

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

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**CLARIFICATION OF DEVELOPMENTS RELATING TO THE SALE AND PURCHASE OF THE TOA  
PAYOH PROPERTY**

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The board of directors (“**Board**”) of Datapulse Technology Limited (the “**Company**”) refers to the Company’s announcements of, *inter alia*, 14 November 2017 and 18 November 2017, and wishes to provide clarification on the key developments relating to the sale and purchase of an industrial property in Toa Payoh (the “**Toa Payoh Property**”)

Shareholders may wish to note that due to a reconstitution of the Board on 11 December 2017, not all members of the current Board (“**New Board**”) were privy to the events or matters which are the subject of this announcement and has had to rely, *inter alia*, on information provided by former management of the Company, where applicable.

**Chronology of Key Developments**

The chronology of key developments relating to the sale and purchase of the Toa Payoh Property is as follows:

<b>Date</b>	<b>Event</b>
4 August 2017	The Company secured an option to purchase the Toa Payoh Property (“ <b>Toa Payoh Option</b> ”).
8 August 2017	The Company submitted an application to the National Environment Agency (“ <b>NEA</b> ”) for proposed change of use of the Toa Payoh Property.
4 September 2017	NEA informed the Company that the proposed change of use was not approved.
8 September 2017	The Company submitted its first appeal to NEA.  When NEA first informed the Company on 4 September 2017 that it has rejected the Company’s application, it was verbally indicated to the Company that the Toa Payoh Property was less than 100 metres from a residential area, to which the Company resubmitted an application on 8 September 2017, attaching a map showing that the location of the equipment for the Company’s manufacturing activities would in fact be 100 metres from the nearest residential area.
14 September 2017	The Company submitted its second appeal to NEA together with a report from its consultant (“ <b>Consultant</b> ”).
18 September 2017	The Company’s wholly-owned subsidiary exercised the Toa Payoh Option.
22 September 2017	NEA informed the Company that the proposed change of use was not approved.
22 September 2017 to 25 September 2017	The Company sought assistance from JTC and also liaised with the Consultant on the possibility of further appeal to NEA.

5 October 2017 to 19 October 2017	The Company sought alternative sites to house the Non-NEA Approved Processes (as defined below).
26 October 2017	The Company consulted with JTC on whether the Company could change or reduce the proposed use for the Toa Payoh Property, assuming the re-location of the Non-NEA Approved Processes at another location. JTC advised that a new application would need to be submitted in such instance.
7 November 2017	The Company carried out further internal investigations to check on customers' security requirements, assuming the Company was to relocate the Non-NEA Approved Processes to another site.
10 November 2017	The Company informed JTC that the Company will not be proceeding with the purchase of the Toa Payoh Property and the Company's lawyers were instructed to prepare a letter to inform the vendor of the termination of the Toa Payoh Option and prepare the relevant announcement in relation to the same.
14 November 2017	The Company, through its solicitors, gave a written notice to the vendor's solicitors to terminate the Toa Payoh Option and announced the same.

### **NEA rejections**

By way of background, the Toa Payoh Property is under Jurong Town Corporation ("**JTC**"), and JTC is the landlord and the relevant authority which approves the transfer/assignment of the lease of the Toa Payoh Property.

As part of the process of obtaining JTC's approval as aforesaid, an application has to be made to the NEA to seek NEA's approval for the proposed change of use, and the Company had in fact sought consultations with JTC on the obtaining of such NEA approval, even prior to obtaining the Toa Payoh Option on 31 July 2017.

However, the Company understands that the main reasons why NEA rejected the Company's application for proposed change of use was because of the Company locating two of its manufacturing facilities or processes, namely electro forming process and offset printing process (collectively the "**Non-NEA Approved Processes**") at the Toa Payoh Property, and the proximity of the Toa Payoh Property to a residential area.

The Non-NEA Approved Processes are required for the manufacture of CD/DVD and BD (optical media) products, being two out of three product lines of the Company, the remaining product line being the production of activation cards for software and games.

### **Why the Company did not announce the NEA rejections prior to 14 November 2017**

The New Board understands that the Company did not announce the NEA rejections on 4 September 2017 and 22 September 2017 at the relevant time of the rejections, nor did the Company make specific mention of such rejections either in the circular to shareholders dated 12 September 2017 ("**Circular**") to seek shareholders' approval for the disposal of the Tai Seng Drive property at the extraordinary general meeting held on 28 September 2017 ("**EGM**"), or in any announcements in the period between the date of the Circular and the date of the EGM or subsequent thereto, until the announcement of the termination of the Toa Payoh Option on 14 November 2017, *inter alia*, after taking into account the following considerations:

- (i) The then management of the Company ("**Former Management**") thought that the Company could obtain an approval for the proposed change of use of the Toa Payoh Property as, *inter alia*, it is zoned as B1 industrial land and there are several other companies in the optical disc manufacturing industry similar to the Company who are located in the Toa Payoh area on B1 industrial land.
- (ii) Both the Company and the vendor had approached JTC prior to entering the Toa Payoh Option and JTC had expressed support for the transaction.
- (iii) When NEA first rejected the Company's application on 4 September 2017, the Former Management thought that it was feasible for an appeal to be made to NEA to reconsider their decision, *inter alia*, as the Non-NEA Approved Processes form a relatively small component of the Company's overall manufacturing facilities or processes and the Consultant had also advised that in their expert opinion, the Group's processes are clean and suitable to be located at B1 industrial land.
- (iv) When NEA rejected the Company's appeal on 22 September 2017, the Former Management thought it could explore alternative means of being able to continue with the purchase of the Toa Payoh Property despite the NEA rejections, through relocating the Non-NEA Approved Processes to another location.
- (v) It was not until around 7 November 2017 that the Former Management internally reached a conclusion that this option may not be feasible or viable, *inter alia*, due to the stringent security requirements, short lead time for orders as well as the increased cost of operating in two separate facilities.

This was verbally conveyed to JTC on 10 November 2017, but the formal termination of the Toa Payoh Option was effected only on 14 November 2017, after Board approval of the same, and announced on the same date.

**BY ORDER OF THE BOARD**

Lee Kam Seng  
Chief Financial Officer and Company Secretary  
13 December 2017