



4 July 2018

Dear Mr Chew Ah Kong

I refer to your email of 20 June 2018 enclosing an article dated 15 June 2018 written by Professor Mak Yuen Teen entitled "Datapulse Technology: Yet More Questions on the Wayco Acquisition" (the "Article").

On behalf of the Board of Directors ("Board") of Datapulse Technology Limited (the "Company"), I would like to thank you for drawing the Board's attention to the Article, but would respectfully disagree that there are "discrepancies uncovered in the books of Wayco Manufacturing (M) Sdn Bhd" or "inconsistencies" revealed in the Article, as you may have suggested in your email.

To clarify:

Wayco's properties

As previously disclosed in the Circular dated 26 March 2018 ("Circular"), Wayco Manufacturing (M) Sdn Bhd ("Wayco") owns and occupies two of its three properties, namely No. 11, Jalan Dewani 3, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor Darul Takzim ("Property 1") and No. 12, Jalan Dewani 3, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor Darul Takzim ("Property 2"), for its manufacturing business, while the third property, No. 10, Jalan Puteri 7/11, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan, ("Property 3"), is currently an investment property (collectively the "Wayco Properties").

There was, and is no inaccuracy in the aforesaid information.

However, part of Property 2 has been rented out by Wayco to Riverwalk Composite Sdn Bhd (previously known as Easy Wood (Johor) Sdn Bhd), a subsidiary of Riverwalk Plastic Sdn Bhd, and it was this tenant that had put up its own letterbox and the letters "RW" at Property 2 as mentioned in the Article.

As there is excess capacity at Property 2 which Wayco was not utilizing, Wayco had decided to rent out part of Property 2 to improve its cashflow.

Value of Wayco's properties and other fixed assets

The Company's disclosures about the book value of Wayco's fixed assets as at 30 June 2017 is in line with applicable accounting standards and Wayco's accounting policies.

In particular, it should be noted that while Wayco had adopted the accounting policy of cost as measurement for the Wayco Properties as stated in the FY2016 financial statements, under applicable accounting standards, Property 1 and Property 2 (being classified under property, plant and equipment) can be measured at revaluation and Property 3 (being classified as investment property) can be measured at fair value.

Datapulse Technology Limited

Co. Reg. No.: 198002677D

150 Beach Road The Gateway West Level 35 Singapore 189720 Tel : (65) 6382 7989 Email: dtpulse@datapulse.com.sg



Furthermore, there was, and is no inaccuracy in the statement previously made in the Circular that approximately 70% of the effective purchase consideration of S\$3,433,760 is underpinned by the value of the Wayco Properties of RM 7.3 million as valued by independent valuers (Please refer to page 37 of the Circular).

As for the book values of other fixed assets of Wayco as at 30 June 2017 as compared to 31 December 2016, Wayco had indeed acquired certain additional other fixed assets (plant and machinery) amounting to RM 275,739 during the six months period, hence leading to the increase in the book value of other fixed assets between the two dates.

Wayco's profitability

The discussions in the Article on this topic appear to focus more on the author's view on the prospects for profitability and growth for Wayco's business rather than to point out any particular inaccuracies or discrepancies in Wayco's books as such.

In particular, while certain income earned from or ancillary to Wayco's core hair care business may be classified as "other operating income" in Wayco's books under applicable accounting standards and/or Wayco's accounting policies, for instance, unrealized gain on foreign exchange (arising as a result of sales/debtors in foreign currencies) or storage and handling fees received (arising in connection with sales made), this does not make it any less of operating income, or should lead one to conclude just from this that "the profitability of Wayco's core hair care business is therefore questionable".

The Board wishes to reiterate that based on the unaudited financial statements of Wayco, Wayco was profitable for its full financial year of 2017, and continued to be profitable for the period up to 30 April 2018.

Shareholders may wish to refer to the Company's financial results announcement for the quarter ended 30 April 2018 released on 14 June 2018 for further information on Wayco's contribution to the financial results of the Group.

What now for DT's shareholders?

The Company will update Shareholders in due course, *inter alia*, after it has finalized and adopted the recommendations of Lee and Lee arising from their internal controls review and, if applicable, any material developments arising from the conclusion of the financial and tax due diligence on Wayco by Ernst and Young, and Shareholders are advised to look out for relevant announcement(s) of the Company relating to the same.



In the meantime, on behalf of the Board, I would like to thank you once again for your continued support of the Company, and we would urge all Shareholders to give the Company some time to implement the necessary steps for the Group to undertake the Proposed New Businesses as approved by Shareholders at the EGM.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Wilson Teng', is written over a faint, circular watermark or stamp.

Wilson Teng
CEO and Executive Director

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