

Digilife Technologies Limited
Company Registration No.: 199304568R
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERIES

The Board of Directors (the “**Board**”) of Digilife Technologies Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”), refers to the queries received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 7 December 2021 in relation to the Company’s announcement dated 3 December 2021 (“**Announcement**”) on the proposed disposal by the Company of 90% of its shareholding interests in Singapore Electric Vehicles Pte. Ltd. (“**Target Company**”) as a major transaction (“**Proposed Disposal**”) and wishes to respond to the queries as follows.

Unless otherwise defined, all capitalized terms used herein shall have the same meanings as the Announcement.

1. Query 1 :

Please provide the identity of the Purchaser and the sole shareholder and director of the Purchaser.

Company’s Response:

- SEV HOLDING PTE. LTD., a company incorporated in Singapore (Company Registration No. 202138957H), whose registered office is at 376, Thomson Road, #06-05, Cube 8, Singapore- 298130, is the Purchaser in which Ms. Kwek Yan Ping, is the sole shareholder and director.

2. Query 2:

The Company is the legal and beneficial owner of 100% of the Target Company. What is the Company’s rationale for disposing only 90% interest in the Target Company? It is stated in the announcement that the EV fleet business was adversely affected in FY2020 due to COVID and travel restrictions.

Company’s Response:

- As announced previously, the fleet rental/hiring business which is dependent on ride hailing apps and the overall taxi business are adversely affected in the pandemic. The transaction was based on the willing buyer and willing seller agreement. The Company intends to retain 10% shareholding in the Target Company to remain as an investor and gain any upside on the valuation of the Target Company which may be created by the Purchaser in future.

3. Query 3 :

Please provide more information on how the S\$2.5 million of sale consideration was determined. Will there be a valuation?

Company’s Response:

- The 50 electric vehicles (used vehicles) make up of nearly the entire assets of the Target Company. As announced earlier, the Target Company is also loss-making. The sale consideration is based on the Company’s internal assessment of the 50 electric vehicles of the Target Company. This is based on the

information of the surrender/scrap value and resale value of similar electric vehicles from public/government website (onemotoring.lta.gov.sg – a Singapore government website) and a study of various other websites and the resale value from public domain websites and discussions with other potential car dealers, fleet owners or buyers.

- The assessment of aggregate value of the 50 electric vehicles (used vehicles) was between the range of the “average surrender value and average resale value” (with 90% shares interest) of the 50 electric vehicles proposed to be disposed of, ascertained as per the websites mentioned above as on 3 December 2021.
- Accordingly, keeping in view the above data points, the aggregate consideration of S\$ 2.5 million was arrived at after arms’ length negotiations and on a willing-buyer willing-seller basis, after taking into consideration that the Target Company has been loss-making, business prospects of the Target Company and prevailing market conditions.
- The Company will be appointing an independent valuer and is currently assessing a suitable valuer for the transaction. The details of the valuation will be set out in the Circular.

4. Query 4 :

The Company has been disposing loss-making businesses since Oct 2021. The Group had 2 main business segments namely, Telecom and Technology segments.

i) What is the Group’s remaining business following the series of disposals?

Company’s Response:

As announced previously, the Company has been in the process of identifying and evaluating divestment of sunset, loss-making and non-strategic businesses and accordingly exited from loss making and non-strategic businesses in 2021. Further, there will be no material change to the risk profile of the Company arising from the Proposed Disposal as the total annual revenue generated by the Target Company amounted to S\$880,000 for FY2020 with loss before tax amounted to approximately S\$883,000, which represented 0.33% of the total revenue generated by the Group, which was S\$264,036,000 for FY2020.

Following these disposals, the Company shall continue to operate the following businesses:

- In the Telecom segment (Indonesia) primarily the distribution of mobile prepaid cards as authorized distributor of the well-established telecom operators namely PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, PT Indosat.
- In the Technology segment primarily on the Information and Communications Technology (“ICT”) distribution and managed services business in India.

ii) What is the Group's focus and plans going forward?

Company's Response:

In 2021, the Group's primary focus was to exit from loss-making, non-strategic businesses and rationalize and reduce costs all across the businesses. The Company intends to utilise the net proceeds from the disposal for general working capital purposes, repayment of borrowings and working capital loans of the Group and to fund future business expansions, investments and acquisitions when suitable opportunities arise. The Company will continue its current business strategies to maintain its business resilience and stability and continue to explore strategic partners and investment opportunities over the long term and to build and create value for the shareholders.

5. Query 5:

Chapter 10 relative ratios were computed after adjusting for elimination of intercompany balances for the 9 months added 30 Sept 2021.

i) What are these adjustments / intercompany balances?

Company's Response:

- The adjustments / intercompany balances pertain to:
 - a. Outstanding balances of Target Company under the existing loan agreement.
 - b. Electric vehicles lease obligations owed by Target Company under the existing lease agreement.
 - c. Book value of 50 electric vehicles and related chargers owned by the Company, in which the Company has agreed to sell and Target Company has agreed to purchase.
 - d. Other intercompany debit notes in form of support services, allocation of expenses etc.

ii) Are there intercompany balances between the Company and the Target Company? If so, please provide amount, what is the nature of such balances and how will these be treated as part of the Proposed Disposal?

Company's Response:

The Intercompany balances are between the Company and the Target Company.

The Target Company will be making an arrangement to issue a total of 8,167,420 ordinary shares to the Company, which shall be considered as full settlement of all the debt owed by the Target Company to the Company as mentioned in the table below:

No.	Amount payable by Target Company	Amount (S\$)	Mode of Settlement
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1	Outstanding balance of Loan agreement	1,678,679.18	To be converted into equity before disposal
2	Electric vehicles lease rental obligation	1,392,560.19	To be converted into equity before disposal
3	Book value of electric vehicles	4,605,437.87	To be converted into equity before disposal
4	Intercompany debit notes	490,743.04	To be converted into equity before disposal
	Total amount outstanding payable by Target company	8,167,420.28	

BY ORDER OF THE BOARD

Tushar s/o Pritamlal Doshi
Independent Non-Executive Director
Digilife Technologies Limited

9 December 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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