



DISA Limited
(Company Registration No. 197501110N)
(Incorporated in the Republic of Singapore)

INCREASE IN EQUITY INTEREST IN DIGITAL LIFE LINE PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of DISA Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 2 April 2024, through its wholly owned subsidiary, Disa Digital Safety Pte. Ltd. (“**DiSa**”), increased its investment in the share capital of Digital Life Line Pte. Ltd. (“**DLL**”) by subscribing for an additional 70,981,628 new ordinary shares in DLL (“**DLL Shares**”) in cash at S\$0.004926 per DLL Share for a total subscription amount of S\$349,656 through a rights issue exercise carried out by DLL (the “**Proposed Additional Investment**”).

Following the Proposed Additional Investment, DiSa’s investment in DLL increased by 18.47% from 36.94% to 55.41% (“**Shareholding Increase**”) and as a result, DLL has become a subsidiary of the Group.

The Proposed Additional Investment was funded by the internal resources of the Group.

2. INFORMATION ON DLL

Incorporated in 2021, DLL is a Singapore-based ISO13485-certified medical technology company that provides digital, AI-powered diagnostic ophthalmology solutions to enable community-based vision screening for early detection and treatment of vision impairment.

On the date of this announcement, DLL has completed the renounceable rights issue exercise and successfully raised S\$600,000 for additional working capital purposes. Each existing shareholder of DLL is entitled to two (2) rights for each existing DLL Share held at an issue price of S\$0.004926 per DLL Share. The issue price was determined at a discount of around 10% to DLL’s NTA per share as of 31 January 2024. The Group has participated in the rights issue exercise which resulted in the Proposed Additional Investment.

Prior to the Proposed Additional Investment, DLL is an associated company of the Group. The shareholding structure in DLL before and after the Proposed Additional Investment are set out below:

	Before the Proposed Additional Investment	After the Proposed Additional Investment
DiSa	36.94%	55.41%
Mr. Chng Weng Wah ⁽¹⁾	3.49%	4.85%
Other individual and institutional investors (including National University of Singapore (“ NUS ”)) ⁽²⁾	59.57%	39.74%
Total	100.00%	100.00%

Notes:

- (1) Mr. Chng Weng Wah is the Managing Director and Chief Executive Officer of the Company. He is also a substantial shareholder of the Company with total direct and deemed shareholding of 11.10% in the Company as at the date of this announcement.
- (2) None of the other individual and institutional investors is a director or controlling shareholder (as defined in the Catalyst Rules) of the Company or their respective associates.

To-date, there are two major ongoing projects under DLL:

- (a) DLL has, on 19 June 2023, signed a tri-party licensing agreement with the National University Hospital (Singapore) (“**NUH**”) and NUS to commercialise Automated Visual Acuity Test device

(“AVAT”), which measures eyes’ ability to distinguish shapes at a distance and Smart, User-friendly Portable Reliable Automated perimetry device (“SUPRA”), which tests visual fields. DLL has recently completed over 1,000 visual acuity tests using AVAT with patients at a public hospital eye clinic and community screening sites across Singapore as of January 2024. DLL expects official deployment in a public hospital ophthalmology clinic by second quarter of 2024.

- (b) On 1 November 2023, the Company also announced the signing of another tri-party licensing agreement with NUH and NUS to commercialise the Non-Invasive Self-Tonometry device for monitoring of intra-Ocular Pressure (“NISTOP”) device for glaucoma. This agreement expands DLL’s portfolio that leverages digitalisation and automation into vision screening devices that can be deployed in the community to make diagnosis and treatment of eye diseases more accessible and affordable.

Based on DLL’s unaudited net loss for the 6-month financial period from 1 July 2023 to 31 December 2023, it recorded a net loss of approximately S\$641,000 and has net assets or net tangible assets of approximately S\$421,000 as at 31 December 2023.

3. RATIONALE OF THE PROPOSED ADDITIONAL INVESTMENT

The Board is of the view that the Proposed Additional Investment is in the best interests of the Company as the issue price is reasonably attractive and allows the Group to increase its control over DLL now to facilitate its participation in DLL’s ongoing and future projects with potential upside in the future upon successful commercialisation of DLL’s products. This strategic expansion via DLL into healthcare segment would also help in broadening the revenue streams of the Group. This is in line with the Group’s aims to deliver sustainable returns for the shareholders as the Group sees business potential in DLL.

4. RELATIVE FIGURES COMPUTED BASED ON CATALIST RULE 1006

Based on the Company’s latest announced unaudited financial results of the Group for the 6-month financial period from 1 July 2023 to 31 December 2023 (“1H FY2024”), the relative figures computed on the bases set out in Catalist Rule 1006 in respect of the Proposed Additional Investment are set out below:

CR1006	Description	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits.	-17.3% ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	3.5% ⁽⁴⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁵⁾
(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 the disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁶⁾

Notes:

⁽¹⁾ Not applicable as the Proposed Additional Investment is considered an acquisition of assets.

⁽²⁾ Under Catalist Rule 1002(3), “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

- (3) Computed based on DLL's unaudited net loss for 1H FY2024 attributable to the 18.47% post-completion effective shareholding of DLL of approximately S\$118,000, and the Group's unaudited net loss for 1H FY2024 of approximately S\$684,000.
- (4) Computed based on the total subscription amount of the Proposed Additional Investment of approximately S\$350,000 and the market capitalisation of the Company of S\$10.1 million, which is calculated based on the weighted average price of S\$0.001 per share as at 1 April 2024, being the last day on which the Company's shares were traded on the SGX-ST preceding the date on which the rights issue of DLL is completed.
- (5) Not applicable as the Proposed Additional Investment will be fully satisfied in cash.
- (6) Not applicable as the Group and DLL are not mineral, oil or gas companies.

Due to negative figures under Catalist Rule 1006(b) arising from the losses recorded by the Group and DLL for 1H FY2024, Practice Note 10A, in particular, paragraph 4.6 read with paragraphs 4.3(a) and 4.4(a), applies to the Proposed Additional Investment. While the relative figure for Catalist Rule 1006(c) does not exceed 75%, the net loss attributable to the Proposed Additional Investment exceeds 5% (at 17.3%). Accordingly, pursuant to paragraph 4.6 of Practice Note 10A read with paragraph 4.4(a) of Practice Note 10A, Catalist Rule 1014 shall apply and shareholders' approval would be required for the Proposed Additional Investment.

The Company has, via its continuing sponsor, applied to the SGX-ST for waiver for the Proposed Additional Investment to comply with Catalist Rule 1014 in relation to "Major Transaction" and for the Proposed Additional Investment to be regarded as a "Discloseable Transaction" under Catalist Rule 1010 (the "**Waiver**").

The Company has applied for the Waiver on, *inter alia*, the following bases:

- (i) The Group's loss before tax for 1H FY2024 includes one-off exceptional other income deriving from bad debts recovered from a customer of approximately S\$171,000 and recovery of deposit paid previously written off of approximately S\$384,000 as disclosed in Note 7 to the unaudited financial statements for 1H FY2024 released on 7 February 2024. There were no such one-off items in the corresponding previous financial period. Should these items be excluded, the loss before tax would have been normalised to S\$1,239,000, and the relative figure for Catalist Rule 1006(b) would have been 9.6%;
- (ii) The requirement for convening extraordinary general meeting will cause substantial delay in the rights issue exercise in DLL and the commercialisation of DLL's products which come with other commercial opportunity costs such as revenue loss and market acquisition;
- (iii) The requirement for convening extraordinary general meeting may also cause concern for other shareholders of DLL and could affect the subscription rate for the rights issue; and
- (iv) The transaction costs will increase substantially as the Company may need to incur costs between S\$50,000 and S\$100,000 for convening the EGM.

In addition, the Board is of the view that there is no change in risk profile of the Group with the Proposed Additional Investment, taking into consideration, among others, the Proposed Additional Investment is not expected to result in (i) significant adverse impact on the net profits, net assets value and gearing of the Group, and (ii) expansion into a new jurisdiction that will expose the Company to significant new risks.

The SGX-ST has, on 1 April 2024, advised the Company that it has no objection to granting the Waiver, subject to:

- (a) the Company complying with the other requirements of the Catalist Rules, including Catalist Rules 1014 and 706A, where applicable;
- (b) disclosure of the Board of Directors' assessment as to whether the Proposed Transaction is in the best interests of the Company and the bases for such an assessment via SGXNet announcement; and

- (c) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Catalyst Rule 106 and if the Waiver's conditions have been satisfied. If the Waiver's conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.

The Company confirms that it has complied with the other requirements of the Catalyst Rules, including Catalyst Rules 1014 and 706A, where applicable. The Company also confirms that all other Waiver's conditions have been met as the relevant disclosures have been made within this announcement.

5. FINANCIAL EFFECTS OF THE PROPOSED ADDITIONAL INVESTMENT

- 5.1 The financial effects of the Proposed Additional Investment set out below are strictly for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Additional Investment.
- 5.2 The financial effects of the Proposed Additional Investment were calculated based on the Group's audited consolidated financial statements for the financial year ended 30 June 2023 ("FY2023") and the audited financial statements of DLL for FY2023. The financial effects as shown below are prepared on the assumption that the expenses in connection with the Proposed Additional Investment have been disregarded.
- 5.3 The effects of the Proposed Additional Investment on the consolidated net tangible assets ("NTA") per share of the Group as of 30 June 2023, assuming that the Proposed Additional Investment has been completed on 30 June 2023 would be as follows:

	Before the Proposed Additional Investment	After the Proposed Additional Investment
NTA ⁽¹⁾ attributable to the shareholders of the Company (S\$'000)	2,275	2,484
Number of shares (excluding treasury shares) ('000)	10,106,683	10,106,683
NTA per share (S\$ cents)	0.02	0.02

Note:

⁽¹⁾ NTA refers to total assets less the sum of total liabilities, non-controlling interests and intangible assets.

- 5.4 The effects of the Proposed Additional Investment on the consolidated loss per share of the Group for FY2023, assuming that the Proposed Additional Investment had been completed on 30 June 2023 would be as follows:

	Before the Proposed Additional Investment	After the Proposed Additional Investment
Net loss attributable to the shareholders of the Company ⁽¹⁾ (S\$'000)	(2,456)	(2,644)
Weighted average number of shares (excluding treasury shares) ('000)	10,106,683	10,106,683
Loss per share (S\$ cents)	(0.02)	(0.03)

Note:

⁽¹⁾ Net loss attributable to the shareholders of the Company refers to the loss after income tax and extraordinary gain and non-controlling interests.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Additional Investment other than through their respective shareholdings (if any) in the Company.

7. DIRECTORS' SERVICE CONTRACTS

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

8. 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 Additional Investment, the Company and its subsidiaries, 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.

BY ORDER OF THE BOARD

Chng Weng Wah
Managing Director and Chief Executive Officer
2 April 2024

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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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