

DIGILIFE TECHNOLOGIES LIMITED  
(Company Registration No. 199304568R)  
(Incorporated in the Republic of Singapore)

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**THE PROPOSED ACQUISITION BY THE COMPANY OF 71% OF THE ISSUED AND FULLY PAID-UP ORDINARY SHARES IN THE CAPITAL OF STRADBROKE INVESTMENTS PTE. LTD. WITH THE ALLOTMENT AND ISSUANCE OF 5,500,000 SHARES IN THE CAPITAL OF THE COMPANY AS CONSIDERATION**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Digilife Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 28 December 2021, the Company has entered into a share purchase agreement (the “**SPA**”) with TG Holdings HK Limited (the “**Vendor**”), for the acquisition by the Company of an aggregate of 11,131,000 issued shares in the capital of Stradbroke Investments Pte. Ltd. (“**Target Company**”) (“**Target Company Shares**”), representing 71% of the total issued and paid-up share capital of the Target Company (the “**Sale Shares**”) on the terms and subject to the conditions of the SPA (the “**Proposed Acquisition**”).

The Proposed Acquisition is considered a “major transaction” of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Accordingly, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”) for the Proposed Acquisition at an extraordinary general meeting (the “**EGM**”) to be convened in due course.

**2. INFORMATION RELATING TO THE GROUP AND THE PURCHASER**

**2.1 Information relating to the Target Company**

The Target Company is a company incorporated in the Republic of Singapore (“**Singapore**”) on 31 October 2019 bearing the Unique Entity Number 201936544R. The Target Company is engaged in multiple industries including gold trading, fisheries, timber trading and property, and owns 51% of a digital application product company HYL Pte Ltd (“**HYL**”), which is focussed on new innovative business areas relating to the development of digital applications as a fresh start-up. The Target Company also owns 100% of Stradbroke Ventures PNG Limited (“**Stradbroke Ventures**”), which is engaged in the business of trading of timber, fisheries and raw gold in Papua New Guinea.

The Target Company, through its wholly owned subsidiary also owns a building in Singapore at 152, Ubi Ave 4. It is a 5-storey, B1, multi-purpose detached building with a basement car park and rooftop landscaped garden. The first floor comprises of a showroom and service center, auditorium and ancillary office, and the 2nd and 5th floors comprise ancillary offices and meeting rooms

The Vendor is the legal and beneficial owner of 11,131,000 Target Company Shares, representing in aggregate 71% of the total issued and paid-up share capital of Target Company.

The remaining 4,546,465 Target Company shares representing an aggregate of 29% of the total issued and paid-up share capital of the Target Company is legally and beneficially owned by Smart Co. Holding Pte. Ltd. ("**Smart Co**"). Smart Co is wholly owned by Dr. Modi Bhupendra Kumar ("**Dr. Modi**") who is the Chairman and Non-Independent Non-Executive Director and controlling shareholder of the Company.

## **2.2 Information relating to the Vendor**

The Vendor is a corporation duly incorporated under the laws of Hong Kong on 14 November 2018, and is an investment holding company. Mr Xiwen Zhao owns 100% of the shares and sole director of the vendor.

Mr Zhao graduated from Guangdong Broadcasting University in 2010. Upon his graduation, he was involved in the management of a large construction engineering firm based in Shenzhen with numerous operations in South East Asia.

The Vendor does not have any relationship, including business relationships or shareholding interest, direct or indirect, in the Company, and the directors and/or substantial shareholders of the Vendor are not related to any of the directors, the chief executive officer, or substantial shareholders of the Company, or their respective associates.

## **3. MATERIAL TERMS OF THE PROPOSED ACQUISITION**

A summary of the material terms and conditions of the Proposed Acquisition as set out in the SPA is as follows.

### **3.1 Acquisition of the Sale Shares**

The Vendor shall sell and deliver the legal and beneficial interest in the Sale Shares, and the Company shall purchase the Sale Shares, free from all encumbrances and together with all rights attaching to them subject to the terms and conditions of the SPA.

The consideration for the sale of the Sale Shares ("**Consideration**") shall be an aggregate amount of S\$7,645,000 (the "**Consideration**"), to be paid by way of issuance of 5,500,000 ordinary shares in the capital of the Company ("**Consideration Shares**") to the Seller, based on an issue price per Consideration Share determined with reference to the volume weighted average price per ordinary share of the Company ("**Shares**") trading on the SGX-ST for the full market day of 27 December 2021 which is S\$1.39 preceding the date on which the SPA is signed.

The Consideration Shares shall be allotted and transferred as fully paid and will rank *pari passu* in all respects with the existing Company Shares at the date of transfer and shall be free from all encumbrances. The Company and the Vendor have agreed that the Consideration Shares to be received by the Vendor shall be subject to a sale moratorium of 180 days commencing from the date of completion of the Proposed Acquisition (the "**Completion**").

### 3.2 Consideration

The aggregate Consideration was arrived at after arms' length negotiations and on a willing-buyer willing-seller basis, after taking into consideration the valuation of the Sale Shares, discussions between the Company and the Vendor, and other commercial factors including, *inter alia*, the value of the assets of the Target Company and business prospects of the Target Company, prevailing market conditions, and the rationale for and benefits to the Group arising from the Proposed Acquisition as further described in Section 4 of this Announcement. The Board and the Company have also taken into consideration the preliminary (draft) valuation report done by an independent valuer to determine the value of the Sale Shares. The final valuation report will be completed and included in the circular. Please refer to Section 6 of this Announcement for more information regarding the valuation.

### 3.3 Conditions Precedent

Completion shall be conditional on the following events:

- (a) the results of due diligence investigations on the Target Company conducted by the Company being reasonably satisfactory to the Company;
- (b) all relevant regulatory consent or approvals being obtained by the Company in respect of the transfer of the Sale Shares and the issue of the Consideration Shares, including the board of directors of the Company, in-principle approval from the SGX-ST, including for the listing and quotation for all the Consideration Shares on the Catalist Board of the SGX-ST and (if required by the SGX-ST) its shareholders, and if such approval is obtained subject to any conditions, subject to such conditions being acceptable to the Company and, if such conditions are required to be fulfilled before Completion, the fulfilment of such conditions before Completion;
- (c) the Warranties (as defined below) being materially true and accurate and not misleading at Completion as if they had been repeated at Completion with references to circumstances then existing;
- (d) no event, change or effect having occurred which has resulted or is likely to result in a material adverse change or material adverse deterioration in the position or prospects of the Target Company (or no material contingent liability having arisen which if incurred would result in such a material adverse change or deterioration); and
- (e) prior written consents and approvals, if required, having been obtained from JTC Corporation ("**JTC**") pursuant to the lease agreement entered into between JTC and the Target Company in respect of the property located at 152 Ubi Avenue 4 Singapore 408826; and
- (f) the full satisfaction and discharge of all outstanding loans, including intercompany loans and balances or other financing liabilities or obligations owing by directors or shareholders of the Company to the Company,
- (g) prior written consents and approvals, if required from DBS Bank, lender to the Company.

(collectively, the "**Conditions Precedent**").

### 3.4 Completion Date and Long-Stop Date

Under the SPA, completion of the Proposed Acquisition ("**Completion**") shall take place on the fifth (5) business day from the date all Condition Precedents are satisfied or waived (as the case may be).

Under the SPA, the "Long-Stop Date" will be the date falling 90 days from the date of the SPA, or such later date as the parties may agree. In the event that any of the Conditions Precedent are not fulfilled or waived in accordance with the terms under the SPA by the Long-Stop Date, then the SPA shall automatically terminate and none of the parties shall have any further liability to the other parties except for any liability accrued as at such date.

### 3.5 Indemnity

The Vendor undertakes to indemnify and to keep the Company fully indemnified against any and all losses, liabilities, costs, charges, expenses, actions, proceedings, claims and demands which the Company or the Target Company may at any time and from time to time sustain, incur or suffer based upon, or attributable to, resulting from or in connection with any liabilities of the Target Company, including any claims from any regulatory authorities incurred before Completion, or any loans or debts owing by the Target Company, until those are fully satisfied.

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in the best interests of the Company and Shareholders as it will allow the Group to re-strategize its financial and capital resources. The Proposed Acquisition will give the company entry into the digital application space/ innovative start-up space (via Hylf App), give ownership of a building/real estate of value and also access to other businesses in Papua New Guinea. The Board will decide post Completion how these other business can be run and managed in the long run and if they are appropriately aligned to the long term strategy of the Company.

With the Proposed Acquisition, the Company will be able to create value through the entities owned by the Target Company:

- (a) The Target Company owns a 5 storied real estate building in Singapore at 152, Ubi Ave 4. It is an independent 5-storey multi-purpose detached B1 building with a basement car park and rooftop landscaped garden completed circa 2011.
- (b) The Target Company also owns 51% of HYLf. which is a startup and in the process of creating a digital app based service focused on the business of providing private air charter services primarily to ultra-high net worth ("**UHNW**") individuals and corporate executives of large multinational corporations. HYLf has potential in the arena of digitizing private Jet Charter Service and other related services to the UHNW segment, and will also assist in creating a network for the Company for further business associations with key decision makers (44% in HYLf is owned by Dr. Modi).
- (c) The Target Company is also engaged in the trading, harvesting/processing of timber, fishery products, noble metals and minerals trading at Papua New Guinea. The Company will review the strategic importance of this business unit of the Target Company, and is in the process of further due diligence.

The Board is of the view that pursuant to the Proposed Acquisition, the Group will benefit primarily due to the following reasons:

- (a) the Proposed Acquisition presents the Group with an opportunity to invest in futuristic high growth digital app businesses which shall unlock value for the Shareholders, and the Target Company also has a real estate asset which creates a positive impact on the NTA of the Company; and
- (b) the Proposed Acquisition is a no-cash deal and therefore the Proposed Acquisition will not involve any cash outflow for the Company. The existing cash may be re-deployed to other projects by the Company as needed.

## 5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 5.1 NTA, Book Value and Net Profit Figures

The *pro forma* financial effects of the Proposed Acquisition as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company and the Group following the completion of the Proposed Acquisition. The *pro forma* financial effects have been prepared based on the Group's unaudited consolidated financial statements for period ended 30 November 2021 ("**Adjusted Figure**"), the net tangible asset ("**NTA**") and the book value of the Target Company (Standalone management accounts) as on 30 November 2021 is S\$32,555,646 and S\$42,953,346 respectively, subject to the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the NTA per share of the Company are computed assuming that the Proposed Acquisition had been completed on 30 November 2021; and
- (b) the financial effects of the Proposed Acquisition on the earnings per share ("**EPS**") of the Company are computed assuming that the Proposed Acquisition had been completed on 1 April 2021.

### 5.2 Effects on NTA per share

30 November 2021	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$) <sup>(1)</sup>	33.589	66,144
Number of issued ordinary shares, excluding treasury shares	13,519,813	19,019,813
NTA per share, excluding treasury shares (S\$ cents)	2.48	3.48

Note:

(1) NTA is as on 30 November 2021 as the Target Company has provided managements accounts as of 30 November 2021

### 5.3 Effects on EPS per share

1 April 2021 to 30 November 2021	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit <sup>(1)</sup> <sup>(2)</sup> attributable to equity holders of the Company (S\$)	(2,980)	(3,452)
Weighted average no. of ordinary shares, excluding treasury shares <sup>(3)</sup>	13,174,942	16,841,609
EPS, excluding treasury shares (S\$ cents)	(0.23)	(0.20)

Notes:

- (1) Net profit means profit or loss including discontinued operations that have not been disposed and before non-controlling interest.
- (2) Net Profit is from 1 April 2021 to 30 November 2021
- (3) EPS has been calculated based on the no. of ordinary shares in issue as at the 30 November 2021

## 6. VALUATION REPORT

For the purposes of the Proposed Acquisition, the Company has commissioned an independent valuer ("**Independent Valuer**") to perform a valuation on the Target Company and to assess and determine the value of the Sale Shares. The preparation of the final valuation report is in progress. However, the Board and the Company has also taken the draft valuation report as an input to assess and determine the value of the Sale Shares. The final valuation report will be set out in the circular to Shareholders.

## 7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Based on the Adjusted Figures, the relative figures in relation to the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Catalyst Rules are as follows:

### Relative Figures Based on the Accounts:

Rule	Bases of computation	Relative figures
Rule 1006(a)	Net asset value (" <b>NAV</b> ") <sup>(1)</sup> of the assets to be disposed of S\$ compared with the Group's NAV of S\$.	Not applicable as the transaction is an acquisition.
Rule 1006(b)	Net loss <sup>(2)</sup> <sup>(3)</sup> attributable to the Sale Shares to be acquired of S\$471,615, compared with the Group's net loss of S\$2,980,102	15.83 %

Rule 1006(c)	Aggregate value of the consideration received of S\$7,645,000, compared with the Company's market capitalisation <sup>(4)</sup> of approximately S\$ 18,79,2540	40.68%
Rule 1006(d)	5,500,000 shares issued by the Company as consideration for the acquisition, compared with the 13,519,813 shares previously in issue.	40.68%
Rule 1006(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. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as this transaction is not an acquisition of mineral, oil and gas assets

Note: The Target Company and the Company have net losses of S\$471,615 and S\$2,980,102 respectively as of 30 November 2021 (negative figures).

Notes:

- (1) Under Rule 1002(3)(a) of the Catalist Rules, "net assets" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net loss" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Net loss is for the financial period from 1 April 2021 to 30 November 2021 as per the management accounts provided by the Target Company.
- (4) Under Rule 1002(5) of the Catalist Rules, "market capitalisation" of the Company is determined by multiplying the 13,519,813 shares in issue by the weighted average price of such shares transacted on 28 December 2021, being the market day immediately preceding the date of the SPA, of S\$ 1.39 per share.
- (5) Net loss is for the financial period from 1 April 2021 to 30 November 2021 to be in line with the Target Company for the above calculation

The Proposed Acquisition involves the acquisition of a loss-making asset by an issuer (being the Company). Accordingly, based on the guidance provided in paragraph 4.4(a) of Practice Note 10A, as (i) the absolute relative figures computed on the bases of Rules 1006(c) and 1006(d) do not exceed 75%; and (ii) the absolute value of the net loss attributable to the Target Company exceeds 10% of the Company's net loss, the Proposed Acquisition is classified as a major transaction under Rule 1014 of the Catalist Rules and is accordingly subject to the approval of the Shareholders at the EGM to be held in due course.

## 8. CONSIDERATION SHARES

Rule 805(1) of the Catalist Rules provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company. The Consideration Shares will be issued pursuant to the general mandate approved by the Shareholders at the Extraordinary General Meeting of the Company held on 19 February 2021 (the "**2021 Share Issue Mandate**").

The 2021 Share Issue Mandate authorises the Board to allot and issue new shares of not more than 100% of the total number of issued shares (excluding treasury shares and subsidiary

holdings) in the capital of the Company as at the date of the 2021 Share Issue Mandate (being 12,655,859 Shares), of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing shareholders shall not be more than 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the 2021 Share Issue Mandate (being 12,655,859 Shares).

Under the 2021 Share Issue Mandate, 863,954 shares were issued prior to the date of the SPA and as such, the total number of shares that may be issued pursuant to the 2021 Share Issue Mandate is 11,791,905 Shares, of which the number of shares to be issued other than on a *pro rata* basis is 11,791,905 Shares.

Assuming that there are no adjustments to the Consideration made in accordance with the SPA, approximately 5,500,000 Shares will be issued and allotted as Consideration Shares. Accordingly, the proposed issuance and allotment of the Consideration Shares will be within the limits of the 2021 Share Issue Mandate (being 11,791,905 Shares). Accordingly, specific shareholder approval from Shareholders for the issuance and allotment of the Consideration Shares is not required.

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$ 549,704,234 comprising 13,519,813 Shares. The Consideration Shares will represent approximately 28.9% of the enlarged issued and paid-up share capital of the Company post the completion of the Proposed Acquisition.

The Vendor will hold approximately 28.9% of the enlarged share capital upon the allotment and issuance of the Consideration Shares pursuant to the Proposed Acquisition. Dr. Bhupendra Kumar Modi, which is the Group's controlling shareholder who holds approximately 52.38% of the Company's total issued and paid-up shares as at the date of this announcement will hold approximately 37.2% of the enlarged share capital upon the allotment and issuance of the Consideration Shares pursuant to the Proposed Acquisition. Accordingly, the Proposed Acquisition will **not** result in the transfer of a controlling interest in the Company.

The Company will be applying to the SGX-ST for the in-principle approval and listing and quotation of the Consideration Shares on Catalist of the SGX-ST in due course and will make the necessary announcements once the in-principle approval and the Listing and Quotation Notice for the listing and quotation of the Consideration Shares have been obtained from the SGX-ST.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Dr. Modi has declared his interest, direct or indirect, in the Proposed Acquisition, as he is the Chairman and Non-Independent Non-Executive Director and controlling shareholder of the Company and also wholly-owns Smart Co.

Dr Modi has made known to the Board that in view of his deemed interest in the Target company and its subsidiaries, he will abstain from voting for the transaction at the EGM and will also abstain from voting during the Board meetings on this agenda/transaction related matters.

Save as disclosed above, as at the date of this Announcement, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Acquisition, other than through their respective shareholding interests in the Company (if any).



**10. DIRECTORS' SERVICE CONTRACTS**

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

**11. CIRCULAR TO SHAREHOLDERS**

A circular containing further details on the Proposed Acquisition and enclosing a notice of EGM in connection therewith will be despatched to Shareholders in due course including diversification resolution, if needed.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

**13. DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 1 North Bridge Road, #19-04/05, High Street Centre, Singapore 179094, for a period of three (3) months from the date of this Announcement.

**14. FURTHER ANNOUNCEMENTS**

The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisition, the SPA and other matters contemplated in this announcement.

**15. CAUTION IN TRADING**

**Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfilment of the Conditions Precedent set out above and accordingly are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed. Shareholders are advised to read this Announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

**BY ORDER OF THE BOARD**

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

29 December 2021

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*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.*

*The contact person for the Sponsor is Mr. Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd. at 6 Raffles Quay, #24-02, Singapore 048580, [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com)*