

DATAPULSE TECHNOLOGY



Securities Investors Association (Singapore)

SIAS SHAREHOLDER DIALOGUE

26 MARCH 2018

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AGENDA

1. Strategic Overview
2. Proposed Business Diversification
3. Proposed Board Changes
4. Q&A

STRATEGIC OVERVIEW - HIGHLIGHTS

- Change of control 22 Nov 2017 followed by re-composition of New Board on 11 Dec 2017
- New Board has taken steps to diversify the business model and concluded a low risk investment
- Acquisition of Wayco completed on 15 Dec 2017 has drawn media and shareholder attention
- EGM will be held on 20 Apr 2018 to vote on proposed business diversification and Board changes
- Today's dialogue is to engage shareholders and clarify any concerns

RATIONALE FOR ACQUISITION OF WAYCO

- Current media storage business has been posting weak financial performance; previous Board had already obtained approval for disposal of Tai Seng property and decided to cease manufacturing activities before current Board appointed
- Wayco is profitable and fits into Datapulse's proposed diversification into the consumer business
- To be used as platform to diversify into hair care market
- Purchase consideration of S\$3.43 million underpinned by Wayco properties worth approx. S\$2.42 million (~70%) valued independently
- The hair care markets in Malaysia and Singapore are expected to experience strong growth to reach RM1.7 billion and S\$230 million respectively in 2021, growing at CAGR of 6% and 4.1% respectively from 2017*

*Source: Euromonitor, EY Analysis

CHRONOLOGY OF KEY EVENTS TO DATE

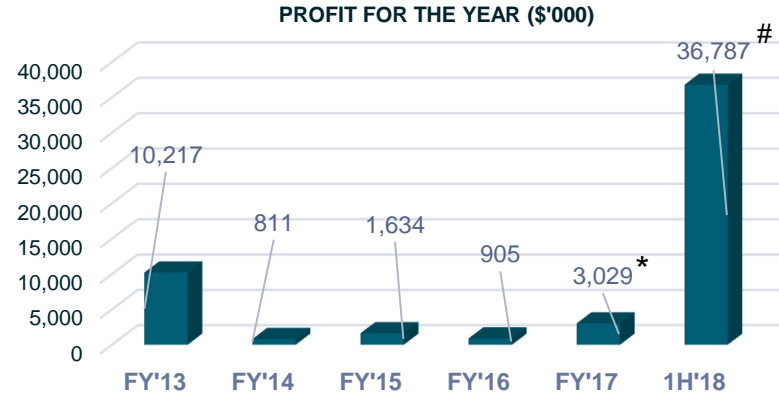
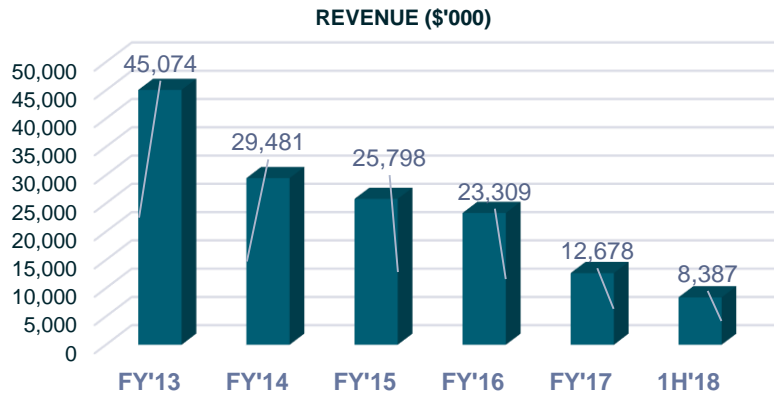
Date	Key Events	Comments
27 Nov 2017	Introduction of Vendor to some Existing Directors	Received data on Wayco's past financials and list of trademarks; as well as Way Company and Way Trading
From 27 Nov 2017 to 11 Dec 2017	Evaluation of Wayco	Evaluation of: <ul style="list-style-type: none">- Wayco's business and operating environment,- audited financial results for past 3 years- unaudited financial results for period ended 30 June 2017- Wayco's product portfolio and brand profile, including trademarks- Publicly available information on Way Company (issued share capital etc)
11 Dec 2017	First Meeting of New Board	- Discussions on Wayco and terms of Wayco SPA
12 Dec 2017	Signing of Wayco SPA	-
13 Dec 2017	Request for Early Completion by Vendor	-
14 Dec 2017	Receipt of Independent Valuation Report of Wayco Properties	Independent valuation on Wayco Properties at aggregate sum of RM7.3m

CHRONOLOGY OF KEY EVENTS TO DATE

Date	Key Events	Comments
15 Dec 2017	Signing of Supplemental Agreement	Vendor provided Buyback Undertaking which allows due diligence investigations into Wayco to continue even after the completion of acquisition of Wayco
	Completion of Wayco Acquisition	
25 Jan 2018	Appointment of EY	Engaged EY to carry out strategic review
31 Jan 2018	Completed Sale of Tai Seng Property	Gain on disposal of S\$44.6 million; reflected in accounts of 1H'18 (S\$36.8 million net profit); proposed special dividend of 1.0 Singapore cent per share
-	Ongoing due diligence	Datapulse reviewing Wayco's finances and operations to determine whether there is a need to trigger Buyback Undertaking; EY also conducting ongoing financial/tax due diligence on Wayco's business prospects
26 Mar 2018	SIAS Dialogue	-

STRATEGIC OVERVIEW: WHY DIVERSIFY?

- Current core business of media storage products offers limited growth prospects amid more challenging operating conditions
- Financial performance has deteriorated in recent years



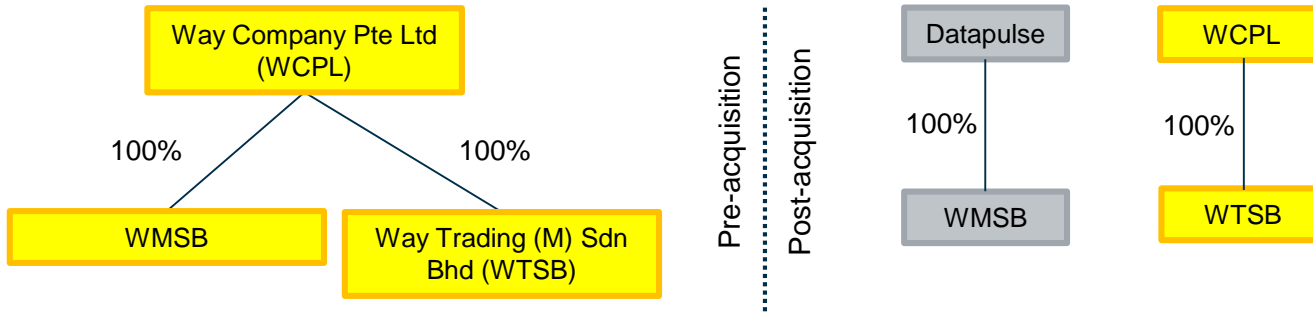
- ***FY'17 loss of S\$2.6m** from continuing operations; above chart reflects one-off profit from discontinued operations of **S\$5.6m**
- **# 1H'18 loss before tax of S\$7.4m** excluding a gain on sale of property of **S\$44.6m**
- Results from operations from Wayco's business did not contribute to any such loss

PROPOSED BUSINESS DIVERSIFICATION

- If approved by shareholders at the EGM, the company will expand and diversify its core business into the proposed consumer business and the proposed investment business
- The proposed consumer business includes the manufacturing of hair care, personal care and other household chemical products carried on by Wayco
- There is a reasonable opportunity of the Company being able to secure better prospects and shareholders being able to secure a better return on their investment
- The proposed business diversification is in the interests of the company and shareholders
 - It will reduce reliance on the currently dormant media storage products business and provide flexibility to enter into transactions relating to such new businesses
- Business diversification is subject to Datapulse adopting the recommendations set out in the Internal Controls Review

WAYCO ACQUISITION

Datapulse acquired a 100% equity stake in **Wayco Manufacturing (M) Sdn Bhd (WMSB)** in December 2017. Shareholding structure is as follows:



Wayco Manufacturing (M) Sdn Bhd

A manufacturing company that produces hair care, cosmetics and other homecare chemical products in Malaysia. More than 80% of its revenue is from hair care products.



Top 3 Brand mix

2016 brand mix	% of total revenue
Goodlook wave (SG)	64%
Goodlook leaf (MY)	1%
Creatic	8%
Selecin	5%



Manufacturing plants

- ▶ Currently has 2 production plants operating at a capacity of around 30%
- ▶ Without any additional capex, the plants are expected to be fully depreciated in the next 6 years.



Core brands being manufactured

- ▶ Goodlook, Creatic, Selecin, Glorin, Designa

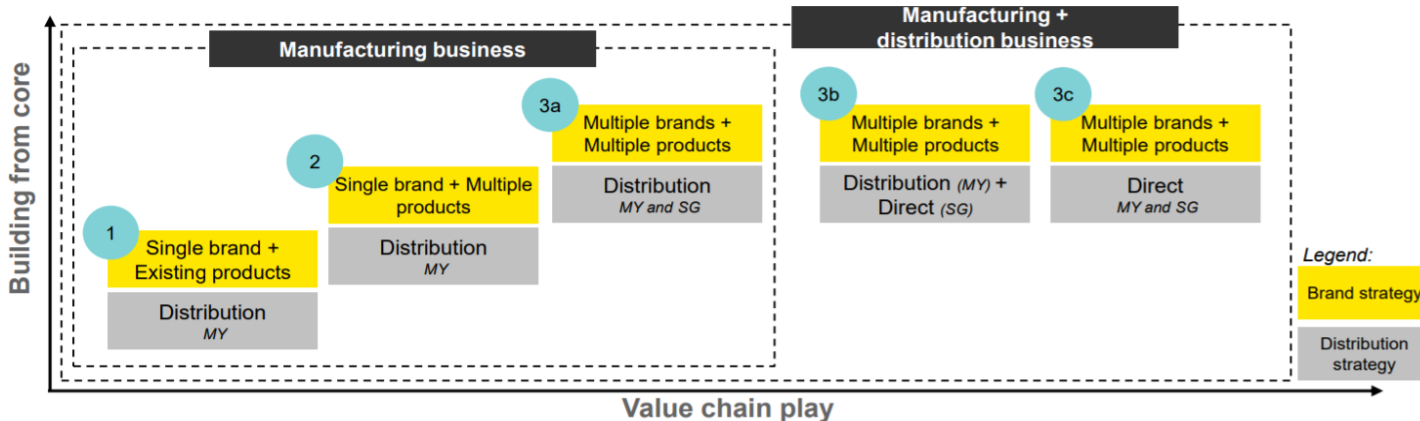


EY STRATEGIC REVIEW

- To evaluate possible options for Wayco to develop sales and distribution capabilities in mid to long-term
- Review will help Company decide whether to independently develop sales and distribution channels of its own or take over existing channels through acquisition of Way Company and/or Way Trading
- Review shows that Wayco is profitable; used to be manufacturing arm of Way Company and Way Trading, has potential to improve business viability if it develops its distribution capabilities and suite of brands assets and products
- For longer-term sustainability, Wayco must shift from standalone manufacturing business to one with distribution capabilities and multiple brands and products to transform into a value chain play; may take advantage of the expected growth in the hair care market to do so

FORWARD STRATEGY

- Taking into consideration the EY review, and assuming the proposed business diversification is approved at the EGM, the Board intends to transform Wayco into a value chain play through:
- **Multi-product, multi-brand strategy**
 - Expand portfolio of hair care products to include hair shampoo and hair conditioner in addition to hair styling products
 - Develop or acquire new proprietary brands
 - Increase market share in Malaysia for proprietary brand products
- **Manufacturing and distribution business**
 - Expand into manufacturing and distribution business to benefit from higher gross margins



FORWARD STRATEGY

- Assuming Shareholders approve the Proposed Business Diversification, will decide whether to expand distribution networks through contract partnerships with Way Company and Way Trading or take ownership of the distribution arms of Way Company and/or Way Trading
- Assuming Datapulse decides to explore a possible acquisition of Way Company and/or Way Trading after the proposed business diversification is approved, Datapulse will have to notify SGX-ST in advance, as both companies are owned by Mr Ang Kong Meng.

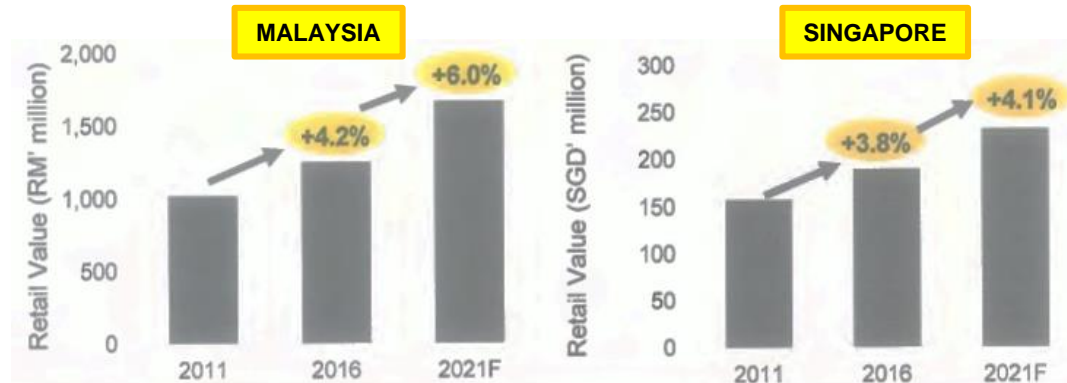
BENCHMARKING OF WAYCO'S BUSINESS (EY DATA)



Competitors	Brands	Market Size
Unilever (M) Holdings Sdn Bhd	Sunsilk, Brylcreem Clear, Dove	27.8%
Wipro Unza (M) Sdn Bhd	Elite, Safi, Gervenne	4.0%
Tohtonku Sdn Bhd	Follow Me	1.5%
Wayco Trading (M) Sdn Bhd	Goodlook, Glorin, Creatic, Seleein	0.03%
L'Oreal (S) Pte Ltd	L'Oreal, Elseve	17.5%
Tohtonku (S) Pte Ltd	Follow Me, Silkpro	3.5%
Way Company Pte Ltd	Goodlook, Glorin, Creatic, Seleein	1.5%

- Hair care in Malaysia** has been experiencing constant and steady growth from 2011 to 2016 at a CAGR of 4.2%. It is expected to grow at a higher CAGR of 6% to reach RM 1.7 billion in 2021.
- Hair care in Singapore** is experiencing lower growth than Malaysia. It recorded a CAGR of 3.8% from 2011 to 2016, and is expected to grow at a CAGR of 4.1% to reach S\$0.23 billion in 2021.
- Way Company Pte. Ltd.** is within the top 10 companies in the hair care market in Singapore in 2015

Source : Euromonitor, EY Analysis



BUYBACK UNDERTAKING (ANNOUNCED 15 DEC 2017)

- Datapulse has the right to require the Vendor to buy back 100% of Wayco at the same effective consideration paid
- Should Datapulse discovers any material adverse matters pertaining to Wayco's business which were not known as at the date of the agreement, it has the right to exercise the Buyback Undertaking by 14 December 2018
- Effectively gives Datapulse the opportunity to continue due diligence investigations into Wayco post-completion of the acquisition for up to 12 months
- Board stands by its decision to acquire Wayco and the merits of the acquisition

INTERNAL CONTROLS REVIEW

- To address the matters in the Notice of Compliance (“**NOC Scope**”)
 - Circumstances of board approval for Wayco acquisition
 - Company’s processes relating to board appointment and nomination of directors by shareholders
- Also to address *inter alia*:
 - Past acquisitions and disposals including Datapulse’s previous investment in Raffles Campus Pte. Ltd., a company that Mr Ng Boon Yew, a former independent director of Datapulse and one of the Proposed New Directors, owns and manages
 - Circumstances leading to the departure from the Company in 2014 of Ms Intan Ng, a controlling shareholder and former executive director of Datapulse and one of the Proposed New Directors
- Findings on the NOC Scope by RHTLaw Taylor Wessing LLP will be reported within a month from the engagement

PROPOSED REMOVAL OF EXISTING DIRECTORS

The following Existing Directors, whom the requisitionists have proposed to remove, are experienced in various sectors:

- **Low Beng Tin** (General Corporate/Commercial/Industry Experience) MBA (Chinese Program), NUS
- **Thomas Ng Der Sian** (Corporate Finance and Audit/Accounting) Bachelor of Accountancy, NTU
- **Rainer Teo Jia Kai** (Fund/Asset Management) Master in Applied Finance, Monash Business School
- **Wilson Teng Wai Leung** (Sales Management and Strategy) MBA, California State University

The Existing Directors are confident of implementing the proposed business diversification provided most of the Board remains in office.

BOARD'S VIEW OF PROPOSED REMOVAL

- Objection to the proposed business diversification
- Questions over the Wayco acquisition
- Questions over the relationship between the Existing Directors and Controlling Shareholder Ms Ng Siew Hong
- Questions over the suitability of the Existing Directors
- Questions over the circumstances under which some of the Existing Directors were appointed

BOARD'S VIEW OF PROPOSED REMOVAL

- The media storage business has deteriorated for several years; previous Board had already decided to sell Tai Seng Drive factory and cease manufacturing activities before new Board stepped in
- Sequence of events meant the Board had to decide quickly; Board stands by merits of Wayco acquisition, supported by EY's strategic review, sufficient protection through buyback arrangement
- Minimal connections or potential conflicts of interest between Board members and Ms Ng Siew Hong
- Directors exercise independent business judgement
- The Board has commissioned an internal control review by RHT relating to circumstances to Wayco acquisition, board appointments and nominations, how to improve internal controls and corporate governance practices; and will adopt any recommendations made
- The Board remains committed to highest levels of transparency and good governance

PROPOSED APPOINTMENT OF NEW DIRECTORS

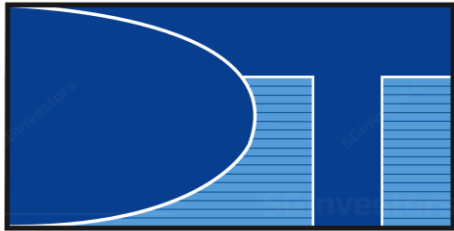
- **Ng Boon Yew** (former Independent Non-Executive Director of Datapulse from Sept 2001– Jul 2013; Chairman of Raffles Campus Pte Ltd)
- **Loo Cheng Guan** (proposed Independent Director)
- **Ng Bie Tjin @ Djuniarti Intan** (former Executive Director and Finance Director of Datapulse until Nov 2014; controlling shareholder; daughter of Datapulse’s co-founder and former chairman)
- **Koh Wee Seng** (proposed Independent Director; Chief Executive Officer of Aspial Corporation Ltd., where Ms Intan Ng is an Independent Director)

BOARD'S VIEWS ON PROPOSED NEW DIRECTORS

- Potential issues relating to Ms Intan Ng's character, integrity and competence to act as Executive or Non-Executive Director
- Poor investment track record of previous Directors, eg. investment in Raffles Campus
- Questionable degree of independence between Mr Ng Boon Yew, Mr Koh Wee Seng and Ms Intan Ng
- No identified strategy for Datapulse's business direction and future plans
- Please refer to Appendix A for further information on the Board's view of the Proposed New Directors

EGM 20 APRIL 2018

- Shareholders to vote on:
 - Resolutions under requisition notices seeking proposed Board changes
 - Diversification into proposed consumer business and proposed investment businesses
 - Proposed special dividend of 1.0 cent
- The proposed business diversification resolution will NOT be put up for voting by shareholders in the event that:
 - more than one member of the present Board is voted out, or
 - any of the proposed new directors are voted in



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THANK YOU + Q&A

Internal Diligence Process

Overview

- Interpret Business Model
- Product Catalogue
- Customer
- Financial/Business Review
- Independent Valuation of Tangible Assets
- Review of Intellectual Property
- Site Visit

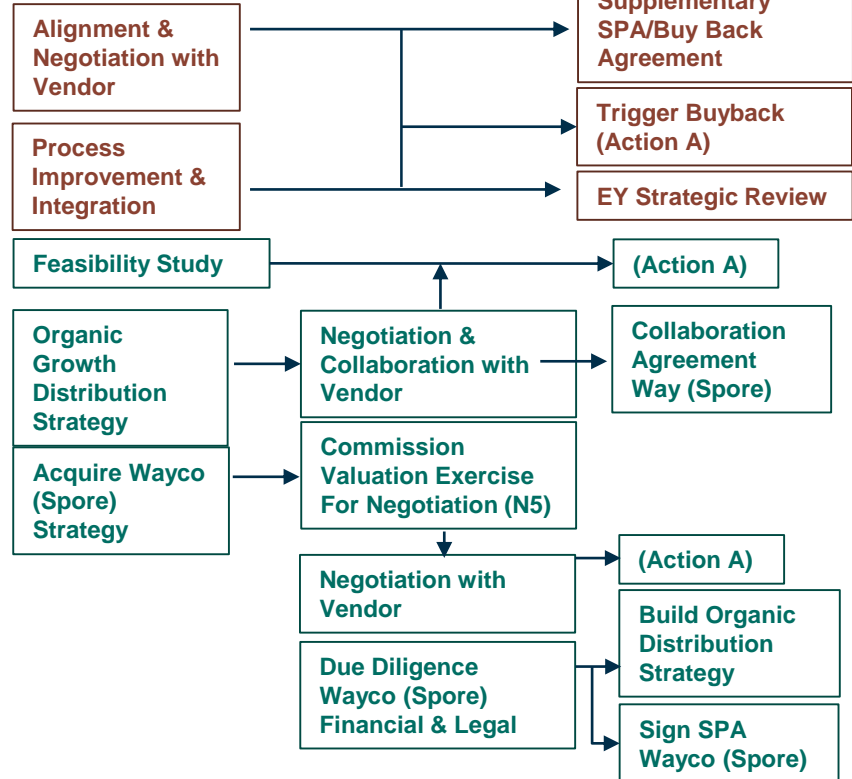


Board Consideration

Monthly Financial/Business Review
EY Due Diligence Report

EY Strategic Review (Wayco) Report

Actions



Internal Diligence Process

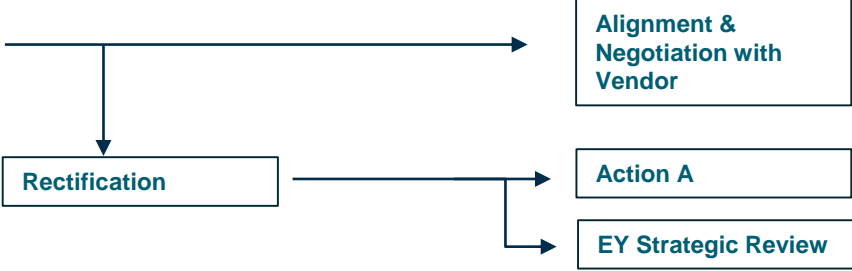
Overview

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Board Consideration

Legal Due Diligence (Wayco)



Actions