Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Issuer:** Digilife Technologies Limited

**Stock code:** BAI

**Meeting details:**
Date: 29 Apr 2024
Time: 11.00 a.m.
Venue: The Hive, North Bridge Road, 1 North Bridge Rd, #08-08, Singapore 179094

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Q1**. As announced by the company on 20 February 2024, the group, through PT Selular Global Net (SGN), opted not to participate in the distribution agreement renewal process of the telecom operator, XL Axiata. Consequently, the telecom distribution agreement between SGN and XL Axiata will not be renewed after its expiration on 29 February 2024.

The group ceased to be a distributor for XL Axiata, after the transition period ended on 31 March 2024. The group made the decision due to the less favourable terms offered by XL Axiata and the perceived risks of disruption to this legacy model.

(i) **Given that XL Axiata contributed 19% of the group's revenue in 2023, will SGN need to deploy its resources to other businesses or potentially downsize a significant portion of its existing workforce?**

(ii) **What is the estimated financial impact due to the non-renewal, including potential costs related to early termination penalties (if any), severance packages, and impairment of fixed assets? Has the group recognised any provision in the financial statements for the year ended 31 December 2023?**

(iii) **How much working capital is expected to be freed up?**

(iv) **Considering that the group remains as the authorised distributor for PT Telekomunikasi Selular (Telkomsel) and PT Indosat, what strategies are being explored to improve operational efficiency and maximise value creation in collaboration with these key partners? Who is spearheading the initiatives to transform the group's telecom business?**

(v) **Nevertheless, can the board also provide insight into the potential risks posed by the disruption of the entire distribution business, which has been categorised as a "legacy model"?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Q2.** As disclosed in the annual report, the company has shifted its focus from telecom/information communications and technology (ICT) to emerging construction material technologies. Management has indicated that it is currently in the process of developing plans to execute this strategy.

The new strategic direction aims to capitalise on the expansive real estate market in India, leveraging the parent group's "*extensive experience and strong brand equity in India*".

(i) **Can the board and the management team help shareholders better understand their experience and track record in the construction/material segment?**

(ii) **Does the group have the financial resources to invest in early-stage companies and/or emerging technologies, considering the high likelihood of failure in such ventures?**

(iii) **Has the board set a limit on the amount it would be investing in this proposed new business?**

(iv) **What is the board's approach to structuring any potential deals to safeguard the company's interest while sharing risks with the vendors/promoters?**

(v) **Will the board seek shareholders' approval for any diversification into new businesses that could significantly alter the group's risk profile?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

**Q3.** As noted in the corporate governance report, the company does not have a dividend policy. The board in considering dividend payments will take into account factors such as the company's earning, financial condition, capital requirements, business expansion plans and cash flow.

No dividend has been declared for FY2023 as the group intends to conserve cash for future investments. The company last declared a capital reduction of $0.729 per share in 2016.

Cash flows generated from operating activities have been positive for the past three years and the group has maintained a strong net cash position for several years.

(i) **Has the board calculated the company's cost of capital?**

(ii) **Is the group consistently achieving returns that exceed the cost of capital after adjusting for risk?**

(iii) **Separately, did the board strategise on the optimal capital structure to support the group's businesses?**

(iv) **What deliberations did the directors have on paying out a dividend to shareholders in FY2023?**

(v) **Does the board share the view that a company can effectively balance generate value for shareholders through dividends while also funding new business initiatives in a sustainable manner?**

***Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.***

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

**Join our mailing list here to receive latest news and upcoming events.**

**CONNECT WITH US**