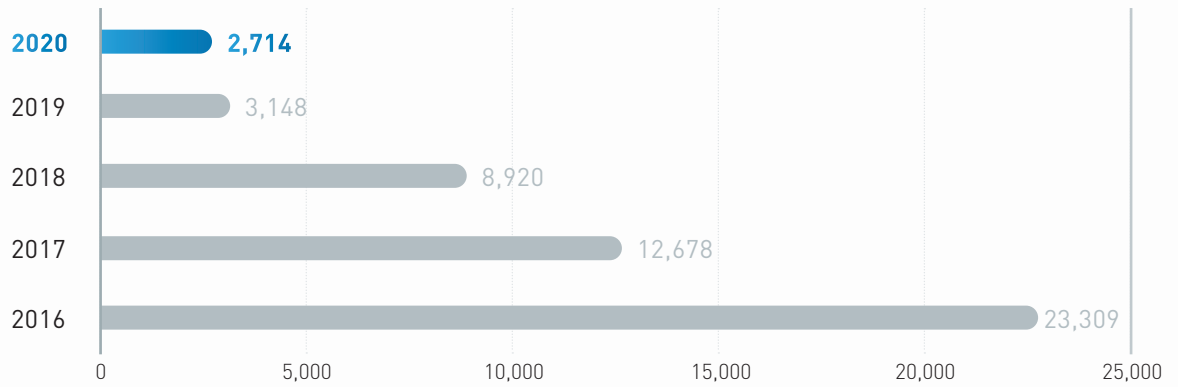
Calculation of average market capitalisation is based on weighted average number of shares multiplied by the average share price for the year.

Note 7:

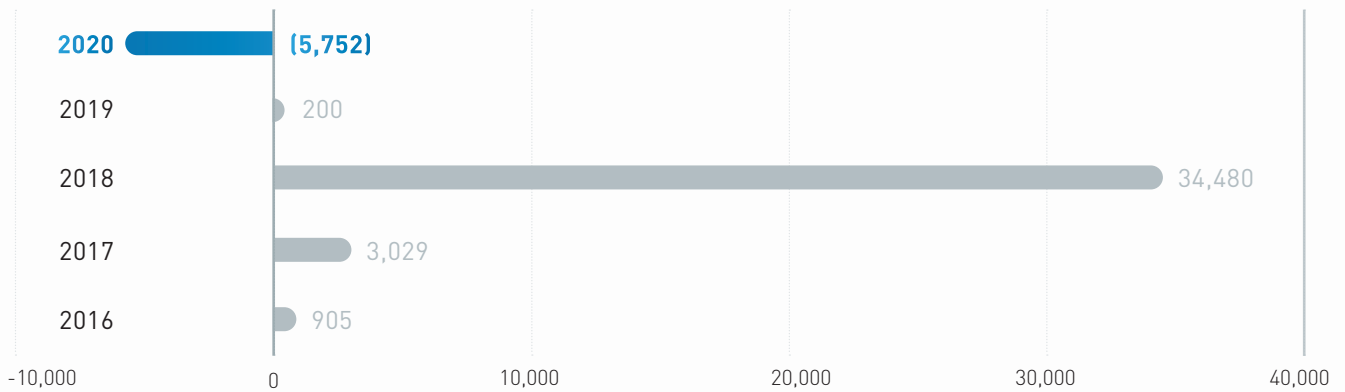
Calculation of market value/(market discount) added is based on the excess/(deficit) of the average market capitalisation over average shareholders' funds for the year.

FINANCIAL HIGHLIGHTS

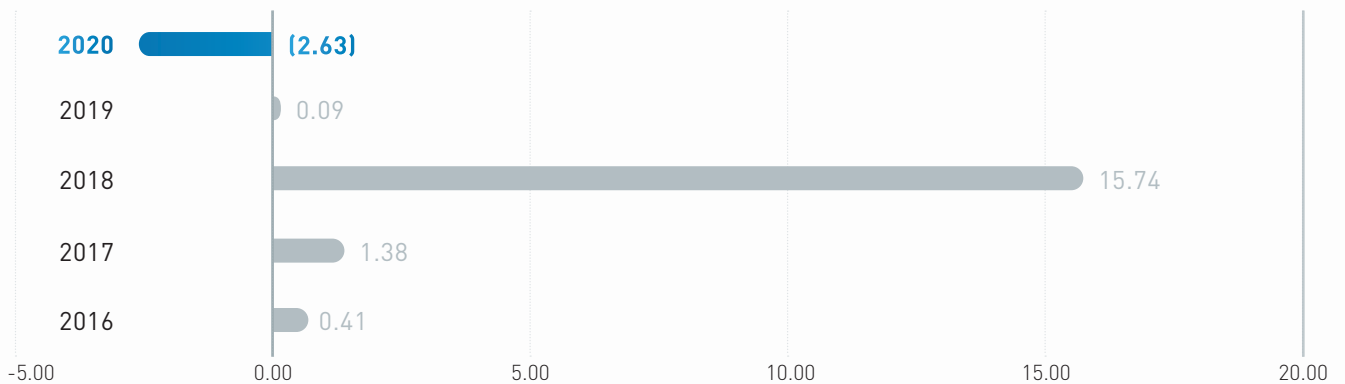
REVENUE (\$'000)



PROFIT/(LOSS) FOR THE YEAR (\$'000)



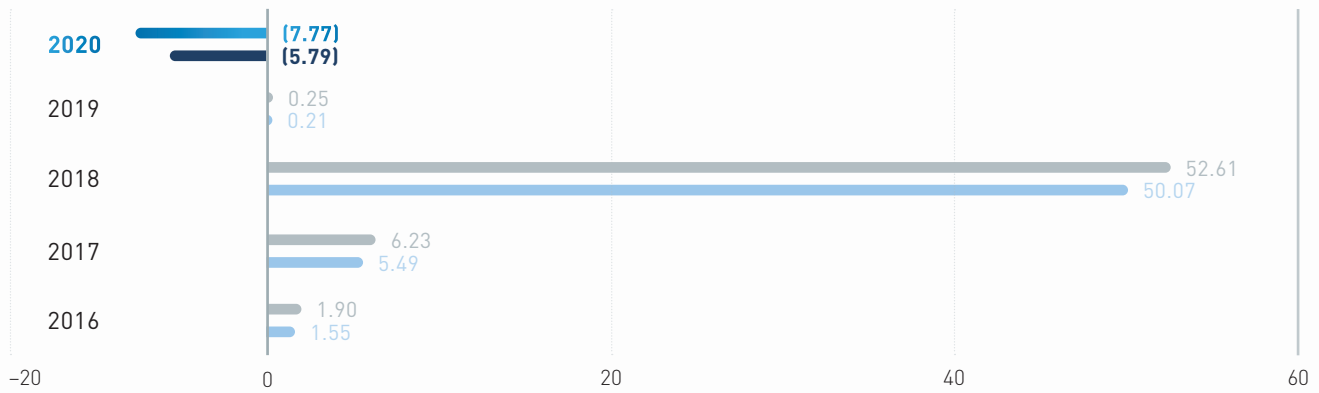
EARNINGS/(LOSS) PER SHARE (CENTS)



FINANCIAL HIGHLIGHTS

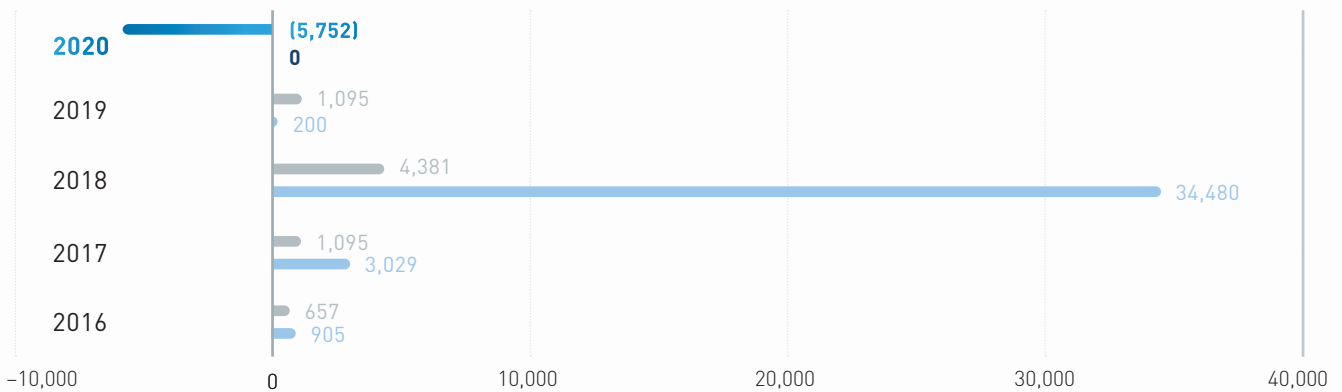
RETURN RATIOS (%)

return on assets return on equity

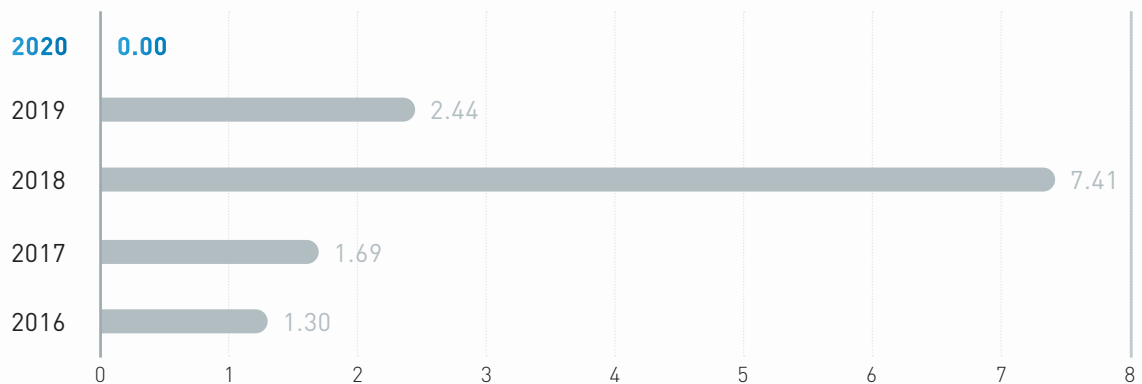


PROFIT/(LOSS) AND DIVIDEND DECLARED (\$'000)

profit/(loss) for the year dividend declared



DIVIDEND YIELD (%)



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 mergers and acquisitions, Initial Public Offerings (IPO), Reverse Takeovers (RTO) and corporate restructuring. In addition, he has some 25 years of experience in the hospitality industry.

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. He was last re-elected on 13 November 2019.

Mr Teo is currently a consultant providing corporate advisory services and is an Independent Director of 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").

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 and was re-elected on 13 November 2019.

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.

BOARD OF DIRECTORS



LAU YAN WAI

Independent Non-Executive Director

Mr Lau Yan Wai was appointed to the Board on 31 January 2020 as an Independent Non-Executive Director.

Mr Lau is currently a Partner of Donaldson & Burkinshaw LLP in Singapore and practices in the field of corporate and securities law. He also serves as Independent Director of MS Holdings Limited and Sen Yue Holdings Limited, which are listed on Catalist Board. Mr Lau started practice as an Associate in the corporate and conveyancing department of Jeyaratnam & Chong, a law firm based in Malaysia in 2003 and left the firm in 2004. He joined KhattarWong LLP Singapore as a Foreign Lawyer in 2005 and became a Partner of the firm in 2010.

Mr Lau was a Partner at RHTLaw Taylor Wessing LLP as well as a registered professional with RHT Capital Pte Ltd where he had undertaken continuing sponsor activities for several companies listed on Catalist from 2011 to 2014. He was a Director of Equity Law LLC from 2014 to 2019.

Mr Lau graduated with a Bachelor of Laws from the University of Sheffield in 1999 and a Master of Laws (Chinese Law) from the National University of Singapore in 2005. He also holds a Master of Science in Information Systems from the University of Sheffield. Mr Lau is qualified to practise in Singapore and West Malaysia. He is a member of the Singapore Academy of Law, the Law Society of Singapore and the Malaysian Bar.

BOARD OF DIRECTORS



LEE KAM SENG

Executive Director

Mr Lee Kam Seng was appointed to the Board on 14 June 2019 as an Executive Director. He was last re-elected on 13 November 2019.

Mr Lee joined the Company on 1 December 2015 as Chief Financial Officer and was appointed as 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.

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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SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

BOARD STATEMENT

Dear stakeholders,

We are pleased to present our third Sustainability Report for the financial year ended 31 July 2020.

Global challenges such as pandemics, global warming, data privacy issues due to advancement in technologies and gender inequalities, etc. have changed the way businesses operate. We believe that we have a role to play in seeking solutions to these challenges. Therefore, sustainability remains a vital part of our goals, not just to address the needs of our stakeholders, but also for the future generations to come. We also aim to create sustainable value through our business activities for our shareholders, business partners, employees, customers and suppliers.

Together with management, we have identified material environmental, social and governance (“**ESG**”) factors and we assume the responsibility to oversee and monitor our sustainability efforts on these material factors. We have taken proactive steps to integrate ESG considerations into our business, and our efforts in improving performance across all material aspects is an ongoing process.

We are pleased to share our growth in building a sustainable business by identifying and managing the material factors. In FY2020, we made clear progress in implementing our sustainability initiatives and achieving our sustainability targets. This demonstrates our firm commitment to sustainable action that is embedded in our corporate culture and into the day-to-day activities of our employees.

The recent COVID-19 outbreak has significantly affected the performance of TLMC in Seoul, South Korea. Travel restrictions globally have resulted in cancellation of hotel bookings leading to lower demand and occupancy rates. In order to minimise operating costs, we have made the decision in May 2020 to temporarily close TLMC and reopen when market conditions improve. Other than cost management measures and re-assessing our sales strategies to mitigate the impact of COVID-19 on our financial performance, we have also implemented workplace safety measures in our corporate office to ensure the safety and well-being of our employees.

We have leveraged on this opportunity through the crisis to focus on TLMC’s extensive refurbishment which was completed in September 2020. With a newly renovated hotel and additional service offerings, we will be in a better position when the market recovers to boost our financial performance. We are positive that through the continuous support from our stakeholders, we will be able to win this battle and build our business to provide greater value and sustainability to our stakeholders.

Board of Directors



SUSTAINABILITY REPORT

ABOUT DATAPULSE TECHNOLOGY LIMITED

Corporate Profile

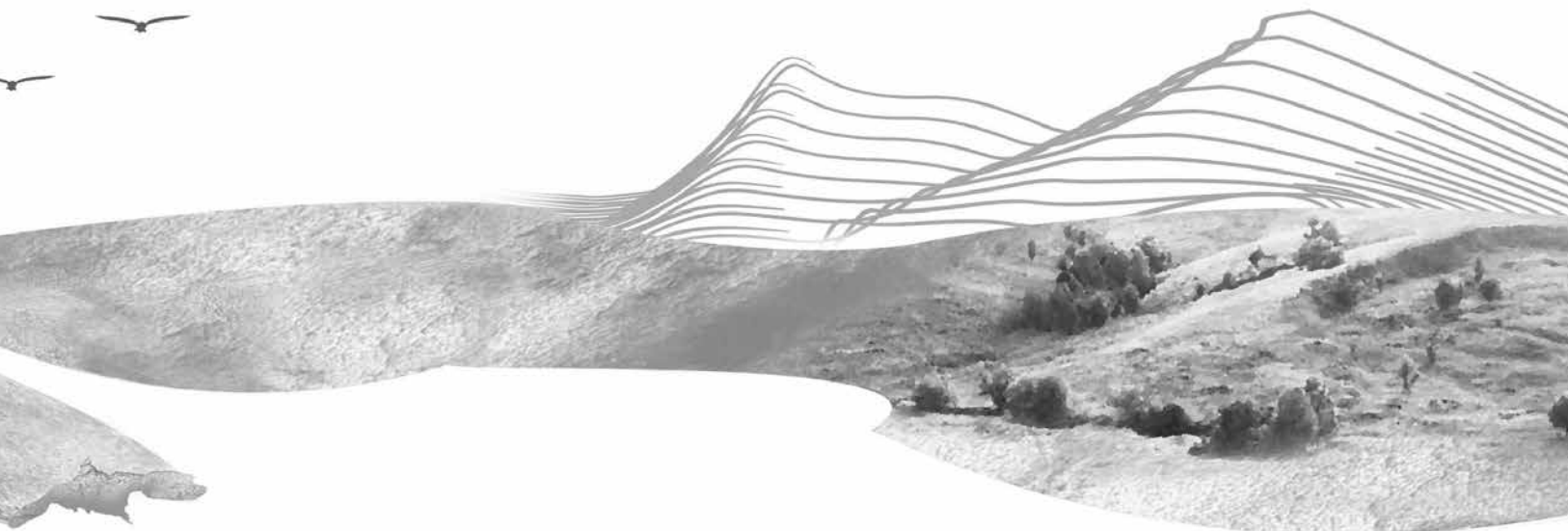
Datapulse is listed on Mainboard of the SGX-ST. The Group's Property Business is primarily focused on the acquisition or investment in hotels and hospitality assets and the Investment Business includes both direct or indirect investments and trading of publicly listed securities and instruments, with a key focus on short-to-medium term investments.

Our Group's headquarters is located in Singapore and we targets gateway cities in Asia as the core markets for our real estate investment objectives, either by way of majority or minority stakes, and either on a standalone basis or in collaboration with selected capital partners. We actively pursue a value-add type investment strategy, identifying undervalued assets situated in prime locations which have the potential for strong operational and physical enhancements.

We have successfully made our entry into the hotel and hospitality property sector through the acquisition of TLMC in March 2019. We also undertook minority stakes in two other hotel properties, namely Travelodge Myeongdong Euljiro in June 2019 and Travelodge Harbourfront Singapore in August 2019, located in Seoul and Singapore respectively. As part of our property investment and asset management business strategy, we plan to build a portfolio of hotels and hospitality assets across the region.

Mission

Our mission is to be one of the pre-eminent real estate investment group and a premier provider of asset management services.



SUSTAINABILITY REPORT

BOARD OF DIRECTORS



Membership of Association and Awards

As a member of the Singapore Business Federation (“**SBF**”), there are networking opportunities with trade members to identify new business opportunities. Likewise, we provide insights through discussions with fellow members of SBF and establishing important connections with key players in major economies and emerging markets.



External Initiatives

Our Group strives to continue bringing positive social impact to the local communities. As we continue to grow, our Group remains committed in allocating resources and organising community work for our employees to give back to society.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

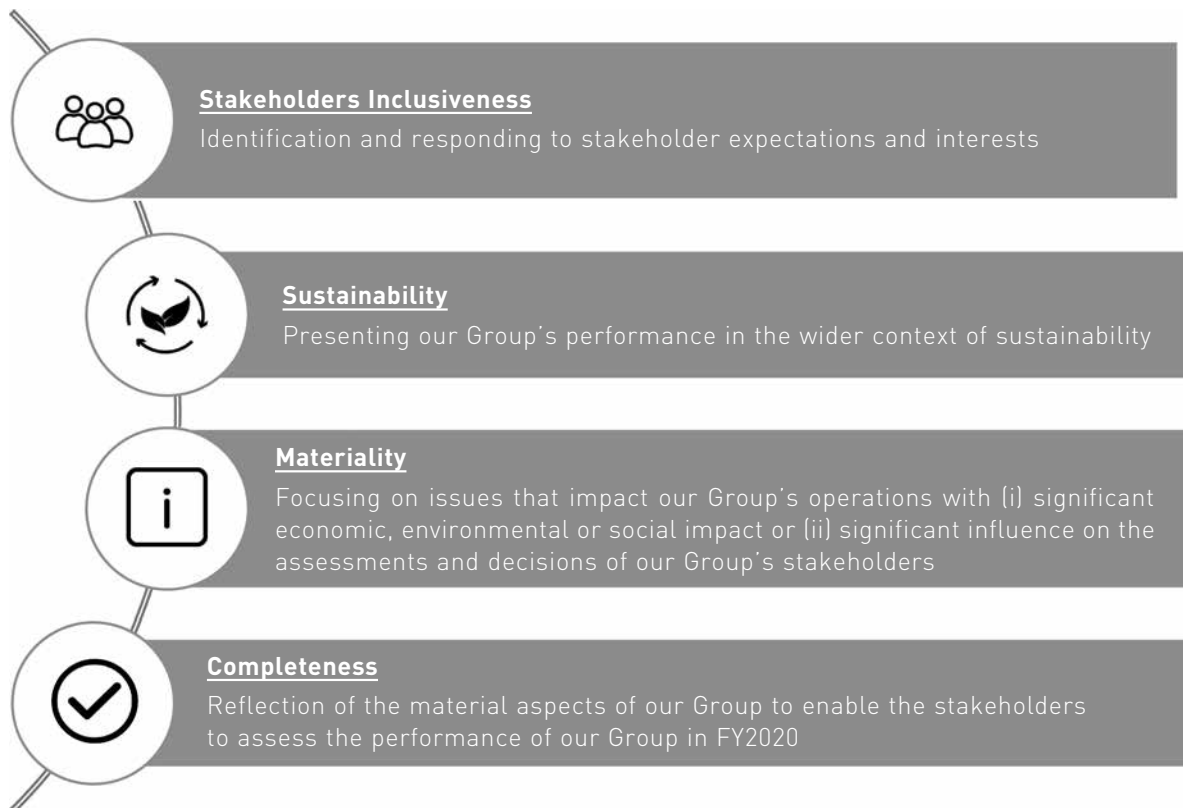
Objective of this Report

This is Datapulse’s third sustainability report and in the preparation of this report, we continue to adopt the Global Reporting Initiative (“**GRI**”) Standards: Core Option, which is a well-known and globally-recognised sustainability reporting framework. This report was also prepared with reference to the requirements of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B.

In this report, we have outlined the approach and processes in identifying the material ESG aspects of our Group’s developments and operations and articulated the application of sustainability practices into our policies, structure, management and operations.

Key Reporting Principles

This report was prepared with reference to key reporting principles in accordance with GRI standards, as outlined below:



SUSTAINABILITY REPORT

Scope of this Report

This report covers ESG data and information from our Group's business activities from 1 August 2019 to 31 July 2020. This report will focus on our Investment Business in Singapore and the Property Business, specifically the hotel operations in Seoul, South Korea. It encompasses the sustainability framework we have followed and how we have managed issues relating to sustainability.

We have reported our data in good faith and to the best of our knowledge. We have not sought external assurance for this report and relied on internal monitoring and cross-checking of data for accuracy. We strive to continuously improve our data collection and reporting processes.

Accessibility and Feedback

In line with our conservation efforts, an electronic edition of this annually published report is made available for download on our website at <http://www.datapulse.com.sg/investor/annual-reports/>.

We are committed to listening to our stakeholders and we look forward to your feedback or suggestions via <http://www.datapulse.com.sg/contact-us/>.



SUSTAINABILITY REPORT

GOVERNANCE AND SUSTAINABILITY APPROACH

Sustainability Statement

Datapulse's commitment to sustainability is guided by its core values. Our Group aims to nurture a culture of sustainability and adopt responsible practices in our operations so as to align our strategy, processes and workflow with sustainability in mind. In developing our corporate strategy, we take into account concerns and feedback from our key stakeholders.

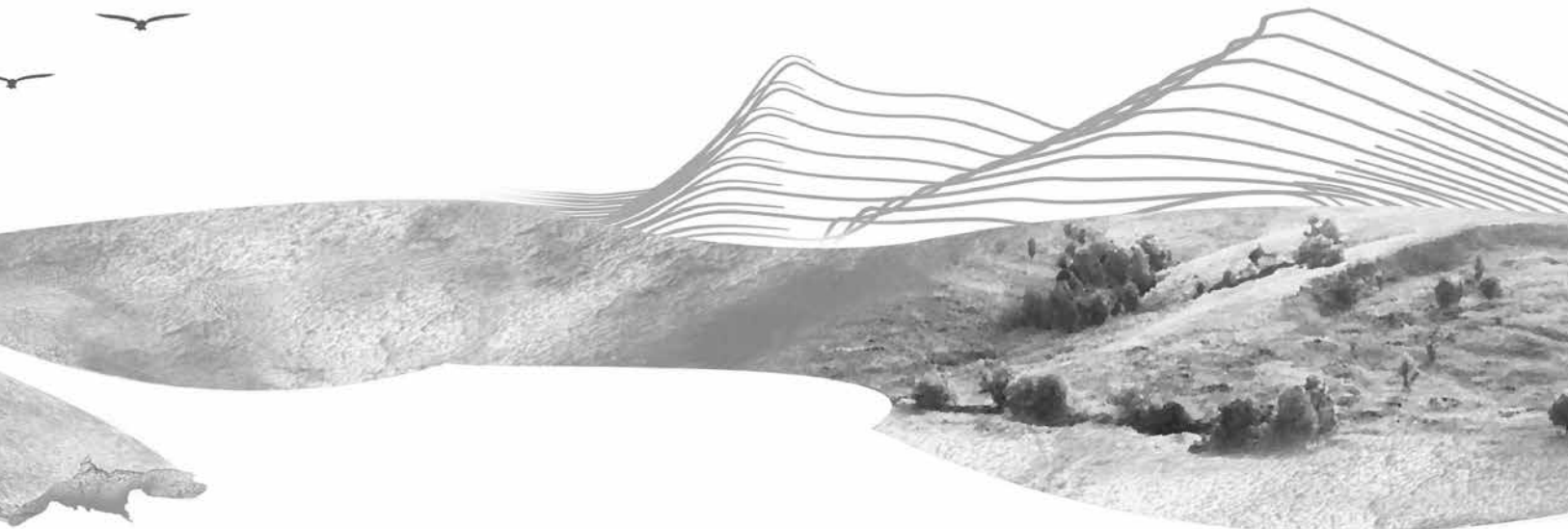
Sustainability Governance Structure

Our Board of Directors (the "**Board**") oversees the overall sustainability strategies by reviewing and advising our management on their decision-making process. Our management implements and executes the sustainability policies and practices as well as monitors the sustainability performance of our Group. Our management reports directly to our Board on matters regarding sustainability and act accordingly to the Board's strategic priorities. We enhance shareholders' value through monitoring and evaluating our Group's performance on ESG aspects on an ongoing basis.

Sustainable Value Chain

Our Group believes that creating and maintaining a sustainable value chain is vital to value generation for our Group. As we work with different partners in managing our hotels, we are also aware of the importance of working with like-minded companies that identify and agree with our values and commitment towards sustainability.

We take into consideration factors such as quality and economic value of products or services, business ethics, reputation and commitment to environmental, health and safety standards as part of the criteria when assessing and selecting new business partners. Our business partners should be aligned with our pursuit for sustainable practices, and this helps to promote a strong business relationship with our partners. The Group adopts a holistic approach in making sure our risk assessment and management processes are in place as it is integral to our value chain management and at the same time, the continuous incorporation and improvement of ESG aspects in our supply chain.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We are committed to engaging with our stakeholders through open two-way communications on an ongoing basis. We believe that through communication, we can build and maintain strong relationships with our stakeholders. It also helps us better understand their concerns and interests in aligning our sustainability approach with their needs and expectations. Effective engagement allows our Group to be better positioned to anticipate and react to evolving challenges and requirements, which will allow our Group to formulate meaningful corporate strategies and to build a sustainable business. An overview of our approach and expectations of our key stakeholders are set out as below:

Key Stakeholders	Modes of Engagement*	Stakeholders' Expectations
Shareholders	Annual general and extraordinary general meetings, circulars to shareholders, announcements	Profitability, transparency, timely reporting and announcements, ethical business practices
Board of Directors	Ongoing communication, board meeting held at least on a half-yearly basis	Accurate and timely management reporting, financial performance, risk management, compliance with laws and regulations
Business partners	Regular meetings and discussions, periodic operational and financial updates	Opportunities to achieve economic growth and brand building
Employees	Staff orientation, external and internal training programs, performance evaluation, internal memos	Staff benefits, welfare, personal development, good working environment and equal opportunities
Guests	Enquiry calls, corporate website, guest satisfaction surveys	Competitive pricing, personal data security and service quality
Government and Regulators	Periodic discussions with regulators and government agencies/departments	Social and environmental-friendly business approaches, compliance with regulations, timely reporting and resolutions of issues
Suppliers	Regular communication with suppliers to exchange feedback and areas of concerns	Competitive pricing, high ethical standards, comply with purchasing terms and conditions

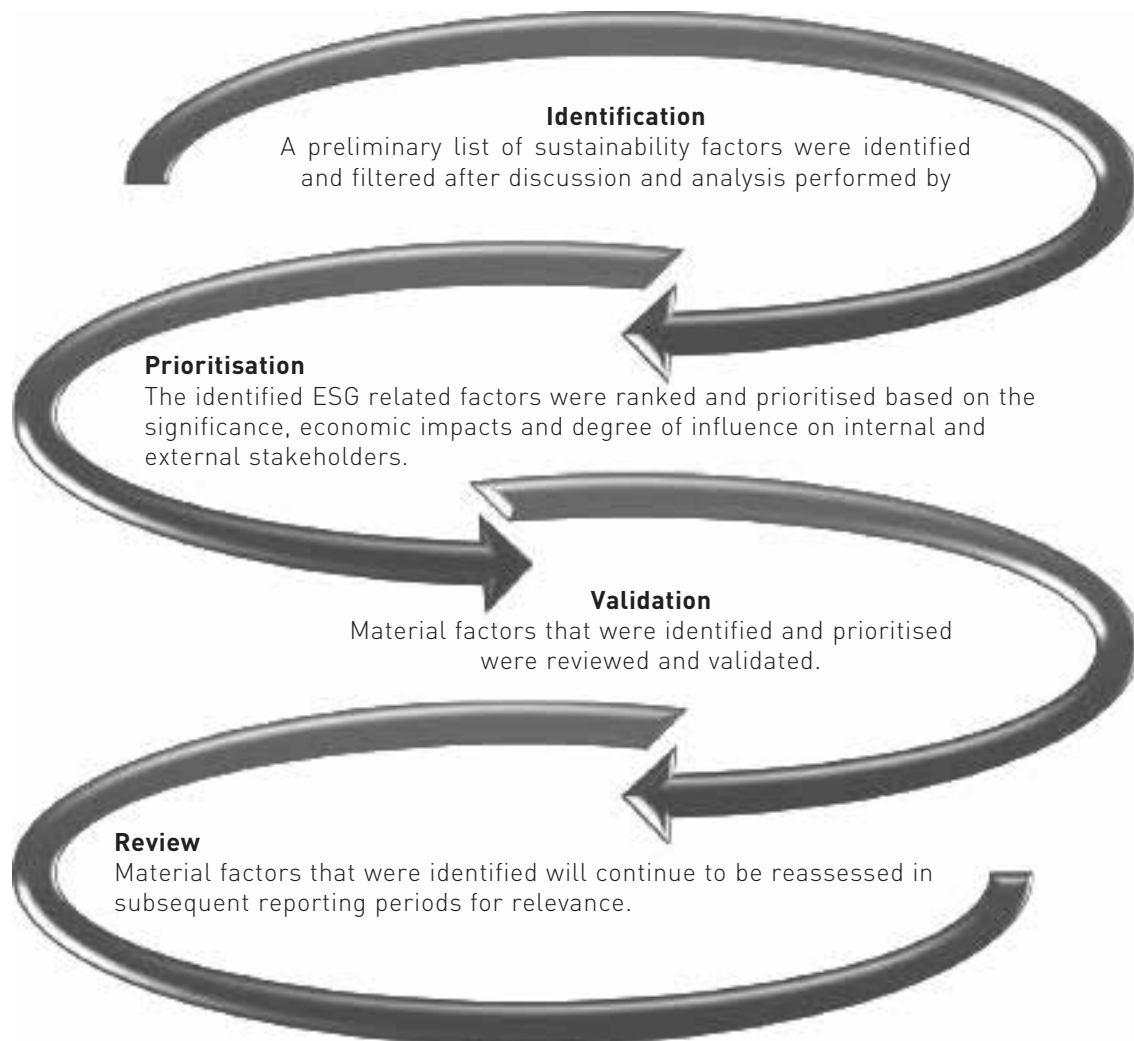
* Due to COVID-19, we have engaged our stakeholders through virtual channels instead of physical meetings.

SUSTAINABILITY REPORT

MATERIAL ESG FACTORS

Materiality Assessment Approach

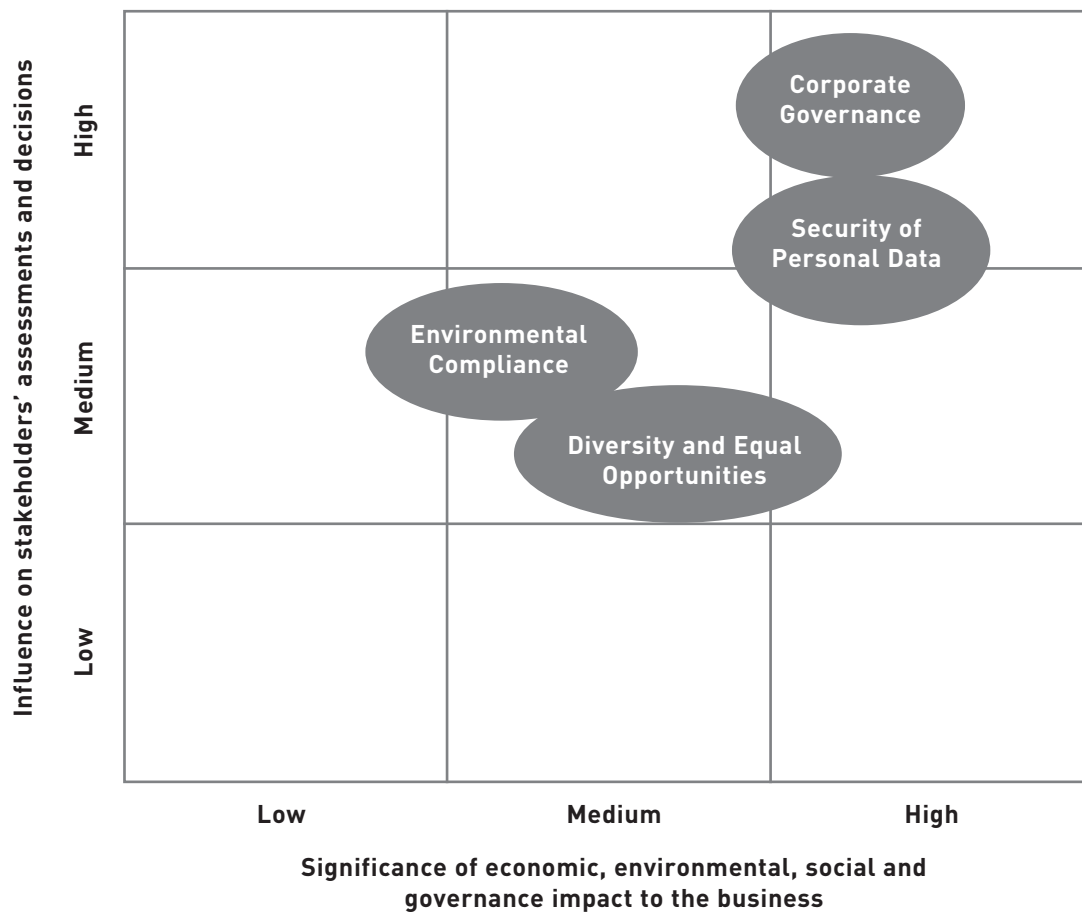
In identifying material topics that are relevant to our stakeholders, our Group has factored the interests and expectations of internal and external stakeholders during the selection and assessment of material ESG factors. Our Group has structured our materiality assessment into four steps as illustrated below:



SUSTAINABILITY REPORT

Materiality Matrix

Based on feedback gathered from our internal and external stakeholders, we have assessed the potential impact on the economic, environment, social and governance aspect and influence on our stakeholders. Material ESG factors are prioritised as shown in the materiality matrix below:



SUSTAINABILITY REPORT

List of Material Sustainability Factors

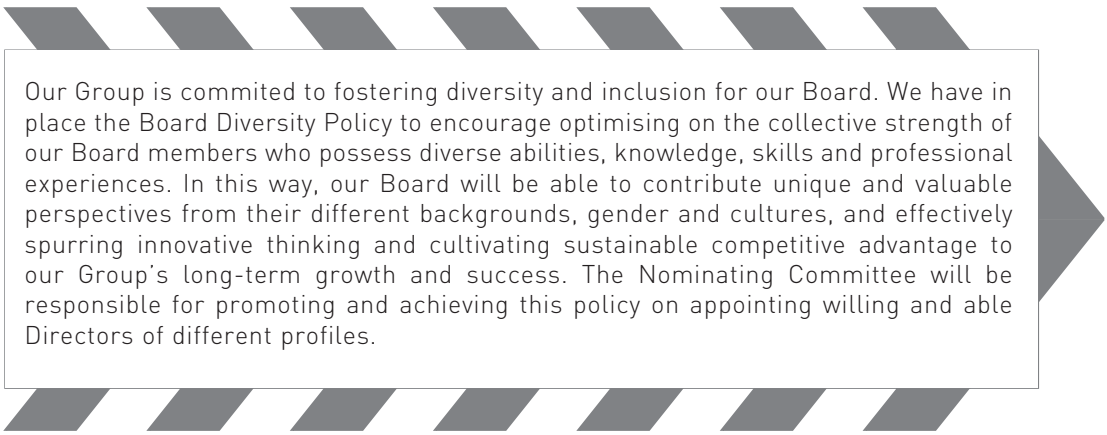
Topic	Description	Key Initiatives	Page Reference
Corporate Governance	Our measures in place to uphold good corporate governance	We will continue to engage with relevant groups of stakeholders, including shareholders and the board of directors, providing updates via meeting notes, emails and the corporate website. Our goal is to demonstrate that we are a good corporate citizen by continuing to uphold and maintain high standards of accountable and transparent governance.	Page 24-27
Environmental Compliance	Our environmental- friendly efforts in compliance with environmental- related laws and regulations	As we expand our global presence, we are mindful of the impact of our carbon footprint. We strive to provide our guests with the desired experience while minimising any adverse impact on the environment. Our "going-green" initiatives will not only reduce costs in the long run, but also attract travelers who seek eco-friendly places to stay.	Page 28
Diversity and Equal Opportunities	Initiatives to ensure our workforce are diversified in terms of ethics, genders and age, including equal opportunities amongst employees	We are aware of the highlighted diversity indicators which are material to business sustainability. We continue to ensure no prejudice treatment of all employees and potential employees regardless of their backgrounds, nationalities, gender and age.	Page 29-30
Security of Personal Data	Controls in place to protect personal data and privacy at corporate level and business unit	We exercise caution when handling guests' personal data in relation to our hotel operations. We will continue to review processes and practices for compliance with the data protection and privacy laws.	Page 31

SUSTAINABILITY REPORT

CORPORATE GOVERNANCE

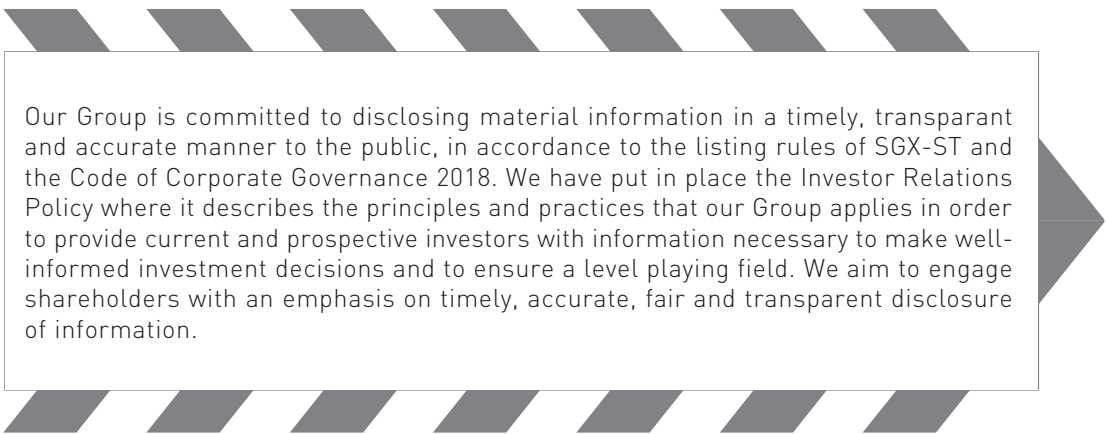
Our Group strongly believes that our reputation relies on fair and ethical dealings. By maintaining corporate integrity, having zero tolerance to bribery and corrupted practices, we protect the interests of our stakeholders. Our Group has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2018. We are committed to maintaining good corporate governance by following the principles and guidelines set out in the policy. To effectively implement our sustainability approach and demonstrate accountability to our stakeholders, our employees follow strictly to our internal policies that our Board has approved and put in place as follows:

Board Diversity Policy



Our Group is committed to fostering diversity and inclusion for our Board. We have in place the Board Diversity Policy to encourage optimising on the collective strength of our Board members who possess diverse abilities, knowledge, skills and professional experiences. In this way, our Board will be able to contribute unique and valuable perspectives from their different backgrounds, gender and cultures, and effectively spurring innovative thinking and cultivating sustainable competitive advantage to our Group's long-term growth and success. The Nominating Committee will be responsible for promoting and achieving this policy on appointing willing and able Directors of different profiles.

Investor Relations Policy



Our Group is committed to disclosing material information in a timely, transparent and accurate manner to the public, in accordance to the listing rules of SGX-ST and the Code of Corporate Governance 2018. We have put in place the Investor Relations Policy where it describes the principles and practices that our Group applies in order to provide current and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. We aim to engage shareholders with an emphasis on timely, accurate, fair and transparent disclosure of information.

SUSTAINABILITY REPORT

Dealing in Securities Policy

Our Group has put in place the Dealing in Securities Policy where our Directors, management team and certain employees are prohibited from dealing in the securities of our Group while in possession of price-sensitive information. This also includes the period commencing one month before announcement of our Group's full year financial results and two weeks before the announcement of our Group's financial results of the first half of our Group's financial year, ending on the date of announcement of the relevant results. Directors, management and employees are also discouraged from dealing in our Group's securities on short-term considerations.

Conflict of Interest Policy

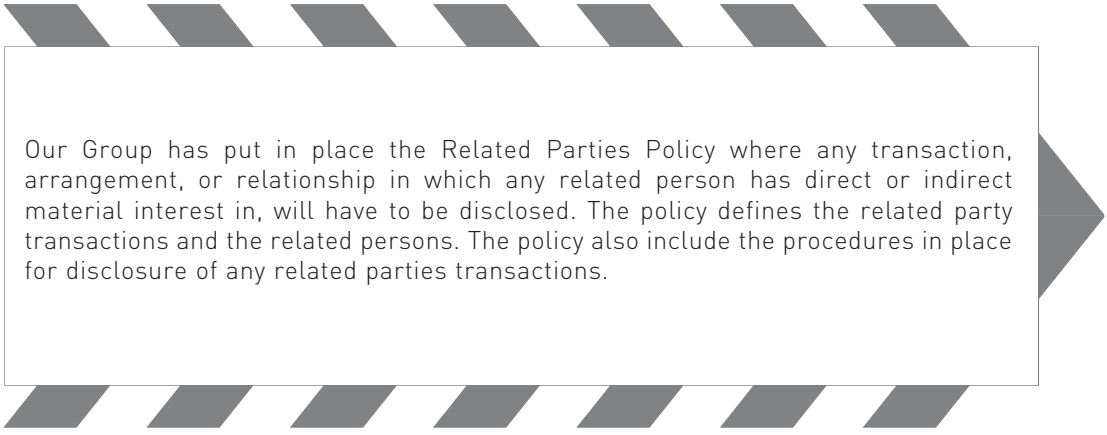
Our Group has put in place the Conflict of Interest Policy and Code of Ethics. All Board members and employees are required to declare any potential conflict of interest (whether perceived or actual) upon employment and on an annual basis. Employees were made aware of these policies during the employee orientation process and through regular communications within our Group.

Whistleblowing Policy

Our Group is committed to high standard of transparency, integrity, compliance and accountability. We have put in place the Whistleblowing Policy that aims to provide a means through which our employees, in good faith, report any activity that infringes on our Code of Ethics, or violates the law, so that we can take the appropriate action. The Audit Committee ("AC") oversees this function and all employees are given direct access to the AC via email. Upon receiving a complaint, the AC will direct the management to investigate and review any report findings as well as follow up actions.

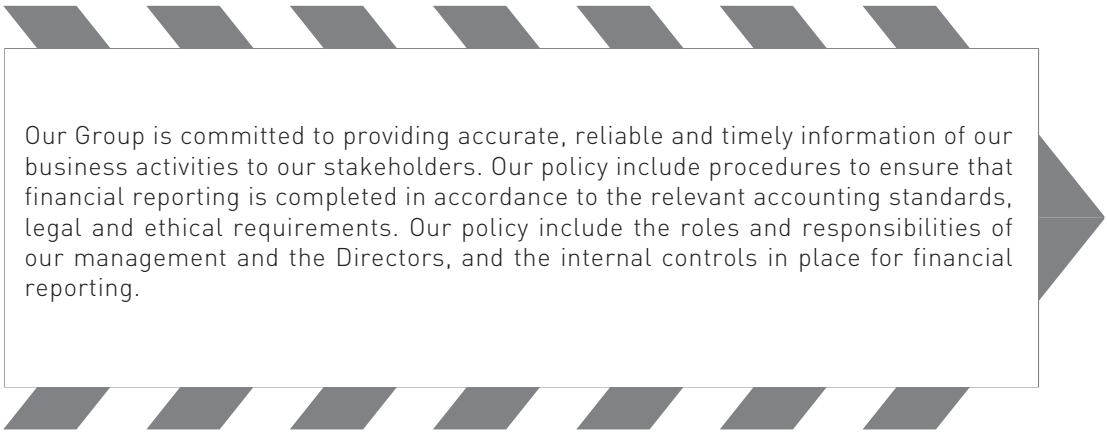
SUSTAINABILITY REPORT

Related Parties Policy



Our Group has put in place the Related Parties Policy where any transaction, arrangement, or relationship in which any related person has direct or indirect material interest in, will have to be disclosed. The policy defines the related party transactions and the related persons. The policy also include the procedures in place for disclosure of any related parties transactions.

Financial Reporting Policy



Our Group is committed to providing accurate, reliable and timely information of our business activities to our stakeholders. Our policy include procedures to ensure that financial reporting is completed in accordance to the relevant accounting standards, legal and ethical requirements. Our policy include the roles and responsibilities of our management and the Directors, and the internal controls in place for financial reporting.

SUSTAINABILITY REPORT

Performance and Targets

In FY2020, there were no other complaints or reports of corruption and no cases of breaches in relation to SGX listing rules.

FY2020 Target	FY2020 Performance	FY2021 Target	Key Initiatives to be Continued/ Implemented
Zero cases of breaches in relation to SGX listing rules	Zero cases of breaches in relation to SGX listing rules	Zero cases of breaches in relation to SGX listing rules	<ul style="list-style-type: none"> • Continue to provide timely communication and training which aim to build the internal and external awareness on key policies. • Continue to conduct mandatory annual declaration on conflict of interest to declare potential interests in order to put in place proper safeguards. • Monitor and keep abreast of new listing rules and updates. • Continue to present a balanced and understandable assessment of the Group's performance, position and prospects to the public, to enable the investment community and other stakeholders to better understand the business and operations of the Group.
Zero cases of confirmed incidents of corruption	Zero cases of confirmed incidents of corruption	Zero cases of confirmed incidents of corruption	<ul style="list-style-type: none"> • Continue to conduct mandatory annual declaration on conflict of interest to declare potential interests in order to put in place proper safeguards. • Review and continually enhance policies and code of ethic by observing a high standard of corporate conduct.

SUSTAINABILITY REPORT

ENVIRONMENTAL COMPLIANCE

Our Group recognises the importance of our role as responsible corporate citizens in managing energy and water consumption, in generating and disposal of waste, and in reducing carbon footprint to promote environmental sustainability. A considerable amount of energy and water is required for our hotel operations which run round the clock. These contributed to the generation of wastes and emission of carbon dioxide to the atmosphere.

Our Group aims to incorporate environmental-friendly practices in our business and hotel operations such that we can make our business more sustainable. We adopted several green initiatives to reduce our energy usage and carbon footprint. The green initiatives include using energy-saving lights and incorporating district cooling technologies in the air-conditioning systems which help to reduce energy consumption. We make use of energy efficient equipment and ensure regular maintenance of the equipment to optimize energy efficiency. To reduce the generation of waste, we are digitising our hotels and business operations where possible.

It is also important to communicate our strategy to our employees and hotel guests so that we can all work together to achieve environmental compliance and sustainability. Through frequent reminders, our employees are made aware of our responsibilities to the environment and the requirements in complying with environmental regulations. We comply to environment laws and regulations such as Waste Management Act and Environmental Impact Assessment Act in South Korea. We also engage our hotel guests on waste and resource management by placing signs inside the room and toilets to remind guests to conserve water and switch off electric appliances when not in use.

Through performing regular reviews on our business operations and hotel operations in South Korea, we are constantly looking for ways to improve and work towards building a cleaner and more sustainable future.

Performance and Targets

In FY2020, there were no reports/incidents of non-compliance with the local environmental laws and regulations.

FY2020 Target	FY2020 Performance	FY2021 Target	Key Initiatives to be Continued/ Implemented
No significant financial penalty for non-compliance with environmental laws and regulations	No significant financial penalty for non-compliance with environmental laws and regulations	No significant financial penalty for non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Continue to provide our guests with the desired experience while minimising any adverse impact on the environment. Constantly review our policies and practices, including internal checks to ensure environmental compliance.

SUSTAINABILITY REPORT

DIVERSITY AND EQUAL OPPORTUNITIES

Our Group recognises that our employees are our most valued assets and we believe in retaining them through providing them a work environment with fair labour practices and equal opportunities. Having a diversified workforce means to create different opinions and viewpoints coming from each different individual. This benefits us as we will be able to provide exceptional customer service to serve customers from different background and age groups.

We have in place our Human Resource Policies that guides us in recruiting employees based on merit and preventing any form of discrimination against different gender, age, ethnicity, religion, marital status, sexual orientation and national origin. The policy also guides us in providing equal opportunities to our employees for career advancement and growth based on their performance and achievements.

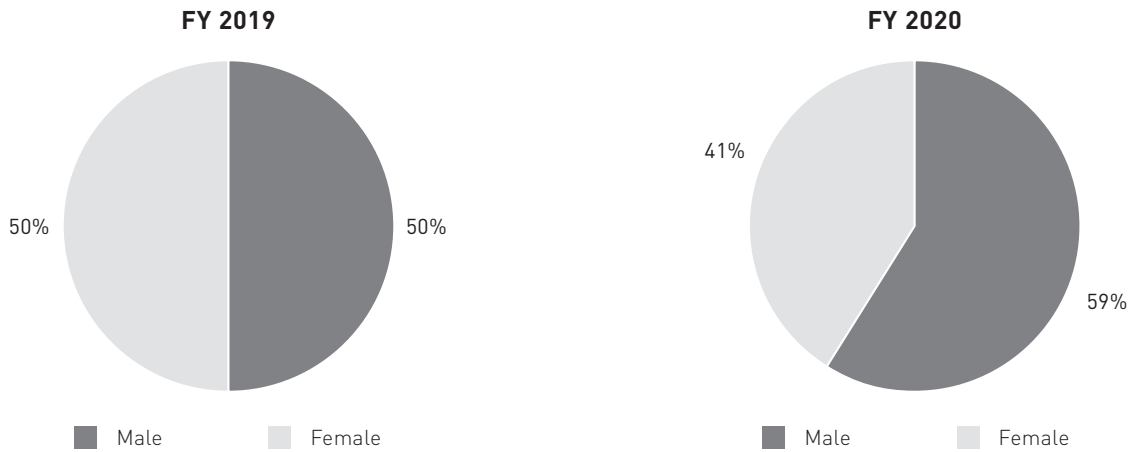
We provide equal opportunities to all our employees by conducting annual appraisals of employees' performance where increments, bonuses and career progression are dependent on the outcome of the appraisals.

Performance and Targets

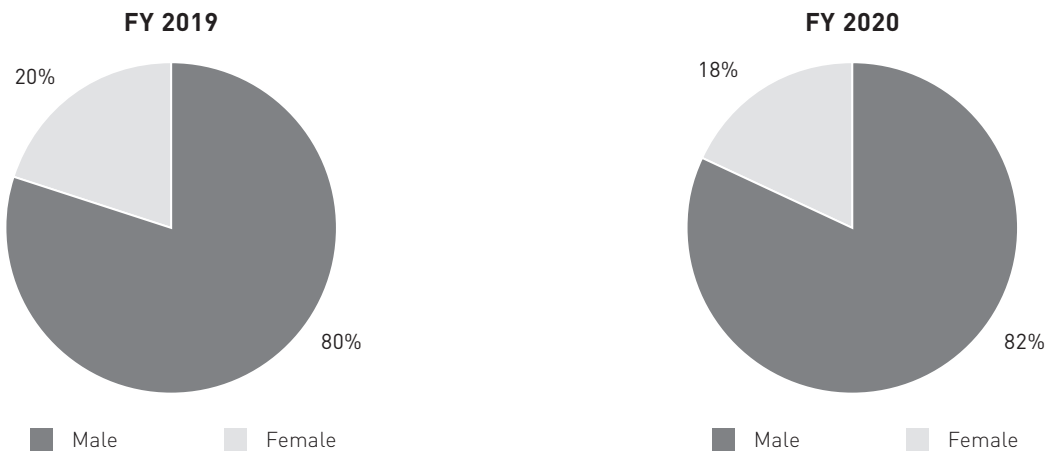
FY2020 Target	FY2020 Performance	FY2021 Target	Key Initiatives to be Continued/ Implemented
Continue to maintain and collect data in relation to employee diversity of the Group's key business units.	We collect and present quantitative data of our Group's key business units on aspects including gender and age group at different employee categories.	Continue to maintain and collect data in relation to employee diversity of the Group's key business units.	<ul style="list-style-type: none"> Build up and maintain data collection methodology for continuing monitoring purpose. Engage with reporting business units to review the accuracy of data recorded.

SUSTAINABILITY REPORT

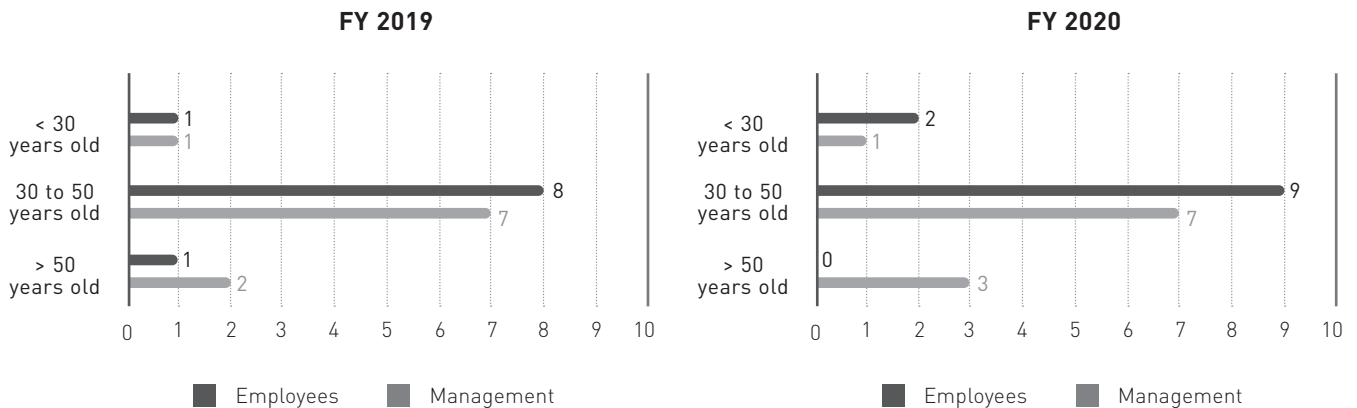
Gender Diversity (Total Employees)



Gender Diversity (Management)



Age Profile by Employee Category



SUSTAINABILITY REPORT

SECURITY OF PERSONAL DATA

With technological advancements, there is a growing trend of concerns for individuals on how their personal data are being collected and used. We understand that the continued success of our Group's operations is dependent on the individuals' trust that their personal data is being collected, handled and protected in a responsible manner.

In the hospitality industry, great emphasis is placed on the collection and handling of personal data. Our hotels receive a large volume of personal data daily. We are committed to complying with personal data protection regulations in both jurisdictions (Singapore and South Korea) to safeguard and maintain personal data. We also recognise the need for us to enhance system security, to prevent the loss of customers' data as well as to implement measures for addressing data breach incidents that might occur.

In Singapore, the Personal Data Protection Act ("PDPA") was enacted to regulate the collection, use, disclosure and care of personal data. Our Group has an assigned Data Protection Officer ("DPO") that oversees the data protection responsibilities within our Group and ensure that we comply to the PDPA. Our DPO are kept abreast of the developments in the PDPA and will review and update our data protection policies where required.

In South Korea, our Group is governed by the Personal Information Protection Act. Our guests provide their data through online inquiries, booking and upon check-in at our hotel premises. When collecting guests' information, we will inform them in advance on the type of information that we are collecting, the purpose of collection, and obtain their consent. We have put in place measures to safeguard personal data collected, including access control. Our Group strictly prohibits the use of personal information for unintended purposes and data that is not required will be discarded and destroyed.

To ensure compliance with the regulations, we provide trainings to our employees on a periodic basis to raise their awareness and update them on any changes in relevant regulations. As part of the orientation program, newly joined hotel employees will be briefed on the importance and how to safeguard the data privacy of our hotel guests.

Performance and Targets

We are pleased to report that for FY2020, there were zero instances of leaked guests' data or breached of personal data protection regulations.

FY2020 Target	FY2020 Performance	FY2021 Target	Key Initiatives to be Continued/ Implemented
Create a safe, secure and reliable environment for our hotel guests of hotel business.	We continued our efforts in creating a work culture and awareness in handling our customers' data responsibly.	Create a safe, secure and reliable environment for our hotel guests of hotel business.	Review and refine policy and practices on personal data protection for hotel business.
Zero instances of leaks of guests' data and breaches of personal data protection related regulations.	Zero instances of leaks of guests' data and breaches of personal data protection related regulations.	Zero instances of leaks of guests' data and breaches of personal data protection related regulations.	Provide constant communication and trainings on policy and measures in relation to personal data protection.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard/Disclosure		Page Reference and Reasons for Omission, if applicable
Organisational Profile		
102-1	Name of the organisation	Sustainability Report ("SR"): Page 14
102-2	Activities, brands, products and services	SR: Page 15
102-3	Location of headquarters	SR: Page 15
102-4	Location of operations	SR: Page 15
102-5	Ownership and legal form	SR: Page 15
102-6	Markets served	SR: Page 15
102-7	Scale of the organisation	Annual Report 2020 ("AR"): Financial Highlights
102-8	Information on employees	SR: Page 30
102-9	Supply chain	SR: Page 19
102-10	Significant changes to the organisation and its supply chain	There is no significant change to the organisation and its supply chain
102-11	Precautionary Principle or approach	SR: Page 15, 16 and 19
102-12	External initiatives	SR: Page 16
102-13	Membership of associations	SR: Page 16
Strategy		
102-14	Statement from senior decision maker	SR: Page 14
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	SR: Page 15, 16 and 19
Governance		
102-18	Governance structure	SR: Page 19
Stakeholder Engagement		
102-40	List of stakeholder groups	SR: Page 20
102-41	Collective bargaining agreements	Not applicable. The employees of Datapulse are not covered by collective bargaining agreements.

SUSTAINABILITY REPORT

GRI Standard/Disclosure		Page Reference and Reasons for Omission, if applicable
102-42	Identifying and selecting stakeholders	SR: Page 20
102-43	Approach to stakeholder engagement	SR: Page 20
102-44	Key topics and concerns raised	SR: Page 22 to 23
102-45	Entities included in the consolidated financial statements	AR: Notes to the Financial Statements (Subsidiaries)
102-46	Defining report content and topic boundaries	SR: Page 17 and 18
102-47	List of material topics	SR: Page 22 to 23
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	SR: Page 18
102-51	Date of most recent report	27 Dec 2019
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	SR: Page 18
102-54	Claims of reporting in accordance with the GRI Standards	SR: Page 17
102-55	GRI content index	SR: Page 32 and 33
102-56	External assurance	SR: Page 18
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundaries	SR: Page 23 to 31
103-2	The management approach and its components	SR: Page 23 to 31
103-3	Evaluation of the management approach	SR: Page 23 to 31
GRI 205: Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	SR: Page 24 to 27
205-3	Confirmed incidents of corruption and actions taken	SR: Page 27
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	SR: Page 28
GRI 405: Diversity and Equal Opportunities		
405-1	Diversity of governance bodies and employees	SR: Page 29 and 30
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR: Page 31

CORPORATE GOVERNANCE REPORT

Datapulse Technology Limited (the “Company”) 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 Company’s corporate governance practices for the financial year ended 31 July 2020 (“FY2020”) 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 Company’s assets as well as setting values and standards (including ethical standards) for the Company. The Board is also mindful of the Company’s social responsibilities.

The Board sets the directions for the Company 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;

CORPORATE GOVERNANCE REPORT

- (e) Approving the compensation packages and incentive payment structure for key management positions;
- (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 Company's risk profile, risk tolerance level and risk strategy; and
- (i) Conducting an annual, rigorous assessment of the adequacy and effectiveness of the Company'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 continue to be enjoyed 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.

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 Company'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 Company'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 two times a year with additional meetings convened as and when necessary.

During FY2020, the Company has held four (4) 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 FY2020 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 FY2020 is set out below:

	Board Meetings	Audit Committee	Remuneration Committee	Nominating Committee	General Meeting
Number of meetings held in FY2020	4	6	1	2	1
Name of Director	Number of meetings attended				
Mr Aw Cheok Huat ⁽²⁾	4	2 ⁽¹⁾	0	1	1
Mr Loo Cheng Guan ⁽³⁾	4	6	1	2	1
Mr Lee Kam Seng	4	6 ⁽¹⁾	1 ⁽¹⁾	2 ⁽¹⁾	1
Mr Teo Choon Kow @ William Teo	4	3	1	2	1
Mr Lau Yan Wai ⁽⁴⁾	2	1	0	0	0
Mr Choong Chee Peng Bert	4	3	1	2	1
Mr Sin Boon Ann ⁽⁵⁾	1	4	1	1	1
Dr Foo See Liang ⁽⁵⁾	1	4	1	1	1

Notes:

- (1) The Director was not a member of the relevant Board Committee at the time of the meetings and had attended the meetings by invitation.
- (2) Mr Aw Cheok Huat was appointed as a member of the Nominating Committee on 22 November 2019 and hence was not a member of the Nominating Committee at the time of the meeting on 24 September 2019.
- (3) Mr Loo Cheng Guan resigned as an independent director of the Company on 1 October 2020.
- (4) Mr Lau Yan Wai was appointed to the Board on 31 January 2020 and hence was not a Director at the time of the meetings on 1 August 2019, 14 August 2019, 24 September 2019, 22 October 2019, 11 December 2019 and the previous annual general meeting of the Company on 13 November 2019.
- (5) Dr Foo See Liang and Mr Sin Boon Ann retired as independent directors of the Company on 13 November 2019 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 half-yearly 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 five Directors of which one is an Executive Director, one is a Non-Independent Non-Executive Director and the remaining three directors are Independent Directors, including a Lead Independent Director, 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 for Board refreshment, 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 Cheek Huat	Chairman, Non-Independent Non-Executive Director	–	Member	–
Mr Teo Choon Kow @ William Teo	Lead Independent Director	Chairman	Member	Member
Mr Choong Chee Peng Bert	Independent Director	Member	Chairman	Member
Mr Lau Yan Wai	Independent Director	Member	–	Chairman
Mr Lee Kam Seng	Executive Director	–	–	–

The NC with the concurrence of the Board, is of the view that the current Board size of five (5) 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 and finance 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.

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.

CORPORATE GOVERNANCE REPORT

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 three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:

Mr Choong Chee Peng Bert, Chairman	{Independent Director}
Mr Aw Cheok Huat	{Non-Independent Non-Executive Director}
Mr Teo Choon Kow @ William Teo	{Lead Independent Director}

During FY2020, the NC has held two meetings, which all members attended.

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;

CORPORATE GOVERNANCE REPORT

- (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.

The NC has recommended the nomination of the following Directors retiring under Regulations 101 and 105 of the Constitution of the Company, for re-election at the forthcoming AGM:

- (i) Mr Aw Cheok Huat (Regulation 101)
- (ii) Mr Lau Yan Wai (Regulation 105)

Upon re-election as Director, Mr Aw Cheok Huat will remain as a Chairman of the Board and member of the NC; and Mr Lau Yan Wai will remain as chairman of the RC and a member of the AC.

Alternate Directors

There are currently no Alternate Directors on the Board.

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 at page 39 of this report. In the opinion of the NC, Mr Teo Choon Kow @ William Teo, Mr Choong Chee Peng Bert and Mr Lau Yan Wai are independent based, inter alia, on the criteria given in the Listing Manual and the Code and their respective declarations.

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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.

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.

CORPORATE GOVERNANCE REPORT

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 FY2020, 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.

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 on 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 Lau Yan Wai, Chairman	(Independent Director)
Mr Teo Choon Kow @ William Teo	(Lead Independent Director)
Mr Choong Chee Peng Bert	(Independent Director)

CORPORATE GOVERNANCE REPORT

During FY2020, the RC held one meeting, which all members attended, save for Mr Lau Yan Wai, who did not attend the meeting on 25 September 2019 as he was not a Director and Member of the RC at the time of such 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.

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 FY2020.

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.

CORPORATE GOVERNANCE REPORT

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 FY2020. 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.

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

	Chairman	Member
	\$	\$
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.

CORPORATE GOVERNANCE REPORT

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 FY2020 are presented in the following table. The framework for directors' fees for the Non-Executive Directors is set out at page 46 above and the remuneration for the Executive Director is based on his employment contract with the Company.

Remuneration of Directors

The table below shows the breakdown of the remuneration and fees of the Directors for FY2020. 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 2021.

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 %
Executive Directors						
Below \$250,000						
Lee Kam Seng	84	-	3	3	10	100
Non-Executive Directors						
Below \$100,000						
Mr Aw Cheok Huat	-	-	-	-	100	100
Mr Teo Choon Kow @ William Teo	-	-	-	-	100	100
Mr Choong Chee Peng Bert	-	-	-	-	100	100
Mr Loo Cheng Guan	-	-	-	-	100	100
Mr Lau Yan Wai	-	-	-	-	100	100
Mr Sin Boon Ann	-	-	-	-	100	100
Dr Foo See Liang	-	-	-	-	100	100

CORPORATE GOVERNANCE REPORT

Remuneration of Key Management Personnel

As the Group only has one key management personnel (who is not a Director or the CEO) during FY2020, the Company has not disclosed the remuneration paid to the said 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 key management personnel of the Company during FY2020 are set out below in bands (in percentage terms):

Name and Position of Key Management Personnel	Fixed component %	Variable component %	Contributions to Central Provident Fund %	Benefits in kind %	Fees %	Total %
Below \$250,000						
Lee Changwei, Eugene, Financial Controller	87	-	13	-	-	100

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 FY2020.

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 Company'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.

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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 Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company'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.

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 2020. 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 FY2020 give a true and fair view of the Group's operations and finances; and

CORPORATE GOVERNANCE REPORT

- (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.

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 Company'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 Company's operations and finances;
- (g) Reviewing the assurance provided on the adequacy and effectiveness of the Company'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 Company and relevant interested parties.

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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.

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 and renewed at the annual general meeting of the Company on 13 November 2019. Directors who are interested in the Group's transactions recuse themselves from the deliberation and approval process in both the AC and Board. On a quarterly/half-yearly 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 FY2020 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 FY2020, 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 FY2020. The key audit matters can be found on pages 74 to 77 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 the 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 requirement, quality control, staff oversight, and staff attrition rate.

CORPORATE GOVERNANCE REPORT

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

External Auditor Fees for FY2020	\$'000	% of Total Fees
Total Audit Fees	196	100
Total Non-Audit Fees	-	-
Total Fees	196	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 on a yearly basis 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 AC Chairman 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.

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

CORPORATE GOVERNANCE REPORT

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.

Provision 10.2

Membership

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

Mr Teo Choon Kow @ William Teo, Chairman	{Lead Independent Director}
Mr Choong Chee Peng Bert	{Independent Director}
Mr Lau Yan Wai	{Independent Director}

During FY2020, the AC held six meetings, which all members attended, save for Mr Lau Yan Wai, who did not attend the meetings on 25 September 2019 and 11 December 2019, as he was not a Director and Member of the AC at the time of such meetings.

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 Association of Chartered Certified Accountants and a member of 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 Company's internal auditors ("IA").

The Company 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 Company'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 Company'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

Internal Audit Function

The Company'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 an internal audit plan that was approved by the AC. The 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 Company'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 Company'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 FY2020, the Company's internal and external auditors were invited to attend the AC meetings and make presentations as appropriate. The AC meets with the Company'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

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of general meetings through notices published in the newspaper, the Company's announcements via SGXNET and the reports/circulars sent to all shareholders. All resolutions tabled at general meetings are put to vote by poll voting, where appropriate.

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. In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020, will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM. All shareholders of the Group receive the annual report, the relevant circulars and the notices of all shareholders' meetings. The notices are advertised in the newspapers and made available on SGXNET.

The Group 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.

CORPORATE GOVERNANCE REPORT

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 37 of this Annual Report.

Provision 11.4

The Company, however, has not implemented measure 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 will be published on the Company's corporate website at <http://www.datapulse.com.sg>.

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 motion control 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.

Having considered that the Group is in a loss-making position for FY2020, the Board has therefore recommended that no dividend be declared for FY2020.

CORPORATE GOVERNANCE REPORT

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/half-year and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each AGM.

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, where appropriate, 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 satisfactory procedure of the polling process 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, both institutional and retail, on a regular basis. Annual reports and notices of general meetings are forwarded to all shareholders of the Company. Notices of general meetings are 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.

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

CORPORATE GOVERNANCE REPORT

Shareholders may send their queries and concerns regarding the Company to the Company's investor relations email at ir@datapulse.com.sg.

Investor Relations Policy

The Company has adopted an investor relations policy to formalize 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 corporate website at <http://www.datapulse.com.sg> 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 half-yearly 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, RK One Hotel Management LLC, a wholly-owned subsidiary of the Company, has, on 11 November 2019, entered into hospitality-related agreements in relation to the appointment of Travelodge Hotels Asia Pte. Ltd. ("TLA") as the operator of Travelodge Myeongdong City Hall.

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

Save as otherwise disclosed above, no material contract had been entered into by the Company or its subsidiaries involving the interests of the CEO, each Director or Controlling Shareholder.

CORPORATE GOVERNANCE REPORT

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 FY2020 are set out below:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions for year ended 31 July 2020 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all hospitality-related transactions for year ended 31 July 2020 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)* \$'000
ICP Ltd. and its subsidiaries – Provision of hotel management, technical, project management and other services to a subsidiary of the Company	Mr Aw Cheok Huat, who is a Non-Independent Non-Executive Director of the Company, is the controlling shareholder of ICP Ltd.	Nil	331

The Company had on 13 November 2019 obtained shareholders' approval for the renewal of 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.

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 Aw Cheok Huat and Mr Lau Yan Wai, being directors who are standing for re-election at the forthcoming AGM is set out on pages 61 to 69 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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

Mr Aw Cheok Huat and Mr Lau Yan Wai are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 27 November 2020 (“**AGM**”) under Ordinary Resolutions 4 and 5 respectively as set out in the Notice of AGM dated 10 November 2020 (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:

Name of Director	Aw Cheok Huat	Lau Yan Wai
Date of Appointment	15 August 2018	31 January 2020
Date of Last Re-Appointment	16 November 2018	N.A.
Age	70	42
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent and Non-Executive Chairman of the Board and Member of the Nominating Committee of the Company	Independent Director, Chairman of the Remuneration Committee and Member of the Audit Committee of the Company
Professional Qualifications	Master of Commerce Bachelor of Accountancy	Master of Laws (Chinese Law) Master of Science in Information Systems Bachelor of Laws (Hons) Admitted as Advocate & Solicitor, Supreme Court of Singapore and Advocate & Solicitor, High Court of Malaysia Member of Singapore Academy of Law, Law Society of Singapore and Malaysian Bar

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	Aw Cheek Huat	Lau Yan Wai
Working experience and occupation(s) during the past 10 years	<p>Managing Director – MS Corporate Finance Pte. Ltd.</p> <p>Non-Independent Non-Executive Chairman – ICP Ltd.</p>	<p>December 2019 to current date – Sen Yue Holdings Limited, Independent Director</p> <p>September 2019 to current date – Donaldson & Burkinshaw LLP (Singapore), Partner (Corporate & Commercial Practice)</p> <p>October 2014 to current date – MS Holdings Limited, Independent Director</p> <p>March 2014 to January 2020 – Equity Law LLC (Singapore), Director (Corporate & Securities Law)</p> <p>September 2011 to March 2014 – RHT Capital Pte Ltd (Singapore), Registered Professional</p> <p>June 2011 to February 2014 – RHTLaw Taylor Wessing LLP (Singapore), Partner (Corporate & Securities Law)</p> <p>January 2005 to May 2011 – KhattarWong LLP (Singapore)</p>
Shareholding interest in the listed issuer and its subsidiaries	Yes	No
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	Nil	<p>Mr Lau had acted as the registered professional of the continuing sponsor, RHT Capital Pte. Ltd., of Catalyst-listed ICP Ltd. (“ICP”) between September 2011 and March 2014 (“the Relevant Period”). During the Relevant Period, Mr Aw Cheek Huat (“Mr Aw”), the Chairman and Non-Independent Non-Executive Director of the Company, also served as the Chairman and Non-Independent Non-Executive Director of ICP and currently has an interest in 20.8% of the shares of ICP.</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	Aw Cheek Huat	Lau Yan Wai
		<p>The Board has considered the circumstance highlighted above and is of the view that it is not one that could interfere, or be reasonably perceived to interfere, with the exercise of Mr Lau's independent business judgement in the best interests of the Company, since Mr Lau is no longer (and since March 2014, has not been) concerned with the affairs of, or has any interest in, ICP (whether as a continuing sponsor of ICP or otherwise).</p> <p>Mr Lau has also confirmed that he has no other business relationships with ICP and/or any of the directors of ICP, including Mr Aw.</p>
Conflict of interest (including any competing business)	Mr Aw is a controlling shareholder in ICP Ltd. Travelodge Hotels (Asia) Pte Ltd, a wholly-owned subsidiary of ICP Ltd. has entered into a hotel management agreement with RK One Hotel Management LLC, a wholly-owned subsidiary of the Company.	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	Sunrise Shares Holdings Ltd. MS IT Solutions Pte. Ltd.	Equal Plus Pte. Ltd. RHT Compliance Solutions Sdn Bhd EQ Advisory Pte Ltd EQ Compliance Pte Ltd Equity Law LLC

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	Aw Cheek Huat	Lau Yan Wai
Present	Tiaro Coal Limited (In Liquidation) AceA Resources Pte. Ltd. Central City Hotels Pty Limited DISM Solutions Pte. Ltd. Dynamar Holdings Pte Ltd Goldtron Trading Pte Ltd Grading Company Pte. Ltd. M Aw Partnership M Data (Asia) Pte. Ltd. Mercatus Equity Pte. Ltd. MS Corporate Finance Pte. Ltd. Paragon Coal Pty Ltd Paragon Holdings Pte. Ltd. Tiaro Energy Corporation Pty Limited Tu Jin Hotels (IP) Pte. Ltd. Tu Jin Hotels Pte. Ltd. Valtron Technology Pte Ltd Walcourt Investments Limited	MS Holdings Limited Donaldson & Burkinshaw LLP Propel Adventures Pte Ltd Sen Yue Holdings Limited
(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?	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	Aw Cheek Huat	Lau Yan Wai
(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?	No	No
(c) Whether there is any unsatisfied judgment against him?	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

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	Aw Cheek Huat	Lau Yan Wai
<p>(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?</p>	No	No
<p>(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?</p>	No	No
<p>(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?</p>	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	Aw Cheek Huat	Lau Yan Wai
(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
(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
(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 Notice of Compliance dated 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 announcement dated 19 July 2019 for further details.</p>	<p>Yes</p> <p>Mr Lau has been appointed an Independent Director of Sen Yue Holdings Limited ("Sen Yue") since 18 December 2019. Sen Yue has received a Notice of Compliance dated 18 June 2020 relating to the independent review by Foo Kon Tan Advisory Services Pte Ltd ("FKT") on, inter alia, existence of alleged relationships between Mr Koh Mia Seng (a director and controlling shareholder of Sen Yue) and certain customers of Sen Yue which had resulted in breach of the Catalist Rules. These relationships were alleged to be in existence before Mr Lau's appointment as Independent Director of Sen Yue. As of the date of this Report, the matter is under review.</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	Aw Cheek Huat	Lau Yan Wai
(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
(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
(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
(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

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	Aw Cheek Huat	Lau Yan Wai
<p>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).</p>	<p>Yes</p> <ol style="list-style-type: none"> 1. Stamford Land Corporation Ltd 2. Singapore Shipping Corporation Limited 3. euNetworks Group Limited 4. Sunmoon Food Company Limited 5. Holista CollTech Limited 6. ICP Ltd. 7. Tiaro Coal Limited 8. Sunrise Shares Holdings Ltd. 	<p>Yes</p> <ol style="list-style-type: none"> 1. MS Holdings Limited 2. Sen Yue Holdings Limited

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 2020.

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 2020 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
Choong Chee Peng Bert
Lee Kam Seng
Lau Yan Wai
Teo Choon Kow @ William Teo

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	At end of the financial year	At beginning of the financial year	At end of the financial year
Ordinary shares of the Company				
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 2020.

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 under options granted by the Company as at the end of the financial year.

Audit committee

At the date of this statement, the Audit Committee ("AC") comprises of 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:

Teo Choon Kow @ William Teo	Chairman, Independent Non-Executive Director
Choong Chee Peng Bert	Member, Independent Non-Executive Director
Lau Yan Wai	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;

DIRECTORS' STATEMENT

Audit committee *(Continued)*

- 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;
- 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 external auditors on the key audit matters identified. For more information on the key audit matters, please refer to pages 74 to 77.

For the financial year under review, there are no non-audit services provided by 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 2020 was \$196,000. 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 2020, 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 2021 at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

AUDITOR

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

On behalf of the board of directors:

Aw Cheok Huat
Director

Lee Kam Seng
Director

Singapore

16 October 2020

INDEPENDENT AUDITOR'S 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 2020, 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 2020 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 AUDITOR'S REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

Key Audit Matters *(Continued)*

1. Valuation of unquoted equity investments

As at 31 July 2020, the Group has long-term investments in unquoted equity securities amounting to S\$4.7 million which are carried at fair value through other comprehensive income in accordance with SFRS(I) 9. These investments pertain to a 15% interest and a 5% interest in entities holding hospitality assets, Travelodge Myeongdong Euljiro and Travelodge Harbourfront Singapore located in Seoul and Singapore, respectively. Management has engaged independent external appraisers to assist the Group in determining the fair value of these unquoted equity investments. We have identified the valuation of unquoted equity investments as a key audit matter because of the significance of these transactions and the use of management judgment and a range of estimates in determining the fair value of these unquoted equity investments. In addition, as disclosed and explained in more detail in Note 2.4 *Key sources of estimation uncertainty*, there was an increase in the level of estimation uncertainty in determining the fair value of the unquoted equity investments as at 31 July 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

Our procedures in relation to the valuation of unquoted equity investments included the following:

- Updated our understanding of the process and key controls over the Group's valuation process;
- Obtained and reviewed management's valuation of the unquoted equity investments by performing the following:
 - Assessed the appropriateness of the valuation methodology in accordance with the requirements of SFRS(I) 13 *Fair Value Measurement*;
 - Evaluated the objectivity and competency of the external appraiser and read the terms of engagement to determine whether there were any limitation in the scope of work or matters that might affect the objectivity of the external appraiser;
 - Read the external valuation report, inquired with the external appraiser and obtained explanations to support the selection of valuation method, valuation adjustments made in light of the increased estimation uncertainty as well as the key assumptions including the cash flows and capitalisation rates;
 - Involved our internal valuation resources in assessing the reasonableness of the valuation assumptions and inputs used by management as disclosed in Note 20(d) to the financial statements and performed sensitivity analysis on the fair value by simulating reasonable changes in the key assumptions in light of the increased estimation uncertainty in market and economic conditions brought on by the COVID-19 pandemic; and
 - Reviewed the adequacy of the Group's disclosures in Notes 9, 20(d) and 2.4 to the financial statements relating to investment securities, fair value of assets or liabilities, level 3 fair value measurements and key sources of estimation uncertainty, respectively, which are fundamental to users' understanding of this matter. They comprise key assumptions, estimation uncertainty and sensitivity of the fair value, including information that the fair value of the unquoted equity investments recorded in the Group's balance sheet as at 31 July 2020 was estimated based on conditions prevailing on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

Key Audit Matters *(Continued)*

2. Impairment assessment of freehold properties classified under property, plant and equipment

As at 31 July 2020, the Group's freehold properties which comprise the land and building of Travelodge Myeongdong City Hall (TLMC) in Seoul, South Korea, amounted to S\$43.9M. Management has engaged an independent external appraiser to assist the Group in determining the recoverable amount of the freehold properties. We have identified the impairment assessment of freehold properties as a key audit matter due to the significance of the carrying amount of the properties and the use of management judgment and a range of estimates in determining the recoverable amount of the freehold properties. In addition, as disclosed and explained in more detail in Note 2.4 *Key sources of estimation uncertainty*, there was an increase in the level of estimation uncertainty in determining the recoverable amount of the freehold properties as at 31 July 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

Our procedures in relation to the impairment assessment of the freehold properties included the following:

- Obtained and reviewed management's assessment of impairment indicators for the Group's freehold properties;
- Obtained and reviewed management's assessment of the recoverable amount of the Group's freehold properties by performing the following:
 - Assessed the appropriateness of the valuation methodology in accordance with the requirements of SFRS(I) 13 *Fair Value Measurement*;
 - Evaluated the objectivity and competency of the external appraiser and read the terms of engagement to determine whether there were any limitation in the scope of work or matters that might affect the objectivity of the external appraiser;
 - Read the external valuation report, inquired with the external appraiser and obtained explanations to support the selection of income approach as the valuation method, valuation adjustments made in light of the increased estimation uncertainty as well as the key assumptions including the cash flows and capitalisation rates;
 - Involved our internal valuation resources in assessing the reasonableness of the valuation assumptions and inputs used by management as disclosed in Note 7 to the financial statements and performed sensitivity analysis on the recoverable amount by simulating reasonable changes in the key assumptions in light of the increased estimation uncertainty in market and economic conditions brought on by the COVID-19 pandemic; and
 - Reviewed the adequacy of the Group's disclosures in Notes 7 and 2.4 to the financial statements relating to property, plant and equipment and key sources of estimation uncertainty, respectively, which are fundamental to users' understanding of this matter. They comprise key assumptions, estimation uncertainty and sensitivity of the recoverable amount, including information that the impairment recorded in the Group's financial statements for the year ended 31 July 2020 was estimated based on conditions prevailing on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

Key Audit Matters *(Continued)*

3. Related party transactions disclosures

During the year, the Group acquired a 5% equity interest in Travelodge Harbourfront Singapore and appointed Travelodge Hotels (Asia) Pte Ltd as hotel operator for Travelodge Myeongdong City Hall. In addition, the Company's subsidiary, Capiti Asset Management Pte Ltd, was appointed as asset manager for Travelodge Harbourfront Singapore. Management has represented that these are not related party transactions. Due to the nature of these transactions, we have identified the accuracy and completeness of disclosures of related party transactions as set out in Note 21 to the financial statements as a key audit matter.

Our procedures to corroborate management's representation and to ascertain 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 identifying and capturing related party transactions and how management ensures all significant transactions and balances with related parties have been accurately disclosed in the financial statements;
- 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 reviewed relevant agreements, on a sample basis, as part of our evaluation of the disclosures;
- Enquired and obtained confirmation from the Board of Directors and management on the completeness of the related party transactions disclosures; and
- Evaluated the completeness of the disclosures through review of the books, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DATAPULSE TECHNOLOGY LIMITED

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

- 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.

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

16 October 2020

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Continuing operations			
Revenue	3	2,714	2,153
Other income	4	668	1,209
		3,382	3,362
Fair value loss on short-term investments		(808)	-
Loss on disposal of investments		(130)	-
Staff costs		(1,854)	(1,362)
Depreciation of property, plant and equipment and right-of-use assets		(845)	(133)
Finance costs		(935)	(325)
Hotel operating expenses		(1,272)	(686)
Impairment of freehold properties		(1,940)	-
Other operating expenses		(2,080)	(1,561)
Loss before tax	5	(6,482)	(705)
Tax credit	6	730	-
Loss from continuing operations		(5,752)	(705)
Discontinued operations			
Profit from discontinued operations (net of tax)	17	-	91
Gain on sale of discontinued operations	17	-	814
		-	905
(Loss)/profit for the year		(5,752)	200
Attributable to:			
Owners of the Company			
Loss from continuing operations		(5,752)	(705)
Profit from discontinued operations (net of tax)		-	905
(Loss)/profit for the year		(5,752)	200
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share (cents)	18	(2.63)	0.09
Loss per share from continuing operations attributable to owners of the Company			
Basic and diluted loss per share (cents)	18	(2.63)	(0.32)
Earnings per share from discontinued operations attributable to owners of the Company			
Basic and diluted earnings per share (cents)	18	-	0.41

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 2020

	Note	Group	
		2020 \$'000	2019 \$'000
(Loss)/profit for the year		(5,752)	200
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net loss on equity instruments designated at fair value through other comprehensive income		(560)	-
Revaluation reserve of property, plant and equipment released on disposal of a subsidiary		-	(21)
		(560)	(21)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to foreign subsidiaries		(149)	(1,315)
Foreign currency translation differences relating to foreign subsidiary reclassified to profit or loss, upon disposal		-	11
		(149)	(1,304)
Other comprehensive income for the year		(709)	(1,325)
Total comprehensive income for the year		(6,461)	(1,125)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(6,461)	(2,020)
Total comprehensive income from discontinued operations, net of tax		-	895
Total comprehensive income for the year attributable to owners of the Company		(6,461)	(1,125)
Total comprehensive income for the year		(6,461)	(1,125)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets					
Property, plant and equipment	7	44,228	43,816	45	52
Right-of-use assets	8	307	-	307	-
Investment securities	9	4,695	4,928	-	-
Long term deposit	11	1,150	1,157	-	-
Long term receivables	11	5,167	390	-	-
Subsidiaries	10	-	-	13,012	15,311
Deferred tax assets	14	348	-	348	-
		55,895	50,291	13,712	15,363
Current assets					
Inventories		-	3	-	-
Trade and other receivables	11	432	6,055	23,853	24,123
Prepayment		113	50	49	47
Investment securities	9	4,805	8,796	4,805	8,796
Cash and bank balances	12	33,886	38,363	32,052	35,361
		39,236	53,267	60,759	68,327
Total assets		95,131	103,558	74,471	83,690
Current liabilities					
Trade and other payables	15	1,214	1,288	819	600
Current tax payable		985	988	985	988
Loans and borrowings	16	1,700	2,709	1,700	2,709
Lease liabilities	8	204	-	204	-
		4,103	4,985	3,708	4,297
Net current assets		35,133	48,282	57,051	64,030
Non-current liabilities					
Loans and borrowings	16	20,628	20,680	-	-
Lease liabilities	8	107	-	107	-
Deferred tax liabilities	14	-	44	-	44
		20,735	20,724	107	44
Total liabilities		24,838	25,709	3,815	4,341
Net assets		70,293	77,849	70,656	79,349
Equity attributable to owners of the Company					
Share capital	13	32,992	32,992	32,992	32,992
Reserves	13	37,301	44,857	37,664	46,357
Total equity		70,293	77,849	70,656	79,349
Total equity and liabilities		95,131	103,558	74,471	83,690

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 2020

Group	Note	Attributable to owners of the Company					Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Fair value adjustment reserve \$'000	Other reserves \$'000	Retained earnings \$'000	
At 1 August 2019		32,992	(187)	-	(1,274)	46,318	77,849
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(5,752)	(5,752)
<u>Other comprehensive income</u>							
Net loss on equity instruments designated at fair value through other comprehensive income		-	-	(560)	-	-	(560)
Foreign currency translation differences relating to foreign subsidiaries		-	-	-	(149)	-	(149)
Total other comprehensive income		-	-	(560)	(149)	-	(709)
Total comprehensive income for the year		-	-	(560)	(149)	(5,752)	(6,461)
Transactions with owners, recorded directly in equity							
<u>Distributions to owners</u>							
Final one-tier tax exempt dividends paid of 0.5 cent per share for FY2019	13	-	-	-	-	(1,095)	(1,095)
Total distributions to owners		-	-	-	-	(1,095)	(1,095)
Total transactions with owners		-	-	-	-	(1,095)	(1,095)
At 31 July 2020		<u>32,992</u>	<u>(187)</u>	<u>(560)</u>	<u>(1,423)</u>	<u>39,471</u>	<u>70,293</u>

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 2020

Group	Note	Attributable to owners of the Company					Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Other reserves \$'000	Retained earnings \$'000	
At 1 August 2018		32,992	(187)	21	30	48,309	81,165
Total comprehensive income for the year							
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)
Total comprehensive income for the year		-	-	(21)	(1,304)	200	(1,125)
Transactions with owners, recorded directly in equity							
<u>Distributions to owners</u>							
Final one-tier tax exempt dividends paid of 1.0 cent per share for FY2018	13	-	-	-	-	(2,191)	(2,191)
Total distributions to owners		-	-	-	-	(2,191)	(2,191)
Total transactions with owners		-	-	-	-	(2,191)	(2,191)
At 31 July 2019		32,992	(187)	-	(1,274)	46,318	77,849

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 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
(Loss)/profit for the year		(5,752)	200
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		845	172
Finance costs		935	325
Loss/(gain) on sale of plant and equipment		4	(3)
Fair value loss/(gain) on short term investments		808	(73)
Impairment loss recognised on property, plant and equipment	7	1,940	-
Tax (credit)/expense		(730)	26
Interest income	4	(610)	(1,093)
Gain on disposal of a subsidiary		-	(814)
		(2,560)	(1,260)
Changes in working capital:			
Inventories		3	19
Trade and other receivables		972	(427)
Prepayment		(63)	(2)
Short term investments		3,183	(8,723)
Trade and other payables		(74)	(314)
Cash from/(used in) operations		1,461	(10,707)
Tax refund/(paid), net		338	(543)
Net cash generated from/(used in) operating activities		1,799	(11,250)
Cash flows from investing activities			
Acquisition of investment		-	(4,928)
Loans to third parties		(249)	(580)
Repayment of loan to third party		(190)	-
Deposit paid for acquisition of investment		-	(5,296)
Proceeds from disposal of discontinued operations, net of cash disposed of	17	-	3,051
Interest received		610	1,093
Proceeds from sale of plant and equipment		4	419
Proceeds from sale of investment property		-	335
Purchase of property, plant and equipment	7	(3,248)	(46,177)
Net cash used in investing activities		(3,073)	(52,083)
Cash flows from financing activities			
Dividends paid	13	(1,095)	(2,191)
Deposit pledged	11	-	(1,157)
Net proceeds from borrowings		-	24,307
Repayment of borrowings	16	(975)	-
Interest paid		(935)	(325)
Repayment of principal portion on lease liabilities		(200)	-
Net cash (used in)/from financing activities		(3,205)	20,634
Net decrease in cash and cash equivalents		(4,479)	(42,699)
Cash and cash equivalents at 1 August		38,363	81,061
Effect of exchange rate changes on balances held in foreign currency		2	1
Cash and cash equivalents at 31 July	12	33,886	38,363

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 2020

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.

The Company’s principal activities are investment holding and investment trading. The principal activities of its subsidiaries are disclosed in Note 10 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)”).

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

The financial statements are presented in Singapore Dollars (“\$”) and all values in the tables are rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applies SFRS(I) 16 *Leases* for the first time. The nature and effect of changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations may apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT FRS 104 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT FRS 15 *Operating Leases-Incentives* and SFRS(I) INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

New and amended standards and interpretations (Continued)

SFRS(I) 16 Leases (Continued)

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 August 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 August 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT FRS 104 at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 August 2019 is, as follows:

<i>Description</i>	Group and Company \$'000
Assets	
Right-of-use assets	498
Total assets	498
Liabilities	
Lease liabilities	498
Total liabilities	498
Total adjustment on equity:	
Retained earnings	-

The Group has lease contracts for rental of office space, motor vehicle, and photocopier. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.15 *Leases* for the accounting policy prior to 1 August 2019.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.15 *Leases* for the accounting policy beginning 1 August 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

(a) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 August 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.2 Changes in accounting policies and disclosures *(Continued)*

New and amended standards and interpretations *(Continued)*

SFRS(I) 16 Leases *(Continued)*

(b) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 August 2019:

- Right-of-use assets of \$498,000 were recognised and presented separately in the statement of financial position;
- Additional lease liabilities of \$498,000 were recognised; and
- There is no net effect of these adjustments adjusted to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

New and amended standards and interpretations (Continued)

SFRS(I) 16 Leases (Continued)

(b) Leases previously accounted for as operating leases (Continued)

The lease liabilities as at 1 August 2019 can be reconciled to the operating lease commitments as of 31 July 2019, as follows:

	Group and Company \$'000
Assets	
Operating lease commitments as at 31 July 2019	518
Weighted average incremental borrowing rate as at 1 August 2019	3.00%
Discounted operating lease commitments as at 1 August 2019	498
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 July 2019	-
Lease liabilities as at 1 August 2019	498

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:

<u>Description</u>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	Date to be determined
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 investment in associate under SFRS(I) 1-28 *Investments in Associates and Joint Ventures* or an acquisition of a financial asset under SFRS(I) 9 *Financial Instruments*

In the course of business, the Group may acquire minority 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 investment in an associate or an acquisition of a financial asset.

The Group accounts for an acquisition as an investment in associate where the Group exercises significant influence over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Please refer to Note 2.9 for the Group's accounting policy on the recognition of subsidiaries.

On the other hand, financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments. Please refer to Note 2.10(a) for the Group's accounting policy on the initial recognition of a financial asset.

The Group's 5% interest in the investee, PAM Holdings II (BVI) Ltd, which wholly owns the hospitality asset, Travelodge Harbourfront Singapore, does not meet the default presumption of 20% for significant influence. In addition, the Group does not have any power to veto significant financial and operating decisions of the investee. Therefore, management has concluded that the Group does not have significant influence over the investee and has accounted for the transaction as an acquisition of a financial asset.

Impairment assessment for freehold properties

The Group assesses at each reporting date whether there is an indication that the freehold properties may be impaired. Determining whether there are indicators of impairment require judgments. In making these judgments, the Group evaluates, among other factors, the evidence of obsolescence or physical damage, economic performance of the freehold properties, and any significant decline during the period in the asset's value. The carrying amount of the Group's freehold properties is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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 investments 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.

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.

Taxation

The Group has exposure to income and other taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and net deferred tax assets at 31 July 2020 are \$985,000 and \$348,000 respectively (2019: income tax payable of \$988,000 and net deferred tax liabilities of \$44,000).

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 development, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.4 Significant accounting judgements and estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

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. Management engages an independent professional valuer ("External Appraiser") in Singapore to determine the recoverable value of the freehold properties. Management reviews the valuation carried out by the External Appraiser and adopts the valuation as recoverable value.

The determination of the recoverable value of the freehold properties involves the use of a range of estimates (amongst others, capitalisation rates and discount rates) made by management and the External Appraiser. There was an increase in the level of estimation uncertainty in determining the valuation of the unquoted equity investment as at 31 July 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

The carrying amount and key assumptions used to determine the recoverable value of the Group's freehold properties at the end of the financial year is disclosed in Note 7 to the financial statements.

Valuation of investments in unquoted equity investments

The Group carries its investment in unquoted equity investments at fair value, with changes in fair value being recognised in other comprehensive income.

Management engages an independent professional valuer ("External Appraiser") in Singapore to determine the fair value of the unquoted equity investment. Management reviews the valuation carried out by the External Appraiser and adopts the valuation as fair value.

The determination of the fair value of the unquoted equity investment involves the use of a range of estimates (amongst others, capitalisation rates and discount rates) made by management and the External Appraiser. There was an increase in the level of estimation uncertainty in determining the valuation of the unquoted equity investment as at 31 July 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

The carrying amount and key assumptions used to determine the fair value of the Group's unquoted equity investments at the end of the financial year are disclosed in Note 20(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.7 Property, plant and equipment *(Continued)*

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 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 are recognised in profit or loss. 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.

2.9 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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 2020

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

2.10 Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

Subsequent measurement *(Continued)*

Investments in debt instruments *(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

(b) Financial liabilities (Continued)

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.

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.

2.11 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 calculates 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.11 Impairment of financial assets *(Continued)*

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.

2.12 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.

2.13 Cash and cash equivalents

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

2.14 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.

2.15 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 August 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold building	3 years
Motor vehicle	2 years
Photocopier	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

(a) As lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied before the initial application date of SFRS(I) 16, 1 August 2019:

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.16 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.16 Taxes *(Continued)*

(b) Deferred tax *(Continued)*

- 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.

(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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.17 Revenue *(Continued)*

(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.

(e) Asset management revenue

Revenue arising from the provision of asset management services are recognised when services are rendered over time.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

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

2.18 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.

2.19 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	
		2020	2019
		\$'000	\$'000
Revenue from contracts with customers	(a)	2,402	1,531
Gain on disposal of investments		-	415
Dividend income from equity investments at FVPL		173	137
Interest income on bond investments at FVPL		139	70
		2,714	2,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

3. REVENUE (CONTINUED)

(a) Disaggregation of revenue:

Segments	Hotel		Asset management		Total revenue	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Primary geographical markets						
Singapore	-	-	537	-	537	-
Korea	1,865	1,531	-	-	1,865	1,531
Total revenue from contracts with customers	1,865	1,531	537	-	2,402	1,531
Major revenue streams						
Hotel operations revenue						
- Room	1,299	1,170	-	-	1,299	1,170
- Food and beverage	387	97	-	-	387	97
- Sauna	96	262	-	-	96	262
- Others	83	2	-	-	83	2
Asset management fees	-	-	537	-	537	-
Total revenue from contracts with customers	1,865	1,531	537	-	2,402	1,531

4. OTHER INCOME

	Group	
	2020 \$'000	2019 \$'000
Fair value gain on short term investments at FVPL	-	73
Interest income from banks	610	1,093
Other income	58	40
Gain on sale of property, plant and equipment	-	3
	668	1,209

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

5. LOSS BEFORE TAX

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

	Group	
	2020 \$'000	2019 \$'000
Audit fees paid to:		
– auditors of the Company	196	120
– other auditors	43	38
Non-audit fees paid to:		
– auditors of the Company	–	–
– other auditors	14	40
Professional fees	550	376
Legal fees	41	253
Contributions to defined contribution plans, included in staff costs	115	74
Annual report and annual/extraordinary general meeting expenses	50	111
Commissions and brokerage fees	40	82
Central Depository and Singapore Exchange Listing expenses	70	68
Management fee expenses	162	64
Rebranding fees	165	–
Depreciation of property, plant and equipment and right-of-use assets	845	133
Exchange loss/(gain) – net	27	(84)
Operating lease expense	4	207

6. TAX CREDIT

	Group	
	2020 \$'000	2019 \$'000
Tax recognised in profit or loss		
Current taxation		
Overprovision in respect of prior financial years	(338)	–
Deferred taxation		
Reversal of temporary differences (Note 14)	(392)	–
Income tax credit recognised in the consolidated income statement	(730)	–
Reconciliation of effective tax rate		
Loss before tax	(6,482)	(705)
Profit before tax from discontinued operations	–	931
(Loss)/profit before tax	(6,482)	226
Tax at the domestic rates applicable in the countries where the Group operates	(1,438)	(138)
Income not subject to tax	(30)	(199)
Non-deductible expenses	97	388
Effect of partial tax exemptions and tax relief	(21)	(7)
Effect of tax losses not allowed for carry-forward	1,062	–
Overprovision in respect of prior financial years	(338)	–
Others	(62)	(44)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

7. PROPERTY, PLANT AND EQUIPMENT

Group	At cost									
	Freehold properties \$'000	Freehold land \$'000	Freehold building \$'000	Plant and equipment \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Work in progress \$'000	Renovation \$'000	Total \$'000
Cost										
At 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 17)	(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 and 1 August 2019	-	29,203	14,441	-	225	189	-	-	-	44,058
Additions	-	-	-	-	20	154	-	542	2,532	3,248
Disposals/write-offs	-	-	-	-	(27)	(6)	-	-	-	(33)
Effect of movement in exchange rates	-	(151)	(75)	-	-	(21)	-	-	-	(247)
Reclassification	-	-	(95)	-	-	-	-	-	95	-
At 31 July 2020	-	29,052	14,271	-	218	316	-	542	2,627	47,026
Accumulated depreciation and impairment loss										
At 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 17)	-	-	(16)	(439)	(7)	(1)	(4)	-	-	(467)
At 31 July 2019 and 1 August 2019	-	-	96	-	118	28	-	-	-	242
Depreciation charge for the year	-	-	296	-	32	87	-	-	226	641
Disposals/write-offs	-	-	-	-	(25)	-	-	-	-	(25)
Impairment losses	-	-	1,940	-	-	-	-	-	-	1,940
Reclassification	-	-	(8)	-	-	-	-	-	8	-
At 31 July 2020	-	-	2,324	-	125	115	-	-	234	2,798
Carrying amounts										
At 31 July 2019	-	29,203	14,345	-	107	161	-	-	-	43,816
At 31 July 2020	-	29,052	11,947	-	93	201	-	542	2,393	44,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 July 2020, the Group's freehold properties with carrying amount of \$40,999,000 are pledged as security for a subsidiary's bank facility (Note 16).

During the financial year, the Group carried out a review of the recoverable amount of its freehold properties within the hotel segment. The indicators of impairment include the loss-making position of TLMC, which is mainly attributed to the Covid-19 pandemic. An impairment loss of \$1,940,000 (2019: \$Nil), representing the write-down of the freehold properties to the recoverable amount, was recognised in "Impairment of freehold properties" line item of profit or loss for the financial year ended 31 July 2020. The recoverable amount of the freehold properties was based on its value in use and the pre-tax discount rate used was 7.25% per annum.

Company	Plant and equipment \$'000	Office equipment \$'000	Furniture and fittings \$'000	Total \$'000
Cost				
At 1 August 2018	4,959	172	-	5,131
Additions	-	29	21	50
Disposals/write-offs	(4,959)	(54)	-	(5,013)
At 31 July 2019 and 1 August 2019	-	147	21	168
Additions	-	7	-	7
Disposals/write-offs	-	(24)	-	(24)
At 31 July 2020	-	130	21	151
Accumulated depreciation and impairment loss				
At 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 and 1 August 2019	-	115	1	116
Depreciation charge for the year	-	8	2	10
Disposals/write-offs	-	(20)	-	(20)
At 31 July 2020	-	103	3	106
Carrying amounts				
At 31 July 2019	-	32	20	52
At 31 July 2020	-	27	18	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

8. LEASES

Group as a lessee

The Group has commercial lease contracts for office space, motor vehicle and a photocopier. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The leases generally have lease terms between two and four years with renewal options of up to two years. The Group is restricted from assigning and subleasing the leased assets to third parties.

(a) Carrying amounts of right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Office space \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
At 1 August 2019	412	–	86	498
Additions	–	13	–	13
Depreciation expense	(158)	(2)	(44)	(204)
At 31 July 2020	254	11	42	307

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020
	\$'000
At 1 August	498
Additions	13
Accretion of interest	15
Payments	(215)
At 31 July	311
Current	204
Non-current	107

The maturity analysis of lease liabilities is disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

8. LEASES (CONTINUED)

Group as a lessee (Continued)

(c) Amounts recognised in consolidated income statement

The following are the amounts recognised in profit or loss:

	2020 \$'000
Depreciation expense of right-of-use assets	204
Interest expense on lease liabilities	15
Expenses relating to leases of low-value assets	4
Total amount recognised in profit or loss	<u>223</u>

(d) Total cash outflow

The Group had total cash outflows for leases of \$215,000 during the financial year ended 31 July 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of \$13,000 during the financial year ended 31 July 2020.

(e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management has exercised judgement in determining that these extension options are not reasonably certain to be exercised.

(f) Operating lease commitments

Operating lease expenses for the Group during the financial year ended 31 July 2019 amounted to \$207,000.

The Group entered into commercial non-cancellable leases on office premise, warehouse, photocopier, and motor vehicles which did not have any purchase options and expire at various dates. These leases have an average tenure of between 3 to 5 years with no contingent rent provision included in the contracts.

The future minimum rentals under these non-cancellable operating leases are:

	Group 2019 \$'000
Not later than one year	207
Later than one year but not later than five years	<u>311</u>

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 August 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 July 2020, except for short-term and low-value leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

9. INVESTMENT SECURITIES

	Group and Company	
	2020	2019
	\$'000	\$'000
<i>At fair value through profit or loss (FVPL)</i>		
- Equity securities (quoted)	4,805	8,796
	Group	
	2020	2019
	\$'000	\$'000
<i>At fair value through other comprehensive income (FVOCI)</i>		
- Equity securities (unquoted)	4,695	4,928
Net carrying amount		
Current	4,805	8,796
Non-current	4,695	4,928

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.

On 8 August 2019, the Group completed the acquisition of a 5% interest in a hotel located in Singapore that was previously known as "Bay Hotel Singapore". The Group's acquisition comprises a 5% equity interest in the parent company of the hotel, PAM Holdings II (BVI) Ltd, for US\$5, and a shareholder loan to PAM Holdings II (BVI) Ltd. Pursuant to the completion, Travelodge Hotels (Asia) Pte Ltd has been appointed as the hotel operator and the hotel has since been rebranded as "Travelodge Harbourfront Singapore".

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:

	Group	
	2020	2019
	\$'000	\$'000
<i>At fair value through other comprehensive income (FVOCI)</i>		
- Equity securities (unquoted)		
Korea Investment Private Placement Business Hotel REIT No. AI861	4,474	4,910
Pinetree Hotel Management LLC	18	18
Pam Holdings II (BVI) Ltd	203	-
	4,695	4,928

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.

Details of valuation techniques and inputs used are disclosed in Note 20(d).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

10. SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'000
Shares, at cost	2	2
Amounts due from subsidiaries	19,110	15,309
Impairment loss	(6,100)	-
	13,012	15,311

The amounts due from subsidiaries were non-trade in nature, unsecured and interest-free. 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.

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

	Company	
	2020 \$'000	2019 \$'000
At 1 August	-	1,143
Disposal of subsidiary	-	(1,143)
Impairment losses recognised	6,100	-
At 31 July	6,100	-

As at 31 July 2020, the Group's indirect subsidiaries, KPH Top Pte Ltd, KPH 2 Pte Ltd, SPH Top Pte Ltd, and SPH 1 Pte Ltd, had net current liabilities.

The Company intends to provide a letter of undertaking not to recall the amounts due from these subsidiaries until their respective cash flows permit, and to continue to provide financial support to enable these subsidiaries to meet their liabilities as and when they fall due, for at least twelve months from the issuance date of the financial statements for the year ended 31 July 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

10. SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

Name of Subsidiary	Principal Activities	Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
Held by the Company				
Datapulse Investment Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Capiti Investments Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Capiti Asset Management Pte. Ltd. ⁽¹⁾	Provision of management services	Singapore	100	100
Held through Subsidiaries				
Capikor Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Datapulse Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
KPH Top Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
KPH Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
KPH 2 Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
SPH Top Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
SPH 1 Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
RK One Hotel Management LLC ⁽²⁾	Hotel operations	Republic of Korea	100	100
IGIS Private Placement Real Estate Investment Trust No. 247 ⁽³⁾	Investment holding	Republic of Korea	100	100

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

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

(3) Audited by Hanul LLC, South Korea.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade and other receivables (current):				
Trade receivables	51	19	-	1
Amount due from subsidiaries (non-trade)	-	-	23,761	23,815
Deposits	71	81	72	81
Interest receivables	44	105	20	100
GST receivables	65	77	-	77
Other receivables	201	5,773	-	49
Financial assets carried at amortised cost (current)	432	6,055	23,853	24,123
Other receivables (non-current):				
Long term deposits	1,150	1,157	-	-
Long term receivables	5,167	390	-	-
Total trade and other receivables (current and non-current)	6,749	7,602	23,853	24,123

The non-trade amount 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 22.

Other receivables mainly relate to the purchase consideration for a 5% interest in a hotel in Singapore. The proposed investment was completed subsequent to the financial year end on 8 August 2019. The amount was subsequently reclassified as long-term receivable measured at amortised cost.

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

Long term receivables relate to shareholder loans to two companies in which the Group has a 15% interest and 5% interest.

12. CASH AND BANK BALANCES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fixed deposits	31,616	26,666	31,616	26,666
Cash at bank and on hand	2,270	11,697	436	8,695
Cash and cash equivalents	33,886	38,363	32,052	35,361

The weighted average effective interest rate per annum relating to fixed deposits for the Group and Company is 1.7% (2019: 2.5%). Interest rates reprice upon maturity or rollover of the fixed deposits, at intervals of one to three months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

13. SHARE CAPITAL AND RESERVES

Share capital

	2020 and 2019	
	<u>No. of shares</u>	<u>\$'000</u>
Company		
At 1 August and 31 July	<u>219,904,444</u>	<u>32,992</u>

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, of which \$3,168,778 was utilized for capital expenditure incurred for TLMC during the year.

Reserves

	Group		Company	
	<u>2020 \$'000</u>	<u>2019 \$'000</u>	<u>2020 \$'000</u>	<u>2019 \$'000</u>
Foreign currency translation reserve	(1,423)	(1,274)	-	-
Treasury shares	(187)	(187)	(187)	(187)
Fair value adjustment reserve	(560)	-	-	-
Retained earnings	39,471	46,318	37,851	46,544
	<u>37,301</u>	<u>44,857</u>	<u>37,664</u>	<u>46,357</u>

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 2020, the Group held 829,600 (2019: 829,600) of the Company's shares.

Fair value adjustment reserve

The fair value adjustment reserve represents the cumulative fair value changes, net of tax, of equity instruments at FVOCI until they are disposed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

13. SHARE CAPITAL AND RESERVES (CONTINUED)

Dividends

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

	Group and Company	
	2020	2019
	\$'000	\$'000
Declared and paid during the financial year:		
Final one-tier tax exempt dividend of 0.50 cent (2019: 1.00 cent) per ordinary share	1,095	2,191

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:

	Group and Company	
	2020	2019
	\$'000	\$'000
Proposed but not recognised as a liability as at 31 July:		
Final one-tier tax exempt dividend of \$Nil per ordinary share (2019: 0.50 cent)	-	1,095

14. DEFERRED TAX

Deferred tax are attributable to the following:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 August	(44)	(239)	(44)	(44)
Credited to income statement	392	-	392	-
Attributable to discontinued operations	-	195	-	-
Balance as at 31 July	348	(44)	348	(44)

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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenue from its gains on disposal of investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

14. DEFERRED TAX (CONTINUED)

Group and Company	Balance sheet		Income statement	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	(8)	(44)	36	-
Right-of-use assets	(52)	-	(52)	-
	(60)	(44)		
Deferred tax assets				
Unutilised tax losses	312	-	312	-
Unutilised capital allowances	10	-	10	-
Lease liabilities	53	-	53	-
Others	33	-	33	-
	408	-		
Net deferred tax assets/(liabilities)	348	(44)		
Deferred tax credit (Note 6)			392	-

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables	44	139	-	-
Accrued operating expenses	983	648	553	491
Amounts due to subsidiaries (non-trade)	-	-	240	-
Deposit received	4	6	-	-
Interest payables	93	101	2	9
Other payables	90	394	24	100
	1,214	1,288	819	600

The non-trade amounts due to subsidiaries 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 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

16. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current					
Bank loans:					
2.75% p.a fixed rate SGD bank loan	2020	1,700	1,700	1,700	1,700
0.65% p.a fixed rate JPY bank loan	2019	-	1,009	-	1,009
		1,700	2,709	1,700	2,709
Non-current					
Term loan:					
KRW loan at financial debenture (FD) (AAA)* +1.85% p.a.	2022	20,628	20,680	-	-
Total loans and borrowings		22,328	23,389	1,700	2,709

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

2.75% p.a fixed rate SGD bank loan is fully repayable in September 2020.

KRW loan is secured by a fixed charge over certain freehold land and building of a subsidiary with a carrying amount of \$40,999,000 (Note 7) and a corporate guarantee from the Company.

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

	Non-cash changes foreign exchange movement			
	2019 \$'000	Net cash flows \$'000	\$'000	2020 \$'000
Loans and borrowings	23,389	(975)	(86)	22,328

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

17. 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. Consequently, the results of discontinued operations for FY2019 comprise the results of the Haircare Business.

Income statement disclosures

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

	Group	
	2020 \$'000	2019 \$'000
Results of discontinued operations		
Revenue	-	995
Other income	-	24
Expenses	-	(902)
Results from operating activities	-	117
Tax expense	-	(26)
Profit from discontinued operations (net of tax)	-	91
Gain on sale of discontinued operations	-	814
Total results from discontinued operations	-	905

Cash flow statement disclosures

The cash flows attributable to discontinued operations are as follows:

Cash flow from discontinued operations		
Net cash used in operating activities	-	(88)
Net cash generated from investing activities	-	325
Net cash used in financing activities	-	(123)
Net cash flows generated from discontinued operations during the year	-	114

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

17. DISCONTINUED OPERATIONS (CONTINUED)

Balance sheet disclosures

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

	2020 \$'000	2019 \$'000
Assets:		
Property, plant and equipment	-	2,152
Trade and other receivables	-	264
Inventories	-	462
Cash and cash equivalents	-	125
	<u>-</u>	<u>3,003</u>
Liabilities:		
Trade and other payables	-	(394)
Current tax payable	-	(34)
Deferred tax liabilities	-	(193)
	<u>-</u>	<u>(621)</u>
Net assets	<u>-</u>	<u>2,382</u>
Reserve:		
Foreign currency translation differences relating to a foreign subsidiary reclassified to profit or loss, upon disposal	-	11
Consideration received, satisfied in cash	-	3,176
Cash and cash equivalents disposed	-	(125)
Net cash inflow	<u>-</u>	<u>3,051</u>

18. (LOSS)/EARNINGS PER SHARE

The calculation of basic and dilutive (loss)/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:

(Loss)/profit attributable to ordinary shareholders

	Continuing operations \$'000	Group discontinued operations \$'000	Total \$'000
2020			
Loss attributable to ordinary shareholders	<u>(5,752)</u>	<u>-</u>	<u>(5,752)</u>
2019			
(Loss)/profit attributable to ordinary shareholders	<u>(705)</u>	<u>905</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

18. (LOSS)/EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares

	Group	
	Number of shares	
	2020	2019
Issued shares at 1 August	219,904,444	219,904,444
Effect of own shares held	(829,600)	(829,600)
	219,074,844	219,074,844

19. 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 Holding" segment relates to the holding of long-term investments.
- ii. The "Investments" segment relates to the trading in short-term investments.
- iii. The "Hotel" segment relates to hotel operations.
- iv. The "Asset Management" segment relates to the provision of asset management services to the Group's hospitality assets.
- v. 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 2020

19. SEGMENT INFORMATION (CONTINUED)

Group	Investment holding \$'000	Investments \$'000	Hotel \$'000	Asset management \$'000	Adjustments/ eliminations \$'000	Notes	Total \$'000
31 July 2020							
Revenue:							
External revenue	-	312	1,865	537	-	A	2,714
Inter segment revenue	378	-	1,753	-	(2,131)	B	-
Total revenue for reporting segments	378	312	3,618	537	(2,131)		2,714
Results:							
Interest income	19	574	17	-	-	C	610
Finance costs	(30)	(32)	(873)	-	-	A, C	(935)
Depreciation of property, plant and equipment and right-of-use assets	(204)	-	(641)	-	-	A, C	(845)
Impairment on freehold properties	-	-	(1,940)	-	-	C	(1,940)
Reportable segment (loss)/profit for the year	(2,249)	(83)	(4,324)	174	-	C	(6,482)
Tax credit	730	-	-	-	-	C	730
Additions to non-current assets	7	3,241	-	-	-	D	3,248
Reportable segment assets	42,955	4,805	47,241	130	-	E	95,131
Reportable segment liabilities	1,738	1,700	21,320	80	-	F	24,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19. SEGMENT INFORMATION (CONTINUED)

Group	Investments \$'000	Hotel \$'000	Asset management \$'000	Haircare business (Discontinued operations) \$'000	Adjustments/ eliminations \$'000	Notes	Total \$'000
31 July 2019							
Revenue:							
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
Results:							
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)
Reportable segment (loss)/profit for the year	(590)	(115)	-	117	(117)	C	(705)
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19. 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 Wayco segment has been excluded to arrive at amounts shown in profit or 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 17 Discontinued Operations.

B Inter-segment revenues are eliminated on consolidation.

C The following items are deducted from segment results to arrive at "loss before tax from continuing operations" presented in the consolidated income statement:

	Group	
	2020	2019
	\$'000	\$'000
Segment results of discontinued operations	<u>-</u>	<u>(117)</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:

	Group	
	2020	2019
	\$'000	\$'000
Assets from discontinued operations	<u>-</u>	<u>(3,003)</u>

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

	Group	
	2020	2019
	\$'000	\$'000
Liabilities from discontinued operations	<u>-</u>	<u>(621)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

19. SEGMENT INFORMATION (CONTINUED)

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

	Group	
	2020 \$'000	2019 \$'000
Revenue		
Total revenue for reporting segments	2,714	3,148
Elimination of discontinued operations	-	(995)
Consolidated revenue	2,714	2,153
Profit or loss		
Total loss for reportable segments	(6,482)	(588)
Elimination of discontinued operations	-	(117)
Consolidated loss before tax	(6,482)	(705)
Assets		
Total assets for reportable segments	95,131	106,561
Discontinued operations (Note 17)	-	(3,003)
Consolidated total assets	95,131	103,558
Liabilities		
Total liabilities for reportable segments	24,838	26,330
Discontinued operations (Note 17)	-	(621)
Consolidated total liabilities	24,838	25,709

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

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	
	2020 \$'000	2019 \$'000
Revenue		
Singapore	849	622
Korea	1,865	1,531
Malaysia	-	995
Less: Discontinued operations	-	(995)
	2,714	2,153
Non-current assets		
Singapore	10,563	5,370
Korea	45,332	44,921
	55,895	50,291

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

20. 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.

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the financial year:

	Group and Company 2020			Total \$'000
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant un-observable inputs (Level 3) \$'000	
Assets measured at fair value				
Financial assets				
Investment securities at FVPL (Note 9)				
Quoted equity securities	1,406	-	-	1,406
Quoted debt securities	3,399	-	-	3,399
Total quoted securities	4,805	-	-	4,805
Investment securities at FVOCI (Note 9)				
Unquoted equity securities	-	-	4,695	4,695
Financial assets as at 31 July 2020	4,805	-	4,695	9,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets measured at fair value (Continued)

	Group and Company 2019			Total \$'000
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant un-observable inputs (Level 3) \$'000	
Assets measured at fair value				
Financial assets				
<u>Investment securities at FVPL</u> (Note 9)				
Quoted equity securities	2,272	-	-	2,272
Quoted debt securities	6,524	-	-	6,524
Total quoted securities	8,796	-	-	8,796
<u>Investment securities at FVOCI</u> (Note 9)				
Unquoted equity securities	-	-	4,928	4,928
Financial assets as at 31 July 2019	8,796	-	4,928	13,724

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 July 2020 and 2019.

(c) Level 1 fair value measurements

The fair value of quoted securities (Note 9) are determined directly by reference to their published market bid price at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 July 2020 \$'000	Valuation techniques	Key unobservable inputs	Range
Recurring fair value measurements				
<i>Financial assets at fair value through other comprehensive income</i>				
- Unquoted equity investment (Travelodge Myeongdong Euljiro)	4,492	Adjusted Net Asset Value ⁽¹⁾ and Income Capitalisation Approach	- Capitalisation rate ⁽²⁾ - Occupancy rate ⁽³⁾ - Average Daily Rate (ADR) growth rate ⁽³⁾ - Discount rate ⁽²⁾	Not applicable - 5.25% p.a. - 50% to 84% - 2.5% to 8% - 7.25% p.a.
- Unquoted equity investment (Travelodge Harbourfront Singapore)	203	Adjusted Net Asset Value ⁽¹⁾ and Average of direct capitalisation method and direct comparison method	- Capitalisation rate ⁽²⁾ - Occupancy rate ⁽³⁾ - ADR growth rate ⁽³⁾ - Discount rate ⁽²⁾ - Comparable price ⁽²⁾	Not applicable - 3.50% p.a. - 55% to 87% - 1.1% to 20% - 7.00% p.a. - \$269,000,000

(1) The fair value of unquoted equity investments is determined by reference to the underlying assets value of the investee company. The underlying assets value of the investee company mainly comprises the land and building, which is valued using the Income Capitalisation Approach, and average of Direct Capitalisation method and Direct Comparison Method for the respective unquoted investments.

(2) An increase/(decrease) in the capitalisation rate and/or discount rate would result in a (decrease)/increase in the fair value of the unquoted equity investment.

(3) An increase/(decrease) in the occupancy rate and/or ADR growth rate would result in an increase/(decrease) in the fair value of the unquoted equity investment. In view of the COVID-19 pandemic situation, management has forecasted a return to stabilized occupancy and ADR in the financial year ended 31 July 2023.

(4) An increase/(decrease) in the comparable price would result in an increase/(decrease) in the fair value of the unquoted equity investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)

A 1% increase/decrease in the property valuation based on management's assumptions would result in a \$45,000 and \$53,000 higher/lower fair value measurement of the unquoted equity investments in TLME and TLHS respectively.

Unquoted equity securities (Note 9): As at 31 July 2019, as the unquoted equity securities were purchased close to the financial year end, the fair value approximates the purchase consideration.

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	2020 Financial assets at fair value through other comprehensive income (Unquoted equity investments) \$'000
Group	
Opening balance	4,928
Total gains or losses for the financial year	
– Fair value loss recognised in other comprehensive income	(560)
Additions	335
Foreign exchange differences	(8)
Closing balance	<u>4,695</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations in light of the prevailing conditions at 31 July 2020.

Impact of the Coronavirus (COVID-19) outbreak

In March 2020, the World Health Organization declared that the COVID-19 outbreak to be a pandemic. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of the report.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. Further, the market that the property is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This being the case, the External Appraiser has drawn the users' attention that the value of the unquoted equity investments and recoverable value of freehold properties recorded in the consolidated statement of financial position determined by reference to fair value at 31 July 2020 is estimated based upon conditions prevailing on that date.

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

Determination of fair value

Lease liabilities (Note 8), trade and other receivables (Note 11), cash and bank balances (Note 12), trade and other payables (Note 15) and loans and borrowings (Note 16)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

21. 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

	Group and Company	
	2020	2019
	\$'000	\$'000
Remuneration of key management personnel		
Short-term employee benefits	710	509
Post-employment benefits	48	13
	758	522

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.

22. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Risk management policy (Continued)

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 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.

The Group has assessed the expected credit losses recognised for the financial years ended 31 July 2020 and 2019 as disclosed in Note 11 is not significant.

(b) Amounts due from subsidiaries, and long-term receivables

For amounts due from subsidiaries and long-term receivables, 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 and related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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
2020				
Financial assets:				
Investment securities	4,805	4,695	-	9,500
Long term deposit	-	1,150	-	1,150
Long term receivables	-	4,528	869	5,397
Trade and other receivables*	367	-	-	367
Cash and bank balances	33,886	-	-	33,886
Total undiscounted financial assets	39,058	10,373	869	50,300
Financial liabilities:				
Trade and other payables#	(1,210)	-	-	(1,210)
Loans and borrowings	(2,499)	(21,220)	-	(23,719)
Lease liabilities	(204)	(107)	-	(311)
Total undiscounted financial liabilities	(3,913)	(21,327)	-	(25,240)
Total net undiscounted financial assets/ (liabilities)	35,145	(10,954)	869	25,060

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22. 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	Total \$'000
2019			
Financial assets:			
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
Financial liabilities:			
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
	One year or less \$'000	One to five years \$'000	Total \$'000
Company			
2020			
Financial assets:			
Trade and other receivables*	23,853	-	23,853
Cash and bank balances	32,052	-	32,052
Total undiscounted financial assets	55,905	-	55,905
Financial liabilities:			
Trade and other payables#	(819)	-	(819)
Loans and borrowings	(1,708)	-	(1,708)
Lease liabilities	(204)	(107)	(311)
Total undiscounted financial liabilities	(2,731)	(107)	(2,838)
Total net undiscounted financial assets/(liabilities)	53,174	(107)	53,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22. 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	Total \$'000
2019			
Financial assets:			
Trade and other receivables*	24,123	-	24,123
Cash and bank balances	35,361	-	35,361
Total undiscounted financial assets	59,484	-	59,484
Financial liabilities:			
Trade and other payables#	(600)	-	(600)
Total undiscounted financial liabilities	(600)	-	(600)
Total net undiscounted financial assets	58,884	-	58,884

Excluding deposit received

* Excluding prepayments and GST receivables

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

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 loss before tax would have been \$96,000 lower/higher, arising as a result of lower/higher fair value losses on held for trading investments in quoted securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

	Loss before tax	
	2020 \$'000	2019 \$'000
Group		
USD (10% strengthening)	(3)	*
KRW (10% strengthening)	(289)	(361)
Company		
USD (10% strengthening)	(3)	(7)

* Less than \$1,000

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 2020

23. 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.

24. 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:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Authorised and contracted for	1,684	2,440	-	-
Authorised but not contracted for	378	1,872	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

25. CONTINGENT LIABILITIES

Guarantee

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 KRW18,000,000,000 (\$20,628,000 equivalent) loan (Note 16) taken by a subsidiary.
- The Company has guaranteed its subsidiary's share of contingent liabilities, amounting to KRW4,867,500,000 (\$5,602,000 equivalent), which have been incurred jointly with other investors by KB Kookmin Bank, in its capacity as trustee of Korea Investment Private Placement Business Hotel REIT No. AI861. The contingent liabilities pertain to a UOB loan undertaken to finance the acquisition of Travelodge Myeongdong Euljiro (Note 9).

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 July 2020 were authorised for issue in accordance with a resolution of the directors on 16 October 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 12 OCTOBER 2020

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)	: 8,276
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	229	2.77	10,949	0.00
100 – 1,000	2,274	27.48	1,653,929	0.75
1,001 – 10,000	4,403	53.20	18,392,881	8.40
10,001 – 1,000,000	1,357	16.39	49,656,419	22.67
1,000,001 & ABOVE	13	0.16	149,360,666	68.18
TOTAL	8,276	100.00	219,074,844	100.00

TOP TWENTY SHAREHOLDERS AS AT 12 OCTOBER 2020		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	12,101,519	5.52
5	UOB KAY HIAN PTE LTD	9,797,897	4.47
6	MAYBANK KIM ENG SECURITIES PTE. LTD	9,187,430	4.19
7	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,366,564	2.91
8	MS VENTURE PTE LTD	4,391,000	2.01
9	DBS NOMINEES PTE LTD	3,663,896	1.67
10	LIM AND TAN SECURITIES PTE LTD	1,971,666	0.90
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,957,070	0.89
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,368,864	0.63
13	OCBC NOMINEES SINGAPORE PTE LTD	1,279,722	0.58
14	DBS VICKERS SECURITIES (S) PTE LTD	990,265	0.45
15	POH KHENG MUI (FU QINGMEI)	780,666	0.36
16	YEO AH MOEY	666,666	0.30
17	KUAN BON HENG	647,666	0.30
18	SIM KOK HAI	617,666	0.28
19	KANG YEE YIN (JIANG YIYUN)	500,000	0.23
20	KIEW KWOK FONG VICTOR	433,333	0.20
	TOTAL:	153,996,928	70.29

STATISTICS OF SHAREHOLDINGS

AS AT 12 OCTOBER 2020

Substantial Shareholders

	Direct		Deemed	
	No. of shares	%⁽¹⁾	No. of shares	%⁽¹⁾
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 ⁽²⁾	166,666	0.076	33,733,333	15.398
Kwek Li Chien ⁽²⁾	-	-	33,733,333	15.398
Ng Han Meng ⁽³⁾	332	-	33,733,333	15.398
Ng Bie Tjin @ Djuniarti Intan ⁽⁴⁾	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 fortieth annual general meeting of Datapulse Technology Limited (the “**Company**”) will be held by way of electronic means on Friday, 27 November 2020 at 3.00 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 2020 and the auditors’ report thereon. **(Resolution 1)**
- 2 To approve the payment of directors’ fees of S\$252,519 for the financial year ended 31 July 2020 (2019: S\$241,544). **(Resolution 2)**
- 3 To approve the payment of directors’ fees of up to S\$200,000 for the financial year ending 31 July 2021, to be paid quarterly in arrears (2020: S\$252,519). **(Resolution 3)**
- 4 To re-elect the following director who retires pursuant to Regulation 105 of the Company’s Constitution and who, being eligible, offers himself for re-election:

(A) Mr Aw Cheok Huat **(Resolution 4)**

[see Explanatory Note 1]
- 5 To re-elect the following director who retires pursuant to Regulation 101 of the Company’s Constitution and who, being eligible, offers himself for re-election:

(B) Mr Lau Yan Wai **(Resolution 5)**

[see Explanatory Note 2]
- 6 To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 6)**

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

NOTICE OF ANNUAL GENERAL MEETING

- (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;
 - (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

NOTICE OF ANNUAL GENERAL MEETING

- (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 3]

(Resolution 7)

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**");

- (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;

NOTICE OF ANNUAL 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 4]

(Resolution 8)

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**”);

NOTICE OF ANNUAL GENERAL MEETING

- (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 5]

(Resolution 9)

AND to transact any other business which may be properly transacted at an annual general meeting.

By Order of the Board

Lee Changwei, Eugene
Joint Company Secretary

Singapore
10 November 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

- 1 Mr Aw will upon re-election as a director of the Company, remain as the chairman of the board of directors and a member of the Nominating Committee. Key information on Mr Aw is set out on pages 61 to 69 of the annual report.
- 2 Mr Lau will upon re-election as a director of the Company, remain as chairman of the Remuneration Committee and a member of the Auditing Committee and be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Limited ("**SGX-ST**"). Key information on Mr Lau is set out on pages 61 to 69 of the annual report.
- 3 Resolution 7 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 7 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- 4 Resolution 8 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.

- 5 Resolution 9 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).

Important notice on AGM arrangements in light of COVID-19

The Notice of AGM has been published on SGXNET and the Company's website at <http://www.datapulse.com.sg>. A printed copy of this Notice, the proxy form and other documents related to the AGM will **NOT** be despatched to members.

This notice sets out the Company's arrangements relating to, among others, attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and/or voting by appointing the Chairman of the AGM as proxy for the AGM.

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Due to the current COVID-19 restriction orders in Singapore, Members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" audio-visual webcast ("**LIVE WEBCAST**") via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**") via telephone. In order to do so, Members who wish to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must pre-register at <https://complete-corp.com/datapulse-agm/> by no later than 3.00 p.m. on 24 November 2020 ("**Registration Cut-Off Time**").

Following verification, an email containing instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS of the proceedings of the AGM will be sent to authenticated members by 12.00 p.m. on 26 November 2020. Members who do not receive an email by 12.00 p.m. on 26 November 2020, but have registered by the Registration Cut-Off Time, should contact Complete Corporate Services Pte Ltd at +65 6329 2745 or via email at datapulse-agm@complete-corp.com.

Persons holding shares through relevant intermediaries, who wish to participate in the AGM via LIVE WEBCAST or through the AUDIO ONLY MEANS, should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- Members who pre-register to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS may also submit questions relating to the resolutions to be tabled for approval at the AGM. Please note that Members will not be able to ask questions at the AGM "live" during the webcast and the audio feed.

All questions must be submitted by 3.00 p.m. on 24 November 2020 ("**Questions Cut-Off Date**") via the pre-registration website at <https://complete-corp.com/datapulse-agm/>.

The Company will address substantial questions relevant to the resolutions to be tabled for approval at the AGM as received from Members before the Questions Cut-Off Date, by publishing the answers on SGXNET and the Company's website at <http://www.datapulse.com.sg>. The Company will, within one month after the date of the AGM, publish the minutes of the AGM, together with responses to subsequent clarifications sought or follow-up questions raised by Members in respect of substantial and relevant matters on SGXNET and the Company's website at <http://www.datapulse.com.sg>.

- Members (whether individuals or corporates) who wish to exercise their voting rights at the AGM must appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM. In appointing the Chairman of the AGM as proxy, Members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- The Chairman of the AGM, as proxy, need not be a member of the Company.
- The proxy form appointing the Chairman of the AGM must be downloaded, printed, completed and signed by Members and sent to the Company in the following manner:
 - if sent personally or by post, be received by the Company's Polling Agent, Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - if submitted by email, be sent as a clearly readable image via email to the Company's Polling Agent, Complete Corporate Services Pte Ltd at datapulse-agm@complete-corp.com,

in either case no later than 3.00 p.m. on 24 November 2020 and in default the proxy form shall not be treated as valid.

- The proxy form appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
- Where the proxy form appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the proxy form, failing which the proxy form may be treated as invalid.
- The Company shall be entitled to reject the proxy form appointing the Chairman of the AGM as proxy if it 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 proxy form appointing the Chairman of the AGM as proxy.
- In the case of shares entered in the Depository Register, the Company may reject the proxy form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders:

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By (a) submitting a proxy form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Member of the Company consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

- processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof);
- processing of the pre-registration for purposes of granting access to Members to the LIVE WEBCAST or AUDIO ONLY MEANS of the AGM proceedings and providing them with any technical assistance where necessary;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

In addition, the personal data of a Member (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company during sounds and/or video recordings of the AGM which may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM and a Member of the Company consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for such purpose.

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DATAPULSE TECHNOLOGY LIMITED

(Incorporated in The Republic of Singapore)
Company Registration No. 198002677D

PROXY FORM FORTIETH ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

This proxy form has been made available on SGXNET and the Company's website at <http://www.datapulse.com.sg>. A printed copy of this proxy form will **NOT** be despatched to members.

IMPORTANT

1. Due to the current COVID-19 restriction orders in Singapore, members of the Company ("Members") will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" audio-visual webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, Members must pre-register by 3.00 p.m. on 24 November 2020.

Members will receive an email verification authenticating their status as Members by 12.00 p.m. on 26 November 2020, along with the accompanying instructions on accessing the webcast and audio feed of the proceedings. Members who do not receive an email by 12.00 p.m. on 26 November 2020 may contact technical support via email at datapulse-agm@complete-corp.com or phone at +65 6329 2745.

2. CPF/SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their voting instructions by 5.00 p.m. on 17 November 2020, being seven (7) working days before the AGM.

3. By submitting a proxy form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Member (and his appointed proxy(ies)) consents to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for such purposes and/or otherwise with the personal data privacy terms set out in the Notice of AGM dated 10 November 2020.

I/We, _____ (name) of _____ (NRIC/Passport No./Co. Reg. No.)

of _____ (address)

being a *member/members of **DATAPULSE TECHNOLOGY LIMITED** (the "**Company**"), hereby appoint the Chairman of the fortieth annual general meeting of the Company ("**AGM**"), as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held by way of electronic means on Friday, 27 November 2020 at 3.00 p.m. and at any adjournment thereof. I/We* direct the Chairman of the AGM to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as my/our* proxy will be treated as invalid.

The resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions	For	Against	Abstain
Ordinary Business				
1	To receive and adopt the directors' statement and audited financial statements			
2	To approve the payment of directors' fees for the financial year ended 31 July 2020			
3	To approve the payment of directors' fees for the financial year ending 31 July 2021, to be paid quarterly in arrears			
4	To re-elect Mr Aw Cheok Huat as director			
5	To re-elect Mr Lau Yan Wai as director			
6	To re-appoint Ernst & Young LLP as auditors and to authorise the directors to fix their remuneration			
Special Business				
7	To authorise the directors to allot and issue shares			
8	To approve the proposed renewal of the share purchase mandate			
9	To approve the proposed renewal of the mandate for interested person transactions			

Notes:

If you wish to exercise all your votes "For", "Against" or "Abstain", please tick within the box provided. Alternatively, please indicate the number of shares the Chairman of the AGM, as your proxy, is directed to vote "For", "Against" or "Abstain".

**Delete where inapplicable*

Dated this _____ day of _____ 2020

Total Number of Ordinary Shares Held

--

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form will be deemed to relate to the entire number of ordinary Shares in the Company registered in your name(s).
2. Due to the current COVID-19 restriction orders in Singapore, a Member will not be able to attend the AGM in person. A member will also not be able to vote online on the Resolutions to be tabled for approval at the AGM. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The proxy form appointing the Chairman of the AGM as proxy must be downloaded, printed, completed and signed by Members and sent to the Company in the following manner:
 - a. if submitted by post, be lodged at the office of the Company's Polling Agent, Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - b. if submitted electronically, be submitted via email to the Company's Polling Agent at datapulse-agm@complete-corp.com.in either case no later than 3.00 p.m. on 24 November 2020 and in default the proxy form shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Members to submit completed proxy forms by post, Members are strongly encouraged to submit completed proxy forms electronically via email.

4. The proxy form appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
5. Where the proxy form appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the proxy form, failing which the proxy may be treated as invalid.
6. 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50.
7. The Company shall be entitled to reject the proxy form appointing the Chairman of the AGM as proxy if it 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 proxy form appointing the Chairman of the AGM as proxy.
8. In the case of shares entered in the Depository Register, the Company may reject the proxy form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

Choong Chee Peng Bert

Independent Non-Executive Director

Lau Yan Wai

Independent Non-Executive Director

Lee Kam Seng

Executive Director

AUDIT COMMITTEE

Teo Choon Kow @ William Teo

Chairman

Choong Chee Peng Bert

Member

Lau Yan Wai

Member

NOMINATING COMMITTEE

Choong Chee Peng Bert

Chairman

Aw Cheok Huat

Member

Teo Choon Kow @ William Teo

Member

REMUNERATION COMMITTEE

Lau Yan Wai

Chairman

Teo Choon Kow @ William Teo

Member

Choong Chee Peng Bert

Member

JOINT COMPANY SECRETARIES

Lee Kam Seng

Lee Changwei, Eugene

REGISTERED OFFICE

Company Registration No. 198002677D

8 Shenton Way

#09-01 AXA Tower

Singapore 068811

Tel: (65) 6382 7989

E-mail: dtpulse@datapulse.com.sg

Website: 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

Registration no. 198002677D

8 Shenton Way,

#09-01 AXA Tower,

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