

Our Ref: REG/LC/SWM/AYYS/IN201802006

23 February 2018

**Board of Directors**

Datapulse Technology Ltd  
150 Beach Road  
The Gateway West #35-00  
Singapore 189720

Dear Sirs

**DATAPULSE TECHNOLOGY LTD (THE "COMPANY")  
NOTICE OF COMPLIANCE (THE "NOTICE")**

1. The Exchange refers to the following announcements:-
  - (a) The Company's announcement dated 11 December 2017 (Announcement Reference No.: SG171211OTHR6YZ) titled "Resignation and Appointment of Directors / Re-constitution of Board's Audit, Nominating and Remuneration Committees";
  - (b) The Company's announcement dated 12 December 2017 (Announcement Reference No.: SG171212OTHRJ8UY) titled "Proposed Acquisition of New Subsidiary";
  - (c) The Company's announcement dated 15 December 2017 (Announcement Reference No.: SG171215OTHR962C) titled "Update on Proposed Acquisition of New Subsidiary";
  - (d) The Company's announcement dated 28 December 2017 (Announcement Reference No.: SG171228OTHRET7U) titled "Response to SGX Queries"; and
  - (e) The Company's announcement dated 30 January 2018 (Announcement Reference No.: SG180130OTHRQOLR) titled "General Update Announcement".
2. On 12 December 2017, the Company announced that it had on the same day entered into a share purchase agreement ("**SPA**") with Way Company Pte Ltd ("**Vendor**") for the acquisition of Wayco Manufacturing (M) Sdn Bhd ("**Wayco**" or the "**Target Company**") (the "**Acquisition**"). The Exchange notes that the SPA was entered into one day after the Company's new Board was constituted. A condition precedent in the SPA was the Company "*being*

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*satisfied with the results of such financial and legal due diligence investigations” on Wayco as it considers necessary.*

3. On 15 December 2017, the Company announced a supplemental agreement with the Vendor, giving the Company the right to require the Vendor to buy back 100% of Wayco at the same consideration during the period of one year from the date of completion of the Acquisition (“**Buyback**”). The Buyback was to give the Company *“an opportunity to reconsider the viability of the Proposed Acquisition in the event of potential subsequent adverse findings about the Target Company and/or its business”*. The Company later announced on 17 December 2017 that completion of the Acquisition had taken place on 15 December 2017.
4. In response to the Exchange’s queries, the Company announced on 28 December 2017 that it *“did not conduct extensive due diligence on the Target Company prior to the completion of the Acquisition, inter alia, as the CEO was a former employee of the Vendor and is familiar with the business and operations of the Target Company”*. The Company also attributed to the Buyback as another reason for completing the Acquisition without conducting full due diligence.
5. Later on 30 January 2018, the Company announced that its Board members were already introduced to the Vendor and furnished with information on Wayco about two weeks prior to their appointment to the Company’s Board. In relation to the pre-existing relationships or ties between the Company’s controlling shareholder (Ms Ng Siew Hong), the shareholder of the Vendor (Mr Ang Kong Meng) and the then CEO / Executive Director of the Company (Mr Kee Swee Ann), the Company clarified that its Board *“did not form its decision to make the Acquisition (or the terms on which it was made) purely based on the direction of the controlling shareholder, but took into consideration the interests of the Company and Shareholders”*.
6. The Exchange also notes that the 4 new directors were appointed on 11 December 2017, one day after all 3 independent directors of the previous Board resigned. 2 executive directors of the previous Board resigned on 11 December 2017 and this was followed by the resignation of the remaining executive director of the previous Board on 26 December 2017.
7. The Exchange wishes to highlight that Listing Rule 719(1) requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks.
8. Pursuant to Listing Rule 1405(1)(f), the Exchange requires the Company to appoint independent professionals by **Friday, 9 March 2018** to undertake an independent review of the Company’s internal controls and corporate governance practices (the “**Review**”). The Review will cover the following:-
  - (a) Determine the facts and circumstances surrounding the new Board’s approval for the Acquisition;

- (b) Review the adequacy of the Company's internal policies, processes and procedures relating to the evaluation and approval of mergers and acquisitions, and conflicts of interest;
  - (c) Review the Company's processes relating to board appointment and nomination by shareholders; and
  - (d) Make recommendations on improvements to internal controls and corporate governance practices.
9. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by the Exchange shall be deemed to be a contravention of the Listing Rules.
10. Please note that the independent reviewer should report their findings to the Exchange as well as the Audit Committee of the Company.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "June Sim", with a checkmark at the end.

June Sim  
Senior Vice President  
Head, Listing Compliance  
Regulation