

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

ENTRY INTO A CONDITIONAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROPOSED DISPOSAL OF 100% OF THE ENTIRE ISSUED SHARE CAPITAL OF WAYCO MANUFACTURING (M) SDN. BHD.

1. INTRODUCTION

The board of directors of ("**Board**" or "**Directors**") of Datapulse Technology Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 15 November 2018 (the "**Term Sheet Announcement**") in relation to the entry, by the Company, into a binding term sheet (the "**Wayco Term Sheet**") with Way Company Pte. Ltd. (the "**Purchaser**") in respect of the proposed sale of 100% of the shares of Wayco Manufacturing (M) Sdn. Bhd ("**Wayco Manufacturing**") to the Purchaser (the "**Proposed Disposal**").

All capitalized terms used herein which are not defined but which are defined in the Term Sheet Announcement shall bear the same meanings ascribed thereto.

Further to the Term Sheet Announcement, the Board wishes to announce that the Company has on 20 December 2018 entered into a conditional sale and purchase agreement (the "**SPA**") for the Proposed Disposal.

Wayco Manufacturing is a wholly owned subsidiary of the Company incorporated in Malaysia and carries on the business of manufacturing of hair care, cosmetics and other homecare chemical products in Malaysia.

Further background information on the Proposed Disposal and the rationale for the Proposed Disposal may be found in the Term Sheet Announcement.

2. PRINCIPAL TERMS OF THE SPA

Under the SPA, the Company and the Purchaser have agreed to certain principal terms relating to the Proposed Disposal including, *inter alia*, the following terms:

2.1 Consideration

The consideration payable by the Purchaser to the Company for Wayco Manufacturing is S\$3,176,228 ("**Consideration**"). If the Relevant NTA (as defined below) is at least

RM5,910,361.95 and less than RM6,953,367, the Consideration shall be reduced by the amount representing the difference between (A) the Relevant NTA; and (B) RM6,953,367¹.

For the purposes of the above paragraph, "**Relevant NTA**" means the net tangible asset value of Wayco Manufacturing, as determined by the auditors of Wayco Manufacturing as at a date no more than 30 days before the Completion Date (as defined below).

The Consideration is payable by Wayco to the Company on completion of the SPA, being a date no more than 120 days after date of the SPA, unless extended by mutual agreement by the parties (the "**Completion Date**").

The Consideration represents 92.5%² of the Original Purchase Consideration paid by the Company for the Wayco Acquisition and was arrived at after arms' length negotiations and on a willing-buyer and willing-seller basis. The Consideration represents an excess of approximately S\$848,241 over the net asset value of Wayco Manufacturing as at 31 July 2018 of S\$2,327,987.

The Company intends to deploy the proceeds as general working capital for the requirements of the Group's businesses and operations and for the Group to undertake new investment opportunities that may arise in the future.

2.2 **Deposit**

Under the terms of the SPA, the Purchaser paid to the Company a deposit of S\$158,811.40 (being 5% of the Consideration) on the date of the signing of the Wayco Term Sheet (the "**Deposit**"). The Deposit will be used to set off the Consideration payable by the Purchaser at completion. On the date of Completion, the Purchaser shall, against the Company's compliance with its Completion deliverables and subject to the fulfilment of the conditions precedent, pay the balance of the Consideration to the Company on the date of Completion. The Deposit shall only be refundable if the Company fails to obtain Shareholders approval for the Proposed Disposal at an extraordinary general meeting.

2.3 **Conditions Precedent**

The Proposed Disposal is conditional upon:

- (i) 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

¹ RM6,953,367 represents the net asset value and net tangible asset value of Wayco Manufacturing stated in the consolidated audited financial statements of the Company and its subsidiaries as at 31 July 2018

² Assuming no adjustment is made to the Consideration as described in paragraph 2.1(a) above

effect the Proposed Disposal, and such approval not being withdrawn or becoming subject to any conditions on or before the Completion Date; and

- (ii) the Relevant NTA being no less than RM5,910,361.95,

provided that in the case of the condition precedent set out in paragraph 2.3(ii) above, (A) both the Purchaser and the Company may, by mutual agreement, vary the terms of the condition precedent; or (B) the Purchaser may waive the requirement for the condition precedent.

If by the Completion Date the condition precedent set out in paragraph 2.3(i) above is not satisfied, or if the condition precedent set out in paragraph 2.3(ii) above is not satisfied and has not been waived by the Purchaser, the Company may terminate the SPA (other than certain surviving provisions) and upon such termination, neither the Purchaser nor the Company shall have any claim against the other under the SPA.

For the avoidance of doubt, in the event that the Relevant NTA is less than RM5,910,361.95, the Purchaser is entitled to not proceed with Completion.

3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Group as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

The financial effects of the Proposed Disposal on the Group as set out below are based on the Group's audited financial statements for the year ended 31 July 2018 and the following assumptions:

- (i) the Proposed Disposal had been effected at the end of the financial year ended 31 July 2018 for the computation of the effect on the net tangible asset ("NTA")⁽¹⁾ per share; and
- (ii) the Proposed Disposal had been effected at the beginning of the financial year ended 31 July 2018 for the computation of the effect on the earnings per share ("EPS").

NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to equity holders of the Company (S\$'000)	81,165	82,043
Number of ordinary shares in issue ('000) (excluding treasury shares)	219,075	219,075
NTA per share (Singapore cents)	37.05	37.45

EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profits attributable to equity holders of the Company (S\$'000)	34,480	34,500
Weighted average number of ordinary shares in issue ('000) (excluding treasury shares)	219,075	219,075
EPS (Singapore cents)	15.74	15.75

Notes:

- (1) NTA equals to Shareholders' funds excluding intangible assets and liabilities.
- (2) The Group had, on 16 December 2018, announced that it had entered into conditional agreements for the acquisition of a hotel property in Seoul, South Korea (the "**Proposed Acquisition**"). As at the date of this announcement, the Proposed Acquisition had not yet completed. Accordingly, the financial effects of the Proposed Disposal on the Group's NTA per share and EPS does not take into account the financial effects of the Proposed Acquisition.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures in relation to the Proposed Disposal pursuant to Rule 1006 of the Listing Manual, using the latest announced consolidated accounts of the Group as at 31 October 2018, are:

(a)	The net asset value ⁽¹⁾ of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	2.87%
(b)	The net profits attributable to the assets acquired or disposed of ⁽²⁾ , compared with the group's net profits	23.69%
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization ⁽³⁾ based on the total number of issued shares excluding treasury shares	5.37%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable, as the Proposed Disposal is not an acquisition
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable, as the Proposed Disposal is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) Net Asset Value, as defined in Rule 1002(3), means total assets minus total liabilities.
- (2) The net profits attributable to Wayco Manufacturing for the quarter ended 31 October 2018 is approximately S\$31,561.
- (3) The Company's market capitalization is determined by multiplying the Company's issued ordinary shares of 219,074,844 (excluding treasury shares) and the weighted average price of the Company's shares of S\$0.27 on 19 December 2018, being the market day preceding the date of the SPA.

The relative figure under Rule 1006(b) of the Listing Manual exceeds 20% and the relative figure under Rule 1006(c) of the Listing Manual exceeds 5%. Accordingly, the Proposed Acquisition constitutes a "major transaction" as defined under Rule 1014 of the Listing Manual and is therefore subject to the approval of the Shareholders.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the knowledge of the Company, none of the Company's Directors and controlling 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 Disposal.

6. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

7. CIRCULAR TO SHAREHOLDERS

A circular containing further details on the Proposed Disposal and enclosing a notice of extraordinary general meeting in connection therewith will be despatched to Shareholders of the Company in due course.

8. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealing in the Company's shares, and to read this announcement and any further update announcement(s) released by the Company carefully. As at the date of this announcement, Shareholders should be cautioned that there is no certainty or assurance that the Proposed Disposal will be completed. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 150 Beach Road, The Gateway West Level 35, Singapore 189720 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lee Kam Seng
Interim Chief Executive Officer
20 December 2018