

# DATAPULSE TECHNOLOGY LIMITED

## BOARD OF DIRECTORS

### TERMS OF REFERENCE

#### 1. Objectives

- 1.1 The Board of Directors ("**Board**") of Datapulse Technology Limited ("**Company**") has a primary responsibility to foster the short and long-term success of the Company, and is accountable to the shareholders and other stakeholders.
- 1.2 The Directors are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company's business and to supervise management, which is responsible for the day-to-day operations of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer ("**CEO**"), sets the standards of conduct for the Company.
- 1.3 The role of the Board is to provide entrepreneurial leadership of the Company, within a framework of adequate and effective controls, which enables risks to be assessed and managed.
- 1.4 The Board is collectively responsible for the long-term success of the Company and delivery of sustainable value to stakeholders. It sets the strategy and risk appetite of the Company and its subsidiaries ("**Group**"), and approves capital and operating plans presented by Management for the achievement of the strategic objectives it has set. Implementation of the strategy set by the Board is delegated to the Management which is led by the CEO.
- 1.5 These terms of reference of the Board ("**Terms of Reference**") are prepared to assist the Board and Management in clarifying responsibilities, and ensuring effective communication between the Board and Management.

#### 2. Authority

- 2.1 The Board is responsible for managing the business of the Company and, in doing so, may exercise all the powers of the Company, subject to any relevant laws and regulations, and to the Company's constitution ("**Constitution**").
- 2.2 To the extent that there is any inconsistency between these Terms of Reference and the Constitution, the Constitution shall prevail.
- 2.3 The Board may delegate any of its powers, authorities and discretions (including the power to subdelegate) for such time and on such terms as it thinks fit to any Board Committee and (if thought fit) one or more other persons.

2.4 The Board delegates the day-to-day running of the Group to Management with the exception of the following matters which require the approval of the Board:

- Annual plans, risk appetite and performance targets for the Group.
- The establishment of effective procedures for monitoring and control of operations including internal procedures for audit, risk and compliance.

This is not intended to be an exhaustive list of the matters which require the approval of the Board; any delegation by the Board in relation to the day-to-day running of the Group shall be in accordance with such policies and directions as the Board may from time to time determine.

2.5 The Board may delegate and confer on any Directors holding executive office, any of its powers, authorities and discretions (including the power to subdelegate) for such time and on such terms as it thinks fit.

2.6 The Board may establish any local or divisional boards or agencies for managing the business of the Group in any specified locality, and delegate and confer on any local or divisional board, manager or agent so appointed, any of its powers, authorities and discretions (including the power to subdelegate) for such time and on such terms as it thinks fit.

2.7 The Board may also, by power of attorney or otherwise, appoint any person or persons to be the agent of the Company, and may delegate to any such person or persons any of its powers, authorities and discretions (including the power to subdelegate) for such time and on such terms as it thinks fit.

2.8 Directors may appoint, employ or retain such professional advisers whom they may consider appropriate. Any such appointment shall be made through the Company Secretary, who shall be responsible for the contractual arrangements and payment of fees by the Company on behalf of the Board.

2.9 The Non-Executive Directors (“**NEDs**”) and/or Independent Directors (“**IDs**”), led by the Lead Independent Director (if any) or other Independent Director as appropriate, meet regularly without the presence of Management. The Chairman of such meetings will provide feedback to the Board and/or Board Chairman as appropriate.

### **3. Membership**

3.1 The Board should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively.

3.2 The Board shall comprise [at least 4 Directors] taking into account, the circumstances of the Company and the Board. The Board should be of sufficient size such that the requirements of the business can be met, and that changes to the Board’s composition can be managed without undue disruption. At the same time, the Board should not be so large as to be unwieldy. The Board should comprise a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board’s decision making.

3.3 At least one-third of the Board shall comprise IDs. The IDs further appoint one from among their number to be the Lead Independent Director, where the Board Chairman is conflicted.

- 3.4 NEDs shall make up a majority of the Board. Where the Board Chairman is not independent, IDs shall make up a majority of the Board.
- 3.5 The Board shall establish and implement a policy for the progressive renewal of Board members, which is to be balanced with the need for the continuity of the Board.
- 3.6 The Board shall establish and implement a Board diversity policy, and ensure such is disclosed along with the objectives and progress made.
- 3.7 The Board shall form Board Committees as it deems appropriate to help it undertake the work. Taking guidance from the Code of Corporate Governance (“**Code**”) (as amended from time to time) and the Companies Act (as amended from time to time), there shall, at a minimum, be the following standing committees: Audit, Nominating and Remuneration.
- 3.8 For each Board Committee formed, the Board should establish a written Terms of Reference which clearly sets out the authority and duties of the Board Committee.
- 3.9 Membership and Chairmanship of the Board Committees shall be evenly distributed among the Board members, especially the IDs, as far as practicable.

#### **4. Secretary**

- 4.1 The Company Secretary shall be the secretary of the Board.

#### **5. Meetings**

- 5.1 The Board should meet regularly to discharge its duties effectively. The Board shall meet with such frequency and at such times as it may determine. However, the Board shall schedule in advance to meet at least four times in a year.
- 5.2 Each Board member is expected to attend every meeting either in person or by audio conferencing or video conferencing when he is not in the country.
- 5.3 When participating in meetings of the Board, EDs are expected to discharge their responsibilities as directors of the Company and not to act solely as the representative of the activity for which they bear executive responsibilities.
- 5.4 The quorum for meetings of the Board is half of the total number of members.
- 5.5 The Board may, at its discretion, invite non-Board members, Management and other external personnel whom it believes can provide relevant information for the purpose of the meeting. For avoidance of doubt, such invitees do not count towards the quorum and shall have no voting rights.
- 5.6 Unless otherwise agreed, the notice of the Board meeting, which sets out the venue, time and date, together with an agenda of items and supporting papers, are to be forwarded to every participant required to attend the meeting at least 7 days prior to the date of the Board meeting, subject to confidentiality considerations. In any event, reasonable notice must be sent to such persons before the meeting.

- 5.7 The Secretary will minute the proceedings and resolutions of all Board meetings, including the names of all those present and the times they were present if they did not attend the full meeting. The minutes have to be approved and signed by the Chairman of the meeting. The minutes will then be circulated to the Board as soon as practical and be officially confirmed at the next Board meeting.
- 5.8 The Board shall establish a clear policy on conflicts of interest and Directors shall observe the provisions of such policy. In general, a Director shall avoid to the fullest extent possible, and declare any actual and potential conflicts of interest. He should not vote on any matter in which he has any direct or indirect interest. If possible, he should recuse himself from the portion of the meeting where there is a potential conflict. A member should not be counted towards the quorum of any meeting for any resolution where he is recused or debarred from voting.
- 5.9 The Board will seek to make decisions by consensus. However, a majority of votes will decide for any issue that requires a resolution. If there is any deadlock, the Board Chairman has the second vote.

## **6. Duties**

- 6.1 The Board has overall responsibility for the long-term success of Datapulse Technology Limited and its value creation. Its duties shall pervade key areas in the Company.

### Corporate Governance

- 6.2 The Board shall review and ensure that the appropriate policies and practices on corporate governance are in place.
- 6.3 The Board shall perform such duties and responsibilities as may be required by laws, regulations, and the constitutions of the Company.
- 6.4 The Board shall review and monitor Group policies and practices on compliance with legal and regulatory requirements. In particular, it shall ensure that the following are complied with:
- Companies Act;
  - Securities and Futures Act;
  - Singapore Exchange Securities Trading Limited Listing Manual; and
  - Code of Corporate Governance and any other codes of practice the Board considers appropriate from time to time.
- 6.5 The Board shall ensure that the required disclosures on corporate governance and related matters required by laws and regulations are made in the annual report and accounts, and to the regulatory authorities.
- 6.6 The Board shall ensure prudent policies for carrying on business while promoting fair practices and high standards of business conduct.
- 6.7 The Board shall assess annually the effectiveness of the Board and the Board Committee, and contributions of each Director.

- 6.8 First-time Directors shall receive a comprehensive and tailored induction on joining the Board, the coverage of which is supervised by the Board. In addition, Directors with no relevant experience or expertise as a Director of an SGX-listed entity are to be provided with training on the roles and responsibilities of a director of an SGX-listed entity, as prescribed by the Exchange<sup>1</sup>.
- 6.9 The Board shall monitor and ensure the training and continuous professional development of directors and senior management. As the Code places on Directors the onus of understanding the business of the company and their duties, Directors should inform the Board Secretary or Board Chairman of director development opportunities they wish to pursue at the Company's expense.
- 6.10 The Board shall establish an investor relations policy to promote regular, effective and fair communication with the shareholders.

#### Strategy

- 6.11 The Board shall set long-term strategic goals, review and assess the strategies from time to time, and monitor the progress towards achieving these goals.
- 6.12 The Board should consider sustainability issues, including issues relating to the environment and social factors, when formulating its strategies.

#### Finances

- 6.13 The Board shall review and approve the annual business plan and budget.
- 6.14 The Board shall monitor the financial performance of the Company.
- 6.15 The Board shall determine an appropriate capital and debt structure for the Company to meet its long-term business objective.
- 6.16 The Board shall set the dividend policy and declare dividends. Where it is decided not to declare dividends, the Board shall announce such together with the reason(s) for the decision.<sup>2</sup>
- 6.17 The Board shall review and approve significant acquisitions and divestments in accordance with the Company's Merger & Acquisition Policy adopted on 16 September 2018.

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<sup>1</sup> Rule 210(5)(a) of SGX Listing Rules (Mainboard) requires any director who has had no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director.

<sup>2</sup> Rule 704(24) of SGX Listing Rules (Mainboard) requires any recommendation or declaration of a dividend (including a bonus or special dividend, if any), the rate and amount per share and date of payment. If dividends are not taxable in the hands of shareholders, this must be stated in the announcement and in the dividend advice to shareholders. If there is a material variation in the interim or final dividend rate compared to that for the previous corresponding period, the directors must state the reasons for the variation at the time the dividend is recommended or declared. If the directors decide not to declare or recommend a dividend, this must be announced together with the reason(s) for such decision.

## Risk Management and Internal Controls

- 6.18 The Board shall oversee the establishment and operation of an enterprise risk management framework to identify, assess, manage, monitor and report the Company's risks.
- 6.19 The Board shall determine and review the Company's risk profile, risk tolerance level and risk strategy of the Company.
- 6.20 The Board shall conduct 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<sup>3</sup>.
- 6.21 Prior to the release of the Company's annual report, the Board shall receive assurance from:
- the CEO and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
  - the CEO and other key management personnel responsible for the Company's risk management and internal control systems on the adequacy and effectiveness of such risk management and internal control systems.

## Human Resources

- 6.22 The Board shall approve the appointment of key management positions.
- 6.23 The Board shall approve, in consultation with the Remuneration Committee, the compensation packages and incentive payment structure for key management positions.
- 6.24 The Board shall oversee the design and operation of the Company's remuneration policy and compensation framework.
- 6.25 The Board shall develop a succession plan for Directors including the CEO, to oversee, through the Nominating Committee, the succession plans for senior management.

## **7. Other Matters**

- 7.1 The Board shall review annually the Board's Terms of Reference and its own effectiveness.
- 7.2 The Directors shall have separate and independent access to Management, the Company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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<sup>3</sup> Rule 1207(10) of SGX Listing Rules (Mainboard) require the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them.