



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Datapulse Technology Limited

**Stock code:** BKW

**Meeting details:**

Date: 29 November 2022

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** The financial highlights can be found on page 5 of the annual report. In FY2022, the group generated revenue of \$1.92 million and recognised a loss attributable to owners of the company of \$(3.3) million

Shareholders' funds have declined to \$58.0 million as at 31 July 2022 from \$81.2 million (FY2018), partly due to dividends of \$5.4 million. Net cash per share has decreased from 37 cents in FY2018 to 2.86 cents in FY2022. The company has stopped paying dividends for the past three years and it has traded significantly below its net asset value in the past four years. The market discount (as shown below) is at 37% in FY2022.

SHARE PRICE					
Highest (cents)	44.00	30.00	28.00	28.00	17.40
Lowest (cents)	26.50	21.00	16.00	16.00	7.10
Average (cents)	31.45	26.14	20.50	18.54	11.39
Weighted average number of shares (million)	219	219	219	219	219
Average market capitalisation (\$'million) <i>(note 6)</i>	69	57	45	41	25
Average shareholders' funds (\$'million)	66	80	74	68	62
Market value added/(market discount) (\$'million) <i>(note 7)</i>	3	(23)	(29)	(27)	(37)

(Source: company annual report; emphasis added)

- (i) **Has the board reviewed if the pivot to real estate/hospitality has created value for shareholders, especially minority shareholders?**
- (ii) **What is the group's competitive advantage? How does the group create long-term, sustainable value for shareholders?**

The chairman has further stated that the group will actively seek and evaluate investment opportunities in spite of COVID-19.

- (iii) **Can the board/management map out a holistic growth plan and help shareholders better understand the long-term growth strategy? Has the board set a limit on the group's gearing?**
- (iv) **Who in the management team is driving the performance of Travelodge Myeongdong City-Hall ("TLMC"), which is the group's wholly owned (and major) asset with a carrying value of \$40.2 million (out of total assets of \$61.3 million)?**
- (v) **What are the levers available to management to improve the operational performance of TLMC given that China remains slow in transitioning away from its "Zero-COVID" policy?**

**Q2.** As disclosed in Note 17 (pages 109 & 110 – Loans and borrowings), the group repaid its Korean won loan with a carrying value of \$21.1 million (as at 31 July 2021) in March 2022.

Under its risk management policy, the company stated the following (page 126):

*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”).*

*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.*

*The Group’s and Company’s monetary assets and monetary liabilities exposures to currency risk arise primarily from its bank balances and exposures are insignificant.*

The group’s property, plant and equipment (PPE) decreased from \$46.0 million as at 31 July 2021 to \$40.5 million as at 31 July 2022 due to foreign exchange movement arising from the appreciation of SGD against KRW and depreciation charged during the year. On page 75 (Consolidated statement of profit or loss and other comprehensive income), it can be seen depreciation for PPE and right-of-use assets in FY2022 was \$0.998 million while the foreign currency translation differences relating to foreign subsidiaries was \$3.93 million for FY2022.

- (i) **What guidance has the board given to management in terms of managing the group’s foreign currency risks?**
- (ii) **What is management’s view of the long-term trend of the Singapore Dollar and the Korean Won?**
- (iii) **Can management confirm that there is no natural hedging? If so, should the board/management consider it timely to formalise a hedging policy before the group increases its investments overseas?**
- (iv) **In addition, what is the targeted/optimal capital structure to support the group’s growth?**

**Q3.** At the annual general meeting scheduled to be held on 29 November 2022, the company is proposing to re-elect Mr Yee Chia Hsing who is retiring pursuant to Article 105 of the company's constitution.

Mr Yee Chia Hsing was appointed an executive director on 1 August 2022. The biography of the director can be found on page 8 of the annual report. Additional information on director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST – Appendix 7.4.1 can be found on pages 60 to 63.

In the chairman's statement, Mr Yee has been described as an "experienced banking professional" (page 2). The announcement of the appointment can be found here:

<https://links.sgx.com/1.0.0/corporate-announcements/DJ6U1QWDOLZWI1QW/95046f07685f2fe9bc8b6ecad6422ddc736ae7903027ac66010b3e292e99c3>

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF EXECUTIVE DIRECTOR - YEE CHIA HSING
<b>Announcement Sub Title</b> Appointment of Executive Director - Yee Chia Hsing
<b>Announcement Reference</b> SG220718OTHRA2CN
<b>Submitted By (Co./ Ind. Name)</b> Lau Yin Whai
<b>Designation</b> Company Secretary
<b>Description (Please provide a detailed description of the event in the box below)</b> Appointment of Executive Officer - Mr. Yee Chia Hsing
<b>Additional Details</b>
<b>Date Of Appointment</b> 01/08/2022
<b>Name Of Person</b> Yee Chia Hsing
<b>Age</b> 51
<b>Country Of Principal Residence</b> Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</b> The Board has accepted the recommendations of the Nominating Committee of the Company, having reviewed and considered Mr. Yee's qualifications and work experience, and is of the opinion that he is suitable for the role.
<b>Whether appointment is executive, and if so, the area of responsibility</b> The appointment is Executive. Mr. Yee will take charge of the Company's management team with effect from 1 August 2022.
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b> Executive Director

(Source: company announcement dated 18 July 2022; emphasis added)

- (i) **Can the company help shareholders better understand the director's experience in hospitality, especially in the key markets of Seoul and Singapore?**
- (ii) **Is there sufficient hospitality expertise in the senior management team given that the only other key management personnel identified is the financial controller?**

In addition, the rationale, selection criteria, board diversity considerations and the search and nomination process are required by SGX and have been included in the announcement of appointment template (highlighted above).

- (iii) **Would the company/nominating committee (NC) disclose the selection criteria and the search and nomination process that led to the appointment of Mr Yee Chia Hsing?**

Mr Teo Choon Kow @ William Teo, lead independent director, will also be retiring as a director of the board after the annual general meeting. Mr Teo was first appointed on 25 August 2019.

- (iv) **Has the nominating committee reviewed the current competency matrix of the board and had identified any gaps in skills or competencies that needs to be addressed in future director appointments?**

<sup>^</sup>On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation

(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

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