

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

(1) THE PROPOSED DISPOSAL BY THE COMPANY OF ITS SHAREHOLDING INTERESTS IN PEREMEX PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION; AND

(2) THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

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 2 August 2024, the Company has entered into a share purchase agreement (the “**SPA**”) with Smart Co Holding Pte. Ltd. (the “**Purchaser**”), for the disposal by the Company of an aggregate of 13,206,000 issued and paid-up ordinary shares in the capital of Peremex Pte. Ltd. (the “**Target Company**”), representing the total issued and paid-up share capital of the Target Company as at the date of the completion of the SPA (“**Completion**”) (the “**Sale Shares**”) on the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).

The Proposed Disposal constitutes:

- (a) an “interested person transaction” as defined under Chapter 9 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (b) a “major transaction” as defined under Chapter 10 of the Catalist Rules of the SGX-ST.

Accordingly, the Proposed Disposal will be subject to, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”), who have no interest, direct or indirect, in relation to the Proposed Disposal save for their interest in the Company (the “**Independent Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened in due course.

In view that the Gross Proceeds (as defined below) from the Proposed Disposal exceed the working capital needs of the Group, the Board wishes to further propose that, subject to Completion, a capital reduction exercise (the “**Proposed Capital Reduction**”) to be carried out by the Company pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore (the “**Companies Act**”) and the Gross Proceeds (as defined below) shall be distributed to Shareholders by way of a cash distribution (the “**Proposed Cash Distribution**”, together with the Proposed Disposal and the Proposed Capital Reduction, shall be referred to herein collectively as the “**Proposed Transactions**”).

2. INFORMATION RELATING TO THE TARGET GROUP (AS DEFINED HEREIN) AND THE PURCHASER

2.1 Information relating to the Target Group (as defined herein)

The Target Company is a company incorporated in the Republic of Singapore on 7 August 2003. The Target Company is a wholly-owned subsidiary of the Company, and does not have any existing operations or business activities.

On 25 July 2024, the Company transferred 7,005,000 ordinary shares representing 100% interest in the capital of Bharat IT Services Limited (“**Bharat IT**”) to the Target Company pursuant to an internal restructuring of the Group (the “**Restructuring Exercise**”). The Company had completed a capital injection of S\$4.0 million into the Target Company on 26 July 2024 (“**Peremex Capital Injection**”). Following the Restructuring Exercise, the Target Company owns two subsidiaries incorporated in India, namely Bharat IT and Modi Aircrete Private Limited (“**Modi Aircrete**”), a wholly-owned subsidiary of Bharat IT. Bharat IT and Modi Aircrete are collectively referred to herein as the “**Bharat IT Group**”. The Target Company, Bharat IT and Modi Aircrete are collectively referred to herein as the “**Target Group**”.

Currently, the Group’s information and communications technology (“**ICT**”) distribution and managed services business operation in India is conducted through Bharat IT which provides comprehensive ICT solutions encompassing consultation, maintenance, disaster recovery services, as well as undertaking projects in networking, data hosting, and managed services. Modi Aircrete, a wholly-owned subsidiary of Bharat IT, currently does not have any existing operations or business activities.

2.2 Information relating to the Purchaser

The Purchaser is a private company limited by shares duly incorporated under the laws of Singapore on 25 July 1996 and is principally engaged in the business of investment holding. The Purchaser is wholly owned by Dr. Bhupendra Kumar Modi (“**Dr. Modi**”), who is a “Controlling Shareholder” of the Company as defined under the Catalist Rules, and thus an “interested person” as defined under Chapter 9 of the Catalist Rules.

As at the date of this announcement, Dr. Modi is the sole shareholder of the Purchaser. Dr. Modi is the founder and chairman of Smart Group – a diversified business conglomerate with business interests in the mobility, finance, healthcare, entertainment and technology sectors in India. Dr. Modi intends to grow Bharat IT’s business in India and other markets by leveraging on his diversified businesses in the Indian market through the acquisition of the Target Company. Accordingly, it is the intention of the Purchaser to induct new directors and management into the business of the Target Group after the Proposed Disposal.

As at the date of this announcement, Dr. Modi holds 804,634 ordinary shares (“**Shares**”) representing 6.01% direct interest in the existing issued and paid-up share capital of the Company (excluding treasury Shares) and holds 51.48% deemed interest in the Company through the following entities:

No.	Shareholders	No. of Shares as at the date of this announcement	Percentage of the share capital of the Company as at the date of this announcement (%)
1	S Global Innovation Centre Pte. Ltd. (“ SGIC ”) ⁽¹⁾	3,638,921	27.18
2	The Purchaser ⁽²⁾	410,660	3.07
3	Spice Bulls Pte. Ltd. (“ SBPL ”) ⁽³⁾	1,316,497	9.83
4	Innovative Management Pte. Ltd. (“ IMPL ”) ⁽⁴⁾	43,000	0.32
5	Smart Bharat Private Limited ⁽⁵⁾	1,482,387	11.07
	Total	6,891,465	51.48⁽⁶⁾

Notes:

- (1) SGIC is controlled by Dr. Modi along with Dilip Modi, the son of Dr. Modi.
- (2) The Purchaser is wholly-owned by Dr. Modi.
- (3) SBPL is wholly-owned by SCHPL and is in turn wholly-owned by Dr. Modi.
- (4) IMPL is wholly-owned by Dr. Modi.
- (5) Approximately 99.93% interest in the capital of Smart Bharat Private Limited (formerly known as Smart Entertainment Private Limited) is beneficially owned and controlled by Dr. Modi as well as investment vehicles controlled by Dr. Modi and his family members.
- (6) Shareholding percentages are rounded to the nearest two (2) decimal places. Any discrepancies in this announcement (including the tables) between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

Save as disclosed above, the Purchaser and its associates do not have any shareholding interest, direct or indirect, in the Company, and the other directors and/or substantial shareholders of the Purchaser 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 AND CONDITIONS OF THE PROPOSED DISPOSAL

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

3.1 Disposal of the Sale Shares

The Company shall sell to the Purchaser, and the Purchaser shall purchase from the Company, the Sale Shares on the terms and conditions of the SPA.

The consideration for the Sale Shares shall be an aggregate of S\$12,240,000 (the “**Consideration**”) to be payable by the Purchaser to the Company upon Completion.

Unless extended by mutual consent of both parties to the SPA (the “**SPA Parties**”), the completion of the SPA shall take place on the fifth (5th) business day after the date on which all the Conditions Precedent (as defined below) are satisfied or waived (as the case may be).

The Purchaser shall deliver to the Company the payment of the Consideration by way of a cashier’s order or banker’s draft drawn on a bank licensed in Singapore and made out in favour of the Company, or by way of telegraphic transfer of immediately available funds made out in favour of the Company’s bank account as shall have been notified to the Purchaser by the Company, or by such other manner as may be agreed between the SPA Parties in writing. Notwithstanding anything else as set out in the SPA, the SPA Parties agree that the Purchaser may set-off (in full or in part) the Consideration which he owes to the Company pursuant to the SPA against any sums due to him and/or any of his affiliates by the Seller, regardless of the origin or nature of such dues.

3.2 Consideration

The Consideration was arrived at after arms’ length negotiations and on a willing-buyer willing-seller basis, after taking into consideration discussions between the Company and the Purchaser, and other commercial factors including, *inter alia*, the *pro forma* net tangible asset (“**NTA**”) of the Target Group as at 30 April 2024, historical performance and business prospects of the ICT segment conducted through Bharat IT, prevailing market conditions, the indicative market value of the 100% equity interest in the capital of the Target Group as at 30 April 2024 (“**Valuation Date**”) based on the preliminary valuation conducted by an independent valuer,

subject to the key assumptions set out in the valuation report to be finalised, and the rationale for and benefits to the Group arising from the Proposed Disposal as further described in Section 4 of this announcement.

The Consideration payable by the Purchaser for the Sale Shares will be partially set-off against the portion of the Proposed Cash Distribution Amount (as defined below) entitled by certain of Dr Modi's associates (namely SGIC, the Purchaser, SBPL and IMPL (collectively, the "**Set-Off Parties**") would have otherwise received in their capacity as Shareholders pursuant to the Proposed Cash Distribution. Pursuant to which, the Set-Off Parties have entered into a deed of set-off ("**Set-off Deed**") in favour of the Company and the Purchaser on 2 August 2024, whereby the Proposed Cash Distribution that the Set-Off Parties are entitled to receive amounting to an aggregate of S\$4,945,437 ("**Set-Off Parties Entitled Distributable Amount**") shall be used to offset against the Consideration. A breakdown of the Set-Off Parties and the Set-Off Parties Entitled Distributable Amount they would otherwise have received are as follows:

No.	Set-Off Parties	No. of Shares held by the relevant Set-off Party	Set-Off Parties Entitled Distributable Amount (S\$)
1	SGIC	3,638,921	3,327,010
2	The Purchaser	410,660	375,460
3	SBPL	1,316,497	1,203,653
4	IMPL	43,000	39,314
	Total	5,409,078	4,945,437

3.3 Conditions Precedent

Completion shall be conditional upon the following events (collectively, the "**Conditions Precedent**"):

- (a) all relevant regulatory consent or approvals being obtained by the Company in respect of the transfer of the Sale Shares, including the board of directors of the Company, in-principle approval from 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 to whom such approval relates and, if such conditions are required to be fulfilled before Completion, the fulfilment of such conditions before Completion;
- (b) all relevant consents or approvals being obtained by the Company in respect of the Proposed Capital Reduction to be conducted by the Company following Completion;
- (c) the warranties provided by the respective SPA Parties in the SPA 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) the due and valid implementation of the Capital Reduction, and the filing of the relevant documents with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") such that the Capital Reduction is effective under section 78E(2) or 78E(4) of the Companies Act 1967; and
- (e) 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 Target Company (or no material contingent liability having arisen which if incurred would result in such a material adverse change or deterioration).

3.4 Salient Warranties and Long-Stop Date

The Company has provided certain warranties in relation to the Target Company's audited accounts, indebtedness and guarantees, insolvency and other legal proceedings.

Under the SPA, the "Long-Stop Date" will be the date falling on or before 120 days from the date of the SPA, or such later date as the SPA 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 In addition to the above, the Company and the Purchaser have agreed that upon Completion, the Company shall procure the entry on the electronic register of members of the Target Company as maintained by the ACRA, of the name of the Purchaser as the holder of the Sale Shares and the making of such other entries into other corporate records of the Target Company as may be necessary; and deliver to the Purchaser:

- (a) the share certificate(s) in respect of the Sale Shares, together with a valid share transfer form in respect of the Sale Shares, duly executed by the Company in favour of the Purchaser;
- (b) such waivers, consents or other documents as the Purchaser may require to enable it to be registered as the holder of all the Sale Shares;
- (c) a certified true copy of the resolutions passed by the Target Company's board,
 - (i) approving the transfer of the Sale Shares to the Purchaser;
 - (ii) authorising the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser;
 - (iii) approving the cancellation of the current instructions to the Target Company's banks and replacing them with any new instructions required by the Purchaser; and
 - (iv) approving the appointment of such directors as may be nominated by the Purchaser to the Target Company's board, and accepting the resignation(s) of the Target Company's existing director(s) nominated by the Company;
- (d) evidence that the instructions to the Target Company's banks have been replaced with the new instructions required by the Purchaser as contemplated in the board approvals described in paragraph (c)(iii) above; and
- (e) the resignation letter(s) of the existing director(s) of the Target Company nominated by the Company, to take effect on the date of Completion, with their acknowledgment that they have no claim for loss of office, professional fees or otherwise.

Correspondingly, the Purchaser has agreed that upon Completion it shall deliver to the Company the payment of the Consideration by a cashier's order or banker's draft drawn on a bank licensed in Singapore and made out in favour of the Company, or by way of telegraphic transfer of immediately available funds made out in favour of the Company's bank account as shall have been notified to the Purchaser by the Company, or by such other manner as may be agreed between the Purchaser and the Company in writing. The Company and the Purchaser further agrees that the Purchaser may set-off (in full or in part) the Consideration which it owes to the Company hereto against any sums due to it and/or any of its affiliates by the Company, regardless of the origin or nature of such dues, including the Set-Off Parties Entitled Distributable Amount as described in paragraph 3.2 above.

- 3.6** If the Company or the Purchaser fails to comply with any of their respective obligations set out in paragraph 3.5 above, the non-defaulting party may, without prejudice to its rights under the SPA and under any applicable law:
- (a) defer Completion to a date selected by the non-defaulting party being not more than three (3) business days after the initial date of Completion;
 - (b) proceed to Completion as far as practicable (without limiting its rights under the SPA);
or
 - (c) terminate the SPA upon which neither party shall have any claim against any other for costs, damages, compensation or otherwise, save for any claim arising from antecedent breach of the terms of the SPA.

4. RATIONALE FOR AND BENEFITS TO THE GROUP ARISING FROM THE PROPOSED DISPOSAL

The Board is of the view that the Group will benefit from the Proposed Disposal as it presents the Group with an opportunity to monetise and unlock the value of the existing ICT business for a reasonable consideration which the Company is of the view that it is a sunset business. The Proposed Disposal also allows the Group to undertake a strategic review of the financial position and its operational needs. Subject to approval by Shareholders on the Proposed Cash Distribution, the Company intends to distribute the Gross Proceeds (as defined below) arising from the Proposed Disposal to the Shareholders via the Proposed Capital Reduction in recognition of the support of the Shareholders and to enable them to enjoy the benefits from the Proposed Disposal. Accordingly, the Board is of the view that the Proposed Disposal is in the best interests of the Company and Shareholders.

Following the Proposed Disposal, the Group will reduce its exposure to liabilities. The Group is also looking to re-position itself to identify and explore new operating businesses which are well-positioned to capture future growth opportunities.

5. USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The gross proceeds from the Proposed Disposal will be S\$12,240,000 (the "**Gross Proceeds**").

The Company intends to utilise the Gross Proceeds for the Proposed Cash Distribution (i.e. aggregate amount of S\$12,240,000 or S\$0.914285 per Share), subject to the approval of the Shareholders.

The Final Distributable Amount (as defined below) of S\$7,294,563 (or S\$0.914285 per Share) is the Gross Proceeds deducted by the Set-Off Parties Entitled Distributable Amount of S\$4,945,437 pursuant to the Set-off Deed. For the avoidance of doubt, the Set-Off Parties will

not receive the Final Distributable Amount. Please refer to paragraph 7 below for further details on the Proposed Capital Reduction and Proposed Cash Distribution.

6. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

6.1 Details of the Interested Person

As at the date of this announcement, Dr. Modi is a controlling shareholder of the Company who holds 6.01% direct interest in the Company and 51.48% deemed interest in the Company. Accordingly, Dr. Modi is deemed to be an “interested person” under Chapter 9 of the Catalist Rules.

As Dr. Modi is the 100% shareholder of the Purchaser, the Purchaser is considered as an associate of Dr. Modi. Accordingly, the Purchaser is deemed to be an “interested person” under Chapter 9 of the Catalist Rules.

6.2 Interested Person Transaction

Accordingly, the Proposed Disposal, which is a transaction between the Purchaser (an “interested person”) and the Company (being an “entity at risk”), constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules.

The value of the Proposed Disposal, which is the Consideration of S\$12,240,000, represents approximately 41.90% of the Group’s latest audited NTA as at 31 December 2023 (being approximately S\$29,210,000). As the value of the Proposed Disposal exceeds 5% of the Group’s latest audited NTA, the Proposed Disposal is, pursuant to Rule 906 of the Catalist Rules, subject to the approval of the Shareholders being obtained at the EGM of the Company to be convened.

6.3 Total Value of all Interested Person Transactions for the current financial year

Save for the Proposed Disposal, the Company has not entered into any Interested Person Transaction in the current financial year ending 31 December 2024.

6.4 Independent Financial Adviser

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company has appointed Xandar Capital Pte. Ltd., as an independent financial adviser to advise Directors who are independent for the purposes of the Proposed Disposal and the audit committee of the Company on the Proposed Disposal as an interested person transaction.

7. THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

7.1 Details of the Proposed Capital Reduction and Proposed Cash Distribution

The Company is proposing to undertake the Proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act. Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

As at the date of this announcement, based on records maintained by the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”), the Company had an issued and paid-up share capital of S\$549,704,000 comprising 13,387,513 issued Shares (after excluding

treasury shares). The Company has 492,871 treasury shares, and did not have any outstanding convertibles and subsidiary holdings.

The Proposed Capital Reduction and Proposed Cash Distribution will involve:

- (a) a reduction of the issued and paid-up share capital of the Company by the sum of S\$12,240,000, being the Gross Proceeds, from S\$549,704,000 to S\$537,464,000; and
- (b) a cash distribution to Shareholders of an aggregate amount of S\$12,240,000 (“**Proposed Cash Distribution Amount**”), equivalent to the Gross Proceeds, to be distributed *pro-rata* to all Shareholders, amounting to approximately S\$0.914285 in case for each Share held by Shareholders or on their behalf as at the record date to be determined by the Directors for the purpose of determining the entitlement of Shareholders to the payment of the cash distribution (the “**Record Date**”), based on the total number of 13,387,513 Shares in issue, excluding treasury shares. The final distributable amount shall be S\$7,294,563 or S\$0.914285 per Share to Shareholders excluding the Set-Off Parties, which is the Gross Proceeds deducted by the Set-Off Parties Entitled Distributable Amount pursuant to the Set-off Deed, as set out in paragraph 3.2 above (“**Final Distributable Amount**”). For the avoidance of doubt, the Set-Off Parties will not receive the Final Distributable Amount pursuant to the Set-off Deed.

Further details on the Proposed Capital Reduction and Proposed Cash Distribution are set out below.

7.2 Rationale for the Proposed Capital Reduction

The Company intends to distribute the Gross Proceeds from the Proposed Disposal given that the Group currently has sufficient funds for the Group’s present working capital requirements (that is, the Proposed Cash Distribution Amount), *pro-rata*, to all Shareholders as at the Record Date. As the Company does not have sufficient retained earnings to make the Proposed Cash Distribution entirely to its Shareholders by way of a declaration of a special dividend, such distribution has to be undertaken by way of the Proposed Capital Reduction.

The Proposed Disposal will enable the Company to dispose of and monetise its underperforming assets for the Consideration in cash, and distribute the Gross Proceeds to Shareholders via the Proposed Capital Reduction. Considering the thin trading volume of the Company’s Shares, the Proposed Capital Reduction will also allow Shareholders to realise their investment in the Company in cash upon completion of the Proposed Disposal, while retaining their Shares.

In addition, the Proposed Capital Reduction will result in the Company having a more efficient capital structure, thereby also improving Shareholders’ return on equity.

7.3 Conditions for the Proposed Capital Reduction

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the completion of the Proposed Disposal;
- (b) the Directors making the solvency statement(s) required under Section 78C of the Companies Act for the purpose of the Proposed Capital Reduction (“**Solvency**”).

Statement") in relation to the Proposed Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act;

- (c) the Solvency Statements, together with a copy of the special resolution approving the Proposed Capital Reduction ("**Special Resolution**"), being lodged with ACRA within 15 days beginning with the date of the Special Resolution;
- (d) the approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction (that is, approval by a majority of not less than three-fourths of Shareholders present and voting) at the EGM, of which not less than 21 days' notice shall have been given;
- (e) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (f) no application having been made for the cancellation of the Shareholders' resolution approving the Proposed Capital Reduction by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the withdrawal or dismissal thereof by the judicial authorities; and
- (g) the Company after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date on which the Proposed Capital Reduction was approved by the Shareholders, lodging with ACRA:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78C(3) (if applicable) of the Companies Act have been complied with, and that no application for cancellation of the resolution has been made; and
 - (ii) a notice containing the Proposed Capital Reduction information.

Further details on the conditions for the Proposed Capital Reduction and Proposed Cash Distribution are set out in the Circular (as defined below).

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

8.1 Bases and assumptions

The *pro forma* financial effects of the Proposed Transactions as set out below are purely for **illustrative purposes only** and should not be taken as an indication of the actual future financial performance or position of the Company and the Group following the completion of the Proposed Transactions.

The *pro forma* financial effects of the Proposed Transactions on the share capital, NTA and earnings have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**"), the latest audited financial information of the Target Group for FY2023, and on the following key bases and assumptions:

- (a) the financial effects of the Proposed Transactions on the NTA per Share as at 31 December 2023 are computed assuming that the Restructuring Exercise, Peremex Capital Injection and Proposed Transactions had been completed on 31 December 2023;

- (b) the financial effects of the Proposed Transactions on the earnings per Share (“EPS”) for FY2023 are computed assuming that the Restructuring Exercise, Peremex Capital Injection and Proposed Transactions had been completed on 1 January 2023;
- (c) the Final Distributable Amount for the Proposed Cash Distribution shall be approximately S\$7,294,563, assuming the Consideration payable of S\$12,240,000 by the Purchaser for the Sale Shares is to be partially set-off against the Set-Off Parties Entitled Distributable Amount of approximately S\$4,945,437;
- (d) the computation does not take into account any expenses that may be incurred in relation to the Proposed Disposal, the Proposed Capital Reduction and/or the Proposed Cash Distribution; and
- (e) the existing intercompany balances between the Company and the Target Group as at 31 December 2023 have been disregarded as they are not material for the purposes of computing the financial effects.

8.2 Share Capital

The financial effect of the Proposed Transactions on the share capital of the Company is as follows:

	Before the Proposed Transactions	After the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Disposal, Proposed Capital Reduction and Proposed Cash Distribution
Number of Shares, excluding treasury Shares ('000)	13,388	13,388	13,388 ⁽¹⁾
Paid-up share capital (S\$'000)	549,704	549,704	537,464 ⁽¹⁾

Note:

- (1) The paid-up share capital of the Company will be reduced by the Proposed Capital Reduction, and there is no change in the number of issued shares arising from the Proposed Disposal.

8.3 Effects on NTA per Share

	Before the Proposed Transactions	After the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Disposal, the Proposed Capital Reduction and Proposed Cash Distribution
NTA (S\$'000)	29,210	29,210	29,210
Add: Effects of Proposed Disposal (S\$'000)	-	1,600 ⁽¹⁾	1,600 ⁽¹⁾
Less: Effects of Proposed Capital	-	-	(12,240) ⁽²⁾

	Before the Proposed Transactions	After the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Disposal, the Proposed Capital Reduction and Proposed Cash Distribution
Reduction ⁽¹⁾ (S\$'000)			
Resultant NTA (S\$'000)	29,210	30,810	18,570
Number of Shares, excluding treasury Shares ('000)	13,388	13,388	13,388
NTA per Share, excluding treasury Shares (S\$)	2.18	2.30 ⁽³⁾	1.39 ⁽⁴⁾

Notes:

- (1) The effects of the Proposed Disposal on the NTA of the Group of approximately S\$1.60 million are mainly due to (i) gains of approximately S\$0.24 million arising from the Proposed Disposal as the Consideration is higher than the *pro forma* NTA of the Target Group; and (ii) reversal of translation reserves of approximately S\$2.38 million attributable to the Target Group. The increase is partially offset by the reduction of the Company's intangible assets of approximately S\$1.02 million primarily relating to the marketing rights recognised at the time of the previous acquisition of Bharat IT by the Company.
- (2) The NTA of the Group will be reduced further by the Proposed Cash Distribution Amount (equivalent to the Gross Proceeds) for the Proposed Cash Distribution.
- (3) The NTA per Share after the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution has been calculated based on the number of ordinary Shares in issue, excluding treasury Shares, as at 31 December 2023.
- (4) The NTA per Share after the Proposed Disposal and the Proposed Capital Reduction and Proposed Cash Distribution has been calculated based on the number of ordinary Shares in issue, excluding treasury Shares, as at 31 December 2023.

8.4 Effects on EPS

	Before the Proposed Transactions	After the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Disposal, the Proposed Capital Reduction and Proposed Cash Distribution
Net profit ⁽¹⁾ attributable to equity holders of the Company (S\$'000)	631	631	631
Add: Effects of Proposed Disposal (S\$'000)	-	1,452 ⁽²⁾	1,452 ⁽²⁾
Less: Effect of Proposed Capital Reduction (S\$'000)	-	-	_ ⁽³⁾

	Before the Proposed Transactions	After the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Disposal, the Proposed Capital Reduction and Proposed Cash Distribution
Resultant net profit attributable to Shareholders (S\$'000)	631	2,083	2,083
Weighted average number of Shares ('000)	13,448	13,448	13,448
EPS (Singapore cents)	4.69	15.49 ⁽⁴⁾	15.49 ⁽⁵⁾

Notes:

- (1) Net profit means profit attributable to owners of the parent.
- (2) Based on the FY2023 financials, the Gross Proceeds and assumptions set out above, the net profits attributable to the Sale Shares is approximately S\$0.15 million, and the Group would expect to realise an attributable net disposal gain of approximately S\$1.60 million over the Group's NTA. The net gain from the Proposed Disposal is mainly due to (i) gains of approximately S\$0.24 million arising from the Proposed Disposal as the Consideration is higher than the *pro forma* NTA of the Target Group; and (ii) reversal of translation reserves of approximately S\$2.38 million attributable to the Target Group. The increase is partially offset by the reduction of the Company's intangible assets of approximately S\$1.02 million primarily relating to the marketing rights recognised at the time of the previous acquisition of Bharat IT by the Company.
- (3) There is no material impact on earnings/losses arising from the Proposed Capital Reduction.
- (4) EPS after the Proposed Disposal but before the Proposed Capital Reduction and Proposed Cash Distribution has been calculated based on the weighted average number of ordinary shares in issue for FY2023.
- (5) EPS after the Proposed Disposal and the Proposed Capital Reduction and the Proposed Cash Distribution has been calculated based on the average weighted number of ordinary shares in issue for FY2023.

9. VALUATION REPORT

For the purposes of the Proposed Disposal, the Company has appointed Navi Corporate Advisory Pte. Ltd. (the "**Independent Valuer**"), to assess and determine the market value of the 100% equity interest in the capital of the Target Group.

Based on the indicative results provided by the Independent Valuer on 23 July 2024, the indicative market value of the 100% equity interest in the capital of the Target Group as at the Valuation Date is in the region of S\$11.5 million to S\$11.8 million (rounded to the nearest one (1) decimal place). The valuation of the Target Group was arrived at based on the sum-of-parts method: (a) an estimate of the market value range of Bharat IT Group based primarily on the income approach with reference made to the market approach and cost approach; and (b) market value of the Target Company based primarily on the cost approach. The Independent Valuer has also taken into consideration the prevailing market conditions as at the Valuation Date.

The final valuation report will be issued by the Independent Valuer, and a summary of the valuation report will be appended to the Circular (as defined below).

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

Based on the latest announced unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 (“1H2024”), the relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule	Bases of computation	Relative figures (%)⁽¹⁾
Rule 1006(a)	Net assets value (“NAV”) of the assets to be disposed of compared with the Group’s NAV ⁽²⁾ .	38.98
Rule 1006(b)	Net profits attributable to the Sale Shares to be disposed of, compared with the Group’s net profits ⁽³⁾ .	91.17
Rule 1006(c)	Aggregate value of the consideration received, compared with the Company’s market capitalisation ⁽⁴⁾ .	72.12
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the transaction is not an acquisition.
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 a disposal of mineral, oil and gas assets.

Notes:

- (1) The existing intercompany balances between the Company and the Target Group, and the Company and Target Group as at 1H2024 have been disregarded as they are not material for the purposes of computing the relative figures.
- (2) Under Rule 1002(3)(a) of the Catalist Rules, “net assets” means total assets less total liabilities. Based on the unaudited consolidated financial statement of the Group for 1H2024, the NAV of the Group was approximately S\$31,762,000. Based on the unaudited financial statements of the Target Group for the same financial period, the NAV of the Target Group was approximately S\$12,379,830 after the Restructuring Exercise and Peremex Capital Injection.
- (3) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited consolidated financial statements of the Group for 1H2024, the net profits of the Group was approximately S\$262,000. Based on the unaudited financial statements of the Target Group for the same financial period, the net profits attributable to the Target Group was approximately S\$238,862.
- (4) This figure is computed by comparing the Consideration in relation to the Proposed Disposal against the market capitalisation of the Company of approximately S\$16,971,350. Under Rule 1002(5) of the Catalist Rules, “market capitalisation” of the Company is determined by multiplying 13,387,513 Shares in issue, excluding treasury Shares, by the volume weighted average price of such Shares transacted on 1 August 2024, being the last market day immediately preceding the date of the SPA.

As the relative figures under Rules 1006(c) of the Catalist Rules exceed 50%, the Proposed Disposal constitutes a “major transaction” under Rule 1014 of the Catalist Rules. Accordingly, the Proposed Disposal 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.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above and 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 Disposal, other than through their respective shareholding interests in the Company (if any).

12. DIRECTORS’ SERVICE CONTRACTS

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

13. EGM AND CIRCULAR TO SHAREHOLDERS

An EGM will be convened and held in a physical format to seek Shareholders’ approval for the Proposed Disposal, the Proposed Capital Reduction and the Proposed Cash Distribution in due course. Dr. Modi and his associates will abstain from voting in respect of the resolutions relating to the Proposed Disposal, in view of his interest in the Purchaser. Chada Anitha Reddy (“**Ms. Reddy**”), the Executive Director and Chairperson of the Company, shall voluntarily abstain and shall undertake to ensure that her associates shall voluntarily abstain from voting in respect of the resolutions, in view that Ms. Reddy is a non-executive director of the Purchaser.

A circular containing further details on the Proposed Disposal, the Proposed Capital Reduction, the Proposed Cash Distribution and enclosing a notice of EGM in connection therewith (“**Circular**”) will be despatched to Shareholders in due course.

14. 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 Transactions 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.

15. 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.

16. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Transactions is subject to the fulfilment of the Condition Precedents and the relevant conditions 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 any of the Proposed Transactions 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.

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 Transactions, the SPA and other matters contemplated in this announcement.

BY ORDER OF THE BOARD

Sudip Bandyopadhyay
Lead Independent Director
Digilife Technologies Limited

2 August 2024