



DATAPULSE TECHNOLOGY
(Company Reg. No.: 198002677D)

FOR IMMEDIATE RELEASE

Datapulse Directors Engage Shareholders At SIAS Dialogue

Singapore, 27 March 2018 – Datapulse Technology Limited ("Datapulse" or the "Company") is deeply committed to good governance even as it seeks corporate recovery by diversifying from the loss-making media storage business, its directors assured minority shareholders at a dialogue hosted by the Securities Investors Association Singapore ("SIAS").

All four directors (one executive and three independent) of SGX Mainboard-listed Datapulse met approximately 70 minority shareholders on Monday night (26 March) at the dialogue at the MND Auditorium chaired by Mr David Gerald, Founder, President & CEO of SIAS.

Following a change of control completed on 22 November 2017, Datapulse had acquired Wayco Manufacturing (M) Sdn Bhd ("Wayco") for about S\$3.43 million as part of business diversification. Wayco manufactures hair care, personal care and other household chemical products in Johor, Malaysia.

The new Board of Directors (the "Board") appointed on 11 December 2017 is seeking to diversify Datapulse from the media storage business, which had recorded deteriorating financial performance in recent years.

Key points raised by directors in response to shareholder questions were:

1. Following the sale of the Tai Seng factory on 31 January 2018, the business of manufacturing media storage products is currently dormant. The Company still retains some manufacturing equipment and may consider restarting manufacturing activities if it can relocate to suitable premises although that would depend, *inter alia*, on how soon this can be done, and any changes to the Company's business direction or strategy in the meantime.
2. The Company's financial position remains healthy with net cash position of \$87.1 million as at 31 January 2018 after selling the Tai Seng property. With a gain on disposal of S\$44.6 million, the Company's net profit increased from \$5.5 million in 1H FY2017 to \$36.8 million in 1H FY2018, as announced on 15 March 2018. Excluding this gain, the Company would have recognised a loss before tax of \$7.4 million arising from the media storage business.
3. The Board believes that the existing primary business of media storage products offers limited prospects for profitability and/or growth given the increasingly challenging operating conditions. Hence, it is proposing that (i) the Company undertakes a proposed business diversification to expand or diversify into the proposed consumer business and the proposed investment business; and (ii) re-explores developing the proposed property business, which shareholders had previously mandated to venture into as part of its core business.
4. The acquisition of Wayco is part of a proposed diversification strategy. The Company intends to use Wayco as a platform to diversify into the hair care products market. The Company will contemplate venturing into distribution and/or direct sales and marketing of such products to retailers and/or end customers to expand its business. Based on a strategic review commissioned by the Board, Ernst & Young Solutions LLP has concluded that while Wayco is profitable based on its last



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audited accounts, the longer-term sustainability of its business will require Wayco to shift from a standalone manufacturing business to a manufacturing and distribution business, with multiple brands and products to play through the value chain.

5. The vendor of Wayco has given an undertaking whereby Datapulse has the right to require the vendor to buy back 100% of Wayco at the same effective consideration paid by the Company. This right can be exercised by 14 December 2018 if Datapulse discovers any material adverse events or matters affecting or relating to the assets, liabilities and/or business of Wayco to such a material extent which, if it had been known as at the date of the agreement, would have reasonably affected Datapulse's decision to enter into the agreement to acquire Wayco.

The Company will hold an Extraordinary General Meeting on 20 April 2018 for shareholders to vote on the proposed diversification and resolutions under requisition notices seeking proposed changes to the Board.

During the dialogue, the directors fielded questions from shareholders, clarifying media reports and corporate actions.

Mr Low Beng Tin, Non-Executive Chairman of Datapulse, said, "The Board stands by its decision to acquire Wayco and the merits of the acquisition. We acknowledge that media reports of the circumstances of the Wayco acquisition may have raised concern among some shareholders and hope that the dialogue session has helped to clarify concerns."

END OF RELEASE

About Datapulse Technology Limited (www.datapulse.com.sg)

Incorporated in 1980 and listed on the SGX Mainboard, Datapulse Technology Limited ("Datapulse") is a leading provider of digital storage media in the Asia-Pacific region. Its current core business is relating to the manufacture and sale of media storage products used in content distribution, including compact discs, digital versatile discs and blu-ray discs.

On 15 December 2017, Datapulse completed the acquisition of Wayco Manufacturing (M) Sdn Bhd ("Wayco") as part of its strategic diversification into the haircare, cosmetics and other household chemical products industry.

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