

IN THE GENERAL DIVISION OF THE HIGH COURT
OF THE REPUBLIC OF SINGAPORE

HC/S 258/2022

Between

MARISA MCKNIGHT
(Japan Passport No. TZ1168552)

... Plaintiff

And

QUOINE PTE LTD
(UEN No. 201414068E)

... Defendant

DEFENCE

1. The Defendant files this Defence without prejudice to the following:
 - (a) its right to strike out the Statement of Claim ("**SOC**") or any part thereof on the basis that it discloses no reasonable cause of action and/or is scandalous, frivolous or vexatious and/or is otherwise an abuse of the process of the Court; and
 - (b) its right to seek further and better particulars of the SOC and/or to administer interrogatories and to amend the pleadings herein as a consequence of such further and better particulars and/or response(s) to interrogatories being furnished.

I. **THE PARTIES**

2. Paragraph 1 of the SOC is admitted. The Plaintiff was employed as the Defendant's Head of Product & Marketing (Japan) until 7 October 2021.

3. As to paragraph 2 of the SOC:

(a) The first sentence of paragraph 2 of the SOC is admitted.

(b) The Defendant operates a virtual currency exchange on which users trade virtual currencies, *i.e.* the Liquid platform ("**Liquid**"). Save as aforesaid, the second sentence of paragraph 2 of the SOC is not admitted.

II. **THE EVENTS LEADING TO THE TERMINATION OF THE PLAINTIFF'S EMPLOYMENT**

4. The first sentence of paragraph 3 of the SOC is admitted.

5. The Plaintiff was promoted to Head of Product (Japan) on 29 October 2020 while based in Singapore. Save as aforesaid, the second sentence of paragraph 3 of the SOC is denied.

6. The first sentence of paragraph 4 of the SOC is admitted. The Plaintiff does not plead to the second sentence of paragraph 4 of the SOC, which are matters not within the Defendant's knowledge.

The Plaintiff's absence during the Hack

7. As to paragraph 5 of the SOC:

(a) On 19 August 2021, the Defendant detected unauthorised access to some of the cryptocurrency wallets managed at Liquid (the "**Hack**"), where cryptocurrency assets worth approximately US\$99.7 million were moved out of these wallets by an unauthorised party. This was publicly announced by the Defendant on, amongst others, Liquid's website at <https://blog.liquid.com/warm-wallet-incident> and Liquid's global twitter feed at https://twitter.com/Liquid_Global (the "**Liquid Global Twitter Feed**"). Save as aforesaid, the first and second sentences of paragraph 5 of the SOC are not admitted.

(b) The third sentence of paragraph 5 of the SOC is denied. The Plaintiff was informed of the Hack, together with all of the Defendant's employees, by way of messages sent on the "General" channel of the Slack messaging platform (the "**Slack Platform**") used by the Defendant (and its employees). In any case, when the Hack was announced on the Liquid Global Twitter Feed on 19 August 2021, the Defendant was still on personal leave.

The Plaintiff's resignation notice

8. As to paragraph 6 of the SOC:

- (a) The Plaintiff returned to work remotely on 23 August 2021 but the Plaintiff did not return to the Defendant's Singapore office and was only able to work remotely.

- (b) The Defendant avers that the investigations into the Hack were handled primarily by the Defendant's Security team, while the related crisis and public relations matters were being handled by the Defendant's senior management (including the Defendant's Chief Executive Officer, Mr Kariya "Mike" Kayamori ("**Mr Kayamori**"), and the Defendant's Chief Operating Officer, Mr Seth Melamed ("**Mr Melamed**").

- (c) The Defendant further avers that, as part of the investigations into the Hack, the Defendant considered whether any of the Defendant's employees could have been complicit in the Hack. The Defendant's initial investigations into the Hack indicated that the Plaintiff's company-issued laptop (the "**Laptop**") had, in early August 2020 (while the Plaintiff was on personal leave) been used to access files that were potentially related to the Hack. In light of the ongoing investigations into the Plaintiff's potential involvement in the Hack, the Defendant did not consider it appropriate to involve the Plaintiff as part of the Defendant's team investigating the Hack or handling public relations matters relating to the Hack.

- (d) The Plaintiff continued to receive updates on the Hack together with the rest of the Defendant's employees by way of messages sent on the "General" channel of the Slack Platform.
 - (e) Save as aforesaid, paragraph 6 of the SOC is not admitted.
9. As to paragraph 7 of the SOC:
- (a) The first sentence of paragraph 7 of the SOC is admitted.
 - (b) The second sentence of paragraph 7 of the SOC is denied. The Defendant avers that, from 23 August 2021 to 21 September 2021, the Defendant's Head of People and Culture, Mr Marco Passuello ("**Mr Passuello**"), had attempted to make arrangements for the Plaintiff's return to Singapore, including attempting to submit a safe travel application to the Immigration and Checkpoint Authority (the "**ICA**"), but was unable to do so as there were no open application slots on the ICA's online portal. In light of the difficulties in arranging for the Plaintiff's return to Singapore arising from the Covid-19 restrictions, during a telephone call on 7 September 2021 between the Defendant's Chief Marketing Officer and Chief Product Officer, Mr Chi Tran ("**Mr Tran**"), and the Plaintiff, Mr Tran suggested the Plaintiff travel to Japan so that she could work more effectively with the rest of the Defendant's employees.
10. The first sentence of paragraph 8 of the SOC is not admitted.

11. As to the second sentence of paragraph 8 of the SOC:
 - (a) The Defendant admits that the Plaintiff delivered her resignation notice by e-mail on 15 September 2021 (the “**Resignation Notice**”). The Defendant denies that the matters pleaded at paragraphs 6 to 7 of the SOC were sufficient reasons justifying the Defendant’s decision to resign from the Plaintiff’s employment. The Defendant avers that in June 2021, even before any alleged feelings of exclusion and isolation as described at paragraph 8 of the SOC, the Plaintiff had expressed a desire to leave the Plaintiff’s employment because of an alleged lack of clarity as to whom she should be reporting in the Defendant’s organisation, the alleged need for a Japanese-speaking employee to assist the Plaintiff with responsibilities relating to products (including product development) and the alleged need for more resources to assist with Quick Exchange technical issues. The Defendant will refer to and rely on an exchange of Slack messages between the Plaintiff and the Defendant’s Mr Passuello on 23 June 2021. The Defendant will also refer to and rely on the terms of the resignation notice dated 15 September 2021 (the “**Resignation Notice**”), which makes no mention of any alleged feelings of exclusion or isolation on the Plaintiff’s part and instead states that the Plaintiff had decided to end her employment with the Defendant because the Plaintiff “*had accepted a consulting position in another company*”.

- (b) Save as aforesaid, the second sentence of paragraph 8 of the SOC is not admitted.

- 12. The third sentence of paragraph 8 of the SOC is admitted insofar as it accurately summarises clause 3 of the Employment Agreement dated 9 December 2019 between the Plaintiff and the Defendant (the “**Employment Agreement**”).

- 13. As to the fourth and fifth sentences of paragraph 8 of the SOC:
 - (a) The fourth sentence of paragraph 8 of the SOC is admitted insofar as it correctly states that the Plaintiff had 13 days of unconsumed leave at the material time.

 - (b) The fifth sentence of paragraph 8 of the SOC is admitted insofar as the Resignation Notice stated that the Plaintiff’s final working day would be 28 September 2021.

 - (c) Save as aforesaid, the fourth and fifth sentences of paragraph 8 of the SOC are not admitted.

 - (d) The Defendant avers that it did not accept the Resignation Notice as the Defendant required the Plaintiff’s assistance with the Defendant’s investigations into the Hack. Accordingly, the Defendant denies that the Resignation Notice was valid and effective, and the Defendant is put to strict proof thereof.

- (e) The Defendant further avers that even if the Resignation Notice was valid and effective (which is denied), the Plaintiff's last day of employment would have been 15 October 2021 (i.e. one month from the Resignation Notice) and the Plaintiff's purported final working day on 28 September 2021 did not bring forward the Plaintiff's last day of employment. Insofar as the Plaintiff contends that her last day of employment was 28 September 2021, the Defendant avers that the Plaintiff was not entitled to rely on the Plaintiff's unconsumed leave to unilaterally bring forward her last day of employment to 28 September 2021.

The Plaintiff's agreement to assist with investigations

14. As to the first sentence of paragraph 9 of the SOC:

- (a) The Defendant admits that the Plaintiff was requested to attend an interview via Zoom on 22 September 2021. Save as aforesaid, the first sentence of paragraph 9 of the SOC is denied.
- (b) The Defendant avers that the interview held on 22 September 2021 was not an exit interview and did not imply the Defendant's acceptance of the Resignation Notice. The purpose of the interview was to inform the Plaintiff that her assistance and return of her company-issued laptop (the "**Laptop**") were necessary for investigations into the Hack.

15. The second sentence of paragraph 9 of the SOC is denied and the Plaintiff is put to strict proof thereof.

16. The Defendant admits that the interview via Zoom on 22 September 2021 was recorded. Save as aforesaid, the first sentence of paragraph 10 of the SOC is not admitted. The Defendant avers that the Defendant's representatives informed the Plaintiff that that the Defendant intended to share the recording of the Zoom internally and with the relevant law enforcement authorities. The Plaintiff consented to the Defendant's intended course of action.

17. The Defendant admits that the interview on 22 September 2021 was conducted by Mr Tran and the Defendant's Chief Information Officer, Mr Graeme Docherty ("**Mr Docherty**"). Save as aforesaid, the second sentence of paragraph 10 of the SOC is denied. The Defendant denies that the interview on 22 September 2021 was an exit interview, and repeats paragraph 14(b) of the Defence above.

18. As to the third to fifth sentences of paragraph 10 of the SOC:
 - (a) During the interview on 22 September 2021, Mr Tran and Mr Docherty informed the Plaintiff that:

- (i) the Laptop appeared to have been compromised and may potentially have been used to access files that led to the Hack;
 - (ii) the system records showed there had been a new device login notification using the Plaintiff's login credentials on 10 August 2021 (which was shortly before the Hack);
 - (iii) the Defendant needed to forensically examine in order to ascertain if, and how, the Laptop (or the Plaintiff's login credentials) had been compromised;
 - (iv) the Defendant required the Plaintiff's cooperation and the Plaintiff's return of the Laptop to assist in investigations into the Hack; and
 - (v) the Defendant had been engaging with law enforcement authorities in the United States, Japan, Singapore and Vietnam, who may wish to interview the Plaintiff as well.
- (b) During the interview on 22 September 2021, Mr Tran and Mr Docherty also explained to the Plaintiff that it was in the Plaintiff's interests to cooperate with the Defendant's investigations into the Hack and to return the Laptop promptly. Mr Tran and Mr Docherty also asked the Plaintiff about the persons she had been in contact with, what networks she had connected to using the Laptop during

her travels, and whether she may have installed any unknown software packages on the Laptop (that could have allowed others to gain access to the Laptop).

- (c) The Defendant denies that the interview on 22 September 2021 was an exit interview, and repeats paragraph 14(b) of the Defence above.
 - (d) Save as aforesaid, the third to fifth sentences of paragraph 10 of the SOC are not admitted.
 - (e) The Defendant further avers that during the interview on 22 September 2021, the Plaintiff agreed without reservation to assist in the Defendant's investigations into the Hack and to return the Laptop.
19. The Plaintiff stated during the interview on 22 September 2021 that she was not involved in the Hack, but acknowledged the possibility that the Laptop may have been compromised, and further agreed to cooperate with the Defendant's investigations. Save as aforesaid, the sixth sentence of paragraph 10 of the SOC is not admitted.
20. The Defendant admits that the Plaintiff was requested to shut down the Laptop. Save as aforesaid, the seventh sentence of paragraph 10 of the SOC is not admitted. The Laptop was subsequently locked remotely with a PIN code.

21. As to paragraph 11 of the SOC:
- (a) The Defendant avers that the Plaintiff's interview on 22 September 2021 with Mr Tran and Mr Docherty was conducted in a cordial (and not accusatory) manner. Save as aforesaid, the first sentence of paragraph 11 of the SOC is not admitted.
 - (b) The Defendant admits that, after the Plaintiff's interview on 22 September 2021 with Mr Tran and Mr Docherty, the Plaintiff contacted Mr Kayamori and Mr Melamed respectively to request discussions. Save as aforesaid, the second sentence of paragraph 11 of the SOC is not admitted.
 - (c) The third and fourth sentences of paragraph 11 of the SOC are admitted.
22. The first, third and fourth sentences of paragraph 12 of the SOC are admitted. The Defendant avers that:
- (a) The Zoom meeting on 23 September 2021 between Mr Kayamori and the Plaintiff was arranged at the Plaintiff's request. At the said Zoom meeting, Mr Kayamori again explained the need for the Plaintiff to cooperate with investigations into the Hack and to return the Laptop to the Defendant promptly, and repeated the Defendant's request that the Plaintiff travel to the Quoine Group's headquarters in Japan. Mr Kayamori also explained that law enforcement

authorities had believed that a North Korean state-sponsored group could have been behind the Hack, and that the law enforcement authorities were investigating the matter, including whether there had been social engineering involved. In this regard, Mr Kayamori explained that the Plaintiff's assistance was required as it appeared that the Laptop had been compromised and used to access files that led to the Hack.

- (b) The Plaintiff again agreed to the Defendant's request for cooperation without reservation, and also agreed to fly to Japan as soon as possible.
 - (c) After the Zoom meeting on 23 September 2021 between Mr Kayamori and the Plaintiff, the People & Culture Manager of the Defendant's Japanese affiliate, Ms Madoka Kagimoto ("**Ms Kagimoto**"), liaised with the Plaintiff in relation to the Plaintiff's travel arrangements to Japan.
 - (d) On or around 23 September 2021, in an exchange of WhatsApp messages between Ms Kagimoto and the Plaintiff, the Plaintiff agreed that "*it will be best to go [to Japan]*" and assist with the Defendant's investigations in person.
23. At no point in time during the Zoom meeting on 23 September 2021 did the Plaintiff say she was "*being made a scapegoat*". The Plaintiff said during the Zoom meeting that she was unaware of how the Laptop may have been

compromised and that she was not involved in the Hack. Save as aforesaid, the second sentence of paragraph 12 of the SOC is not admitted.

The Plaintiff's subsequent refusal to cooperate with investigations and to return the Laptop

24. The first sentence of paragraph 13 of the SOC is not admitted.

25. It is admitted that the Plaintiff had sent an email to Mr Kayamori on or around 26 September 2021 (the "**26 Sep Email**") regarding the Plaintiff's purported concerns in travelling to Japan. However, Mr Kayamori did not see the 26 Sep Email at that time as the 26 Sep Email had been diverted to Mr Kayamori's spam folder and deleted. It was only later, in around October 2021, that the Defendant managed to retrieve the 26 Sep Email through its e-mail archive software. Save as aforesaid, the second sentence of paragraph 13 of the SOC is not admitted.

26. The first sentence of paragraph 14 of the SOC is denied. On 24 September 2021, the Defendant's Ms Kagimoto sent the Plaintiff her flight details to travel to Japan on 28 September 2021.

27. As to the second sentence of paragraph 14 of the SOC:
 - (a) In a WhatsApp message on 27 September 2021 at 2:47 pm from the Plaintiff to Ms Kagimoto, the Plaintiff said:

“Madoka-san can you please check with [Mr Kayamori] about my concerns flying? Or ask him to respond to my email?”

- (b) Save as aforesaid, the second sentence of paragraph 14 of the SOC is not admitted. The Defendant repeats paragraph 25 of the Defence above.
28. As to the first sentence of paragraph 15 of the SOC:
- (a) On 27 September 2021 at 2:47 pm, Ms Kagimoto replied to the Plaintiff’s WhatsApp message referred to at paragraph 0 above, stating that Ms Kagimoto was unaware of the matters raised in the Plaintiff’s WhatsApp message earlier.
 - (b) On 28 September 2021, the Plaintiff sent Ms Kagimoto a further WhatsApp that she would not be coming to Japan.
 - (c) On 28 September 2021, Mr Kayamori messaged the Plaintiff through Telegram stating that he had heard from Ms Kagimoto that the Plaintiff had decided not to come to Japan.
 - (d) The Plaintiff informed Mr Kayamori (also on 28 September 2021 through Telegram) that she was *“waiting for [his] email response”* to the 26 Sep Email.
 - (e) In his reply to the Plaintiff by Telegram, Mr Kayamori said that he had not seen the 26 Sep Email.

- (f) Save as aforesaid, the first sentence of paragraph 15 of the SOC is not admitted.

29. As to the second sentence of paragraph 15 of the SOC:

- (a) Following the exchange of Telegram messages described at paragraph 28 above, the Plaintiff shared a screenshot of the 26 Sep Email through Telegram. Upon seeing the screenshot of the 26 Sep Email, Mr Kayamori attempted to address the Plaintiff's concerns as set out in 26 Sep Email, by stating that:

- (i) The Laptop and the Plaintiff's login credentials appeared to have been compromised.

- (ii) If the Plaintiff was not complicit in the Hack, the Plaintiff was a victim and should do everything in her power to cooperate with the investigations so that she could clear her name.

- (iii) The Defendant was instructing the Plaintiff, as an employee, to travel to Japan to assist with the investigations into the Hack.

- (b) Mr Kayamori thereafter suggested a further Zoom call on 28 September 2021 with the Plaintiff in order to address any concerns that she may have. During the said Zoom call, the Plaintiff agreed

to comply with the Defendant's request to travel to Japan and also to return the Laptop. Thus, after the Zoom call, Mr Kayamori messaged the Plaintiff through Telegram asking her to share with him and Ms Kagimoto her flight schedule.

(c) Save as aforesaid, the second sentence of paragraph 15 of the SOC is not admitted.

30. The third and fourth sentences of paragraph 15 of the SOC are denied.
31. The fourth sentence of paragraph 15 of the SOC is not admitted.
32. Save that the Plaintiff did not travel to Japan on 28 September 2021, the first sentence of paragraph 16 of the SOC is denied. The Defendant denies that the Plaintiff's concerns as set out in the 26 Sep Email were not adequately addressed and that the Defendant made threats against the Plaintiff.
33. The second and third sentences of paragraph 16 of the SOC are denied. The Defendant denies that the Plaintiff had good reasons for refusing to travel to Japan and refusing to ship the Laptop to the Defendant as requested by the Defendant. The Defendant repeats paragraphs 18(a), 18(b), 22(a) and 29(a) of the Defence above.
34. The fourth sentence of paragraph 16 of the SOC is not admitted.

35. Save that, after 28 September 2021, the Plaintiff continued to question why she had to travel to Japan to assist with investigations and to return the Laptop, paragraph 17 of the SOC is denied. By way of an exchange of Telegram messages on 1 October 2021 between the Plaintiff and Mr Kayamori, the Plaintiff stated that although she was not willing to travel to Japan, the Plaintiff was "*happy to return the computer and mail it*". In his response by Telegram on 1 October 2021, Mr Kayamori requested that the Plaintiff make arrangements to return the Laptop urgently.
36. Save that Mr Kayamori received an email from Greenberg Traurig LLP on 6 October 2021 stating that they acted for the Plaintiff and asking that the Defendant direct any future communications regarding the inquiry into the Hack to them, paragraph 18 of the SOC is not admitted and the Plaintiff is put to strict proof thereof. The Defendant avers that the Plaintiff did not inform the Defendant that she had voluntarily reached out to the United States Federal Bureau of Investigation ("**FBI**"). The Defendant avers that:
- (a) the Defendant received an e-mail from the FBI on 13 October 2021 informing the Defendant that the Plaintiff's legal counsel had reached out to the FBI in relation to the Laptop ; and
 - (b) on or around 15 October 2021, the Plaintiff shipped the Laptop to the FBI.

Termination of the Plaintiff's employment

37. As to the first sentence of paragraph 19 of the SOC:

- (a) Insofar as it alleged that the notice of termination dated 7 October 2021 (the "**Termination Notice**") was wrongful or ineffective because it was issued after the Plaintiff's "*Last Working Day*", the Defendant avers that it had neither accepted the Resignation Notice nor accepted any purported abridgement of the one-month notice period under clause 3 of the Employment Agreement, through the application of unconsumed days of leave. The Defendant repeats paragraph 13 of the Defence above.
- (b) Save as aforesaid, the first sentence of paragraph 19 of the SOC is admitted.

38. As to the second sentence of paragraph 19 of the SOC:

- (a) Insofar as it is alleged that the Termination Notice was wrongful and/or ineffective, the Defendant denies such allegation.
- (b) Save as aforesaid, the second sentence of paragraph 19 of the SOC is admitted.

- (c) On 7 October 2021, the Defendant issued the Termination Notice pursuant to clause 6A(ii) of the Employment Agreement which provides as follows:

“6. *TERMINATION*

(A) Notwithstanding Clause 3 above, this Agreement may be subject to termination by the Company:

...

(ii) by summary notice if the Employee shall have committed any serious breach or have repeated or have continued (after warning) any material breach of his obligations hereunder (if any) or if any of the following occurs:

...

(d) wilful violation of any Company policy which adversely affects the Company in a material manner;

...

(f) engaging in conduct which constitutes gross insubordination or incompetence;

...”

- (d) The Termination Notice also instructed the Plaintiff to return all “*Company Property*” including the Laptop to the Defendant.

39. The first sentence of paragraph 20 of the SOC is denied. The Defendant repeats paragraph 13 and 37(a) of the Defence above.

40. The second and third sentences of paragraph 20 of the SOC are denied. The Defendant avers that:

- (a) In breach of the Defendant's instructions, the Plaintiff refused to travel to Japan to assist with investigations into the Hack and continued to delay the return of the Laptop.
- (b) The Defendant repeats paragraphs 18(a), 18(b), 22(a), 29(a) and 33 of the Defence above.
- (c) By an e-mail dated 2 October 2021 from the Plaintiff to Mr Kayamori, Mr Passuello and Ms Kagimoto, the Plaintiff stated that "*[b]efore sending the laptop to cooperate as an employee, can we also conclude my employment termination terms*".
- (d) By e-mails dated 2 October 2021 and 5 October 2021 from Mr Kayamori to the Plaintiff, the Defendant urged the Plaintiff to return the Laptop as soon as possible.
- (e) In the e-mail dated 5 October 2021 from Mr Kayamori to the Plaintiff, the Defendant stated that if the Plaintiff continued to delay making arrangements to return the Laptop, the Defendant would have to assume that she was "*stealing a company asset or even tampering with evidence*".
- (f) Mr Kayamori received an e-mail from Greenberg Traurig LLP on 6 October 2021 stating that they acted for the Defendant and asking that the Defendant direct any future communications regarding the inquiry into the Hack to them. However, the said e-mail from

Greenberg Traurig LLP did not address the Defendant's requests for the return of the Laptop (including the e-mail dated 5 October 2021 from Mr Kayamori to the Plaintiff). Between 5 and 7 October 2021, the Defendant did not receive any response from the Plaintiff or her legal counsel confirming that she would cooperate to return the Laptop, which was property belonging to the Defendant.

41. The Defendant avers that the Plaintiff's persistent refusal to cooperate and comply with the Defendant's reasonable and lawful instructions for the Plaintiff to travel to Japan to assist in investigations into the Hack and to return the Laptop, amounted to gross insubordination and/or a serious breach of her obligations under the Employment Agreement. Throughout September and October 2021, there was an ongoing and time-sensitive investigation into the root cause of the Hack, the parties responsible for the Hack and the tracing / recovery of the misappropriated assets. The Plaintiff's unwillingness to cooperate inhibited the Defendant's ability to investigate the Hack and recover the misappropriated assets. The Defendant repeats paragraphs 18(a), 18(b), 22(a), 29(a) and 33 of the Defence above.

42. Save that the Defendant did not conduct a formal inquiry into the Plaintiff's misconduct, the fourth sentence of paragraph 20 of the SOC is denied. The Defendant avers that it was obvious that the Plaintiff refused to comply with the Defendant's instructions for the Plaintiff to travel to Japan to assist in investigations into the Hack and to return the Laptop.

43. The fifth sentence of paragraph 20 of the SOC is denied. The Defendant denies that it sought to use the Plaintiff as a scapegoat for the Hack and puts the Plaintiff to strict proof thereof.
44. As to paragraph 21 of the SOC:
- (a) It is admitted that the Defendant agreed to make a total payment of US\$13,524.80 to the Plaintiff in respect of an employment claimed lodged with the Ministry of Manpower. The Defendant avers that such payment was made without any acknowledgment that the Termination Notice was wrongful or ineffective.
 - (b) The Defendant denies that it was aware or acknowledged that the Termination Notice was wrongful or ineffective.
 - (c) Save as aforesaid, paragraph 21 of the SOC is not admitted.
45. Paragraph 22(a) of the SOC is denied. The Defendant further avers that the Plaintiff is not entitled to claim any loss in respect of the agreement governing the grant of stock acquisition rights to the Plaintiff (the “**SAR Agreement**”). In this connection:
- (a) The stock acquisition rights had not been exercised and the Plaintiff would not have been entitled to exercise the same under the terms of the SAR Agreement because:

- (i) the shares underlying the stock acquisition rights had not been listed on a stock exchange or traded over the counter on the market of Japan Securities Dealer Association, in accordance with clause 1(7)(VII) of the SAR Agreement; and
 - (ii) the board of directors of the Defendant's parent company had not resolved to enter into any change of control event (within the definition under the SAR Agreement), in accordance with clause 1(7)(XIV) of the SAR Agreement (read with clause 1(7)(X), (XI) and (XIII) of the SAR Agreement).

- (b) Further and/or in any event, under clause 1(7)(I) of the SAR Agreement, the Plaintiff would not have been entitled to exercise any stock acquisition rights on account of her "*violation of the [Defendant's] internal rules*" and/or the fact that the Plaintiff has entered into an "*employment agreement, service agreement or any other similar engagement with a competitive company*". In this regard, the Plaintiff's LinkedIn profile states that the Plaintiff is a founding partner of MultiSummit LLC, a consultancy firm which appears to compete in the same industry as the Defendant.

- (c) Further and/or in the alternative, even if the Plaintiff was entitled to exercise any stock acquisition rights (which is denied), under the terms of the SAR Agreement, only 22 out of 60 of the stock acquisition rights had vested, whether calculated as of 7 October 2021 (the date of termination of the Plaintiff's employment pursuant

to the Termination Notice), or calculated as of 15 October 2021 (the Plaintiff's last day of employment if she had not been terminated for cause). The Plaintiff has no claim whatsoever in respect of any unvested stock acquisition rights upon the cessation of her employment with the Defendant.

46. As regards the alleged loss of reputation at paragraph 22(b) of the SOC, no admission is made in respect of the same and the Plaintiff is put to strict proof of such allegation. Further and/or in any event, to the extent that the Plaintiff has suffered any such loss and damage, it is denied that the same was caused by the Defendant and/or its actions. It is further denied that any such loss and damage is recoverable as such loss was not reasonably foreseeable and/or was too remote.

47. As regards the alleged loss of loss of future employment opportunities at paragraph 22(c) of the SOC, no admission is made in respect of the same and the Plaintiff is put to strict proof of such allegation. Further and/or in any event, to the extent that the Plaintiff has suffered any such loss and damage, it is denied that the same was caused by the Defendant and/or its actions. It is further denied that any such loss and damage is recoverable as such loss was not reasonably foreseeable and/or is too remote. The Defendant will rely on the Resignation Notice sent on 15 September 2021, in which the Plaintiff had stated that she had "*accepted a consulting position in another company*" and the exchange of WhatsApp messages on 23 September 2021 between Ms Kagimoto and the Plaintiff, during which the Plaintiff said

that “I’m suppose to be starting new job and I will need to tell them why I’m going to Japan”.

48. Paragraph 23 of the SOC is admitted insofar as it accurately describes the contents of a letter of demand dated 16 February 2022 from the Plaintiff’s solicitors (the “**Demand Letter**”).
49. By way of a letter dated 2 March 2022 and an e-mail dated 18 March 2022 from the Defendant’s solicitors to the Plaintiff’s solicitors, the Defendant’s solicitors stated that they required more time to take instructions on the allegations in the Demand Letter. Save as aforesaid, paragraph 24 of the SOC is not admitted.
50. Paragraph 25 of the SOC is denied. The Defendant’s solicitors have responded to the Demand Letter by way of letters dated 30 March 2022 and 4 April 2022, setting out the Defendant’s position in response to the Plaintiff’s allegations, and inviting the Defendant to withdraw its claim in HC/S 258/2022. However, neither the Plaintiff nor her solicitors have provided any substantive response to the letters sent by the Defendant’s solicitors on 30 March 2022 and 4 April 2022.
51. Paragraph 26 of the SOC is denied. The Defendant repeats paragraph 45 of the Defence above.
52. In the circumstances, the Plaintiff is not entitled to any reliefs as alleged or at all.

53. Save as in herein expressly admitted, the Defendant denies each and every allegation of fact contained in the SOC as if the same were herein set out seriatim and specifically traversed.

Dated this 19th day of April 2022

Allen & Gledhill

*Solicitors for the Defendant
Allen & Gledhill LLP*