DATAPULSE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198002677D)

PROPOSED ACQUISITION OF NEW SUBSIDIARY

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1. INTRODUCTION

The Board of Directors ("**Board"**) of Datapulse Technology Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to announce that the Company, had on 12 December 2017 entered into a share purchase agreement ("**SPA**") with Way Company Pte. Ltd. ("**Vendor**"), for the proposed acquisition ("**Proposed Acquisition**") of 1,000,000 ordinary shares in the capital of Wayco Manufacturing (M) Sdn. Bhd (Company Registration No. 127010-M) ("**Target Company**") for a cash consideration of S$3,500,000 ("**Consideration**").

The Sale Shares represent 100% of the issued and paid up capital of the Target Company, and accordingly upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

As the relative figures computed pursuant to Rule 1006 based on the audited consolidated financial statement of the Group for the financial year ended 31 July 2017 ("**FY 2017**") amount to less than 5%, the Proposed Acquisition is a non-disclosable transaction under Chapter 10 of the Listing Manual and this announcement is made pursuant to general disclosure obligations of the Company of the Listing Manual.

2. PURCHASE CONSIDERATION

The Consideration is payable in cash on the date of completion ("**Completion**") of the sale and purchase of the Sale Shares ("**Completion Date**").

The Consideration has been agreed on a willing buyer willing seller basis after taking in consideration, *inter alia*, the unaudited net profit of the Target Company for the 6 months ended 30 June 2017, and the net tangible asset value of the Target Company as at 30 June 2017.

Under the terms of the SPA, within 7 days of Completion taking place, the Vendor shall appoint an independent valuer to ascertain the value of the Properties and deliver to the Company the valuation reports in respect of the Properties prepared by such valuer ("**Valuation**"). The cost of engaging such value shall be borne by the Vendor.

In the event that the Valuation is more than RM 7,500,000 (being the estimated market value of the Properties), the Company shall pay to the Vendor an additional amount equal to the excess within 10 days upon receipt by the Company of the Valuation.

In the event that the Valuation is less than RM 7,500,000, the Vendor shall refund to the Company the amount equal to the difference within 10 days upon receipt by the Company of the Valuation.

3. INFORMATION ON TARGET COMPANY AND VENDOR

The Target Company is a company incorporated in Malaysia, and carries on the business of manufacturing of hair care, cosmetics and other homecare chemical products in Malaysia. It currently owns three properties where its production facilities are located, namely,

(a) 10 Jalan Peturi, Bandar Peturi, 47100, Puchong, Selangor, Malaysia;

(b) 11 Jalan Dewani 3, Kawasan Perindustrian, Dewen, 81100, Johor Bahru, Malaysia; and

(c) Lot 1511, Jalan Dewani 3, Kawasan Perindustrian Dewan, 81100, Johor Bahru, Malaysia.

(collectively, the "**Properties**").

Based on management accounts of the Target Company as at 30 June 2017, the Target Company has an unaudited net profit after tax of RM160,632 (equivalent to S$53,201, assuming an exchange rate of RM1 : $0.3312) for the six month period ended 30 June 2017 and an unaudited net tangible asset value of RM7,626,248 (equivalent to approximately S$2,525,813 assuming an exchange rate of RM1 : $0.3312) as at 30 June 2017.

The Vendor is a company incorporated in Singapore.

Save as disclosed below, none of the Vendor nor its directors or shareholders are associates of, or otherwise related to any of the directors, CEO or controlling shareholders of the Company**.**

Our CEO, Mr Kee Swee Ann, was the former general manager of the Vendor from 2008 to 2010 and was involved in the management of the Target Company during the tenure of his employment.

4. CONDITIONS PRECEDENT

The sale and purchase of the Sale Shares is conditional upon, *inter alia*, the following occurring on or before the Completion Date:

(a) the Company having obtained the approval of the SGX-ST and the clearance of the SGX-ST for the issue of the circular to its shareholders relating to the purchase of the Sale Shares (if required), and such approval remaining in full force and effect;

(b) the Company having obtained at a general meeting the approval for all resolutions as may be connected to, or necessary or incidental to approve, implement or effect the sale and purchase of the Sale Shares, and such approval not being withdrawn or becoming subject to any conditions on or before the Completion Date; and

(c) the Company being satisfied with the results of such financial and legal due diligence investigations on the Target Company as the Purchaser considers necessary.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is opportune for the Company to acquire a profitable business and diversify its core business into the beauty/wellness products or industry, which should have reasonable prospects for growth.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition on the Company are prepared based on the audited consolidated financial statement of the Group for the financial year ended 31 July 2017 ("**FY 2017**") and the following assumptions:-

(a) the financial effects of the Proposed Acquisition are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition;

(b) for the purpose of computing the financial effects of the Proposed Acquisition on the earnings/losses of the Group, the Proposed Acquisition is assumed to have been completed on 1 August 2016;

(c) for the purpose of computing the financial effects of the Proposed Acquisition on the net tangible asset value of the Group, the Proposed Acquisition is assumed to have been completed on 31 July 2017;

(d) for the purpose of computing the financial effects of the Proposed Acquisition, the unaudited net profit after tax of the Target Company for the 6 months ended 30 June 2017, annualised to a 12 month period and the unaudited net tangible asset value of the Target Company as at 30 June 2017;

(e) the exchange rate between Singapore dollar and Malaysian Ringgit is assumed to be RM1: S$0.3312; and

(f) professional fees for the Proposed Acquisition are summed to be negligible against the NTA and earnings/losses of the Group.

Net Tangible Assets

The effect on the net tangible assets of the Company before and after the Proposed Acquisition, based on the latest audited consolidated financial statements of the Group as at 31 July 2017 are as follows:-

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Consolidated NTA (S$)	50,288,865	52,814,678
Number of issued shares (excluding treasury shares)	219,074,844	219,074,844
Consolidated NTA per share (cents)	22.96	24.11

Earnings per Share

The effect on the earnings per share of the Company before and after the Proposed Acquisition (based on the latest audited consolidated financial statements of the Group as at 31 July 2017) are as follows:-

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Earnings attributable to owners for continuing and discontinuing operations (S$)	3,029,078	3,135,481
Weighted average number of issued shares	219,074,844	219,074,844
Earnings per share (cents)	1.38	1.43

7. Interests of Directors and Substantial Shareholders

None of the Company's directors and substantial shareholders (other than in their respective capacities as a director and/or shareholder of the Company) has any interest, direct or indirect in the Proposed Acquisition, Target Company and/or the SPA.

8. Service Contracts

There are no directors who are proposed to be appointed to the Board of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

BY ORDER OF THE BOARD
Lee Kam Seng
Chief Financial Officer and Company Secretary
12 December 2017