

**DIGILAND INTERNATIONAL LIMITED**

(Registration Number: 199400571K)

(incorporated in Singapore)

**ANNOUNCEMENT**

**1. Dispatch of Circular containing Notice of EGM**

1.1 We have on 2 December 2005 dispatched to shareholders a circular dated 2 December 2005 ("Circular") which contains a notice ("Notice of EGM") for convening an extraordinary general meeting ("EGM") on Tuesday, 27 December 2005 at 10.30 a.m. at Seletar Country Club, 101 Seletar Club Road, Kingfisher III Room, Level 1, Singapore 798273 to seek shareholders' approvals for the following:

1.1.1 transactions contemplated under the scheme of arrangement entered into between us and scheme creditors ("Scheme Creditors") (namely the disposal of our entire shareholding in MSI-Digiland (Phils) Inc ("DGP") and Digiland Indonesia Pte Ltd ("DGI"), the issue of a convertible bond, the allotment and issue of up to 1,789,327,853 new ordinary shares of S\$0.001 each ("Scheme Shares") to the Scheme Creditors pursuant to the conversion of the convertible bond);

1.1.2 the proposed allotment and issue of up to 5,000,000 new ordinary shares of S\$0.001 each ("Subscription Shares") to Dr. Vincent Tan Kim Yong (the "Investor") pursuant to the investment agreement dated 3 October entered into between us and the Investor ("Subscription");

1.1.3 a proposed capital reduction and consolidation of every two ordinary shares of S\$0.0005 each (being the par value after the capital reduction takes effect) into one new ordinary share of S\$0.001 each ("New Share"); and

1.1.4 whitewash resolutions in respect of the Investor and DBS Bank Ltd, a Scheme Creditor.

1.2 Shareholders who do not receive a copy of the Circular within a week of this announcement should contact our share registrar, Lim Associates (Private) Limited at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315.

**2. Digiland Indonesia Agreement**

2.1 Further to our announcement dated 1 December 2005 on the agreement dated 1 December 2005 for the sale of our entire shareholding in DGI and entered into between us and Toto Tanamas ("Digiland Indonesia Agreement"), we will also dispatch by 4 December 2005 a letter dated 2 December 2005 to shareholders to disclose the details of the Digiland Indonesia Agreement. This letter supplements

the disclosures contained in the Circular on the proposed disposal of our entire shareholding in DGI.

- 2.2 Shareholders who do not receive a copy of the letter within a week of the Company's dispatch should contact our share registrar, Lim Associates (Private) Limited at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315.

### **3. Approval in principle for listing and quotation of New Shares**

- 3.1 The Singapore Exchange Securities Trading Limited (the "Exchange") has approved in-principle the additional listing application of the New Shares which will be issued pursuant to the capital reduction and consolidation subject to the following conditions:

- 3.1.1 the approval or confirmation of the High Court of the Republic of Singapore of the capital reduction;
- 3.1.2 the approval of the shareholders of the capital reduction and the consolidation; and
- 3.1.3 such other relevant regulatory approvals and consent being obtained.

### **4. Approval in principle for listing and quotation of the Scheme Shares and Subscription Shares**

- 4.1 The Exchange has also approved in-principle the additional listing application of the Scheme Shares and the Subscription Shares subject to the following conditions:

- 4.1.1 compliance with continuing listing requirements;
- 4.1.2 the submission of notification in Rule 864(4), if applicable, upon any significant changes affecting the matter in the application;
- 4.1.3 the approval of the shareholders in accordance with the requirements of the Listing Manual of the Exchange and of the Companies Act (Chapter 50) of Singapore; and
- 4.1.4 the grant of whitewash waivers by the Securities Industry Council in relation to the Scheme Shares and Subscription Shares respectively and the fulfillment of each condition that the Council may impose in granting such waiver; and
- 4.1.5 in respect of the Subscription, the submission of an undertaking from the Company to make periodic announcements on the use of the proceeds as and when the funds from the Subscription are materially disbursed, including when such proceeds are used for repayment of bank loans and to provide a status report on the use of the Subscription proceeds in the annual report.

4.2 Please note that the Exchange's in-principle approval is not an indication of the merits of the convertible bond, the Subscription, the New Shares, the Scheme Shares or the Subscription Shares.

**5. Waivers in relation to the convertible bond and the Scheme Shares**

5.1 Rule 825 of the Exchange's Listing Manual ("Listing Manual") requires that the number of new shares arising from the conversion of convertible securities must in aggregate not exceed 50% of the issued and paid up share capital of the issuer. As the number of Scheme Shares which will be allotted and issued on conversion of the convertible bond will exceed 50% of our issued and paid up share capital as at their date of issue, assuming the capital reduction and consolidation have taken effect, we have applied to the Exchange for a waiver for compliance with the said rule.

5.2 Rule 829(2) of the Listing Manual requires that the terms of the issue of any convertible securities provide that the expiry of the convertible securities must be announced, and notice of expiry to be sent to all holders of the convertible securities at least one month before the expiration date. The Scheme provides that the convertible bond must be converted and hence the right to have the bond converted will never lapse. The Scheme further provides that in the event of a conversion pursuant to the request of a third party who enters into an agreement with the Company for a subscription of shares in the Company, we must give written notice to the Scheme Creditors and convert the convertible bond within 10 business days of such written notice. Since the notice period to be given to Scheme Creditors is 10 business days instead of one month as prescribed in Rule 829(2), we have applied to the Exchange for a waiver for compliance with such rule.

5.3 The Exchange has approved the Company's application to waive Rule 825 for the issuance of the Scheme Shares which in aggregate exceeds 50% of the Company's issued capital, and to waive Rule 829(2) for the period of the convertible bond.

By Order of the Board

Lim Koon Hock  
Company Secretary  
Digiland International Limited

2 December 2005