DISA Limited
(Company Registration No. 197501110N)
(Incorporated in Singapore)
("**Company**")

DISPOSAL OF A DORMANT INDIRECT SUBSIDIARY

1. INTRODUCTION

The Board of Directors ("**Board**") of DISA Limited ("**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company's wholly owned subsidiary, Disa Digital Safety Pte Ltd ("**DiSa**") had, on 22 February 2018, entered into a sale and purchase agreement ("**SPA**") with Bronze Holdings Limited ("**BHL**"), pursuant to which DiSa has agreed to dispose of its entire shareholding interests of 1 share in Disa Digital Safety Limited ("**DDSL**"), representing 100% of its entire issued and paid-up share capital to BHL (the "**Sale Share**"), for an aggregate cash consideration of S$2,913 (the "**Purchase Consideration**"), on the terms and subject to the conditions of the SPA (the "**Disposal**").

The Disposal is deemed as a "discloseable transaction" under Chapter 10 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").

Upon the completion of the Disposal, DDSL will cease to be an indirect subsidiary of the Company.

2. INFORMATION ON BHL AND DDSL

2.1 BHL

BHL is an investment holding company incorporated in Samoa. The Company had earlier entered into a sale and purchase agreement to dispose of its entire shareholding interests in Equation Recycling Pte Ltd, Citrine System (S) Pte Ltd and Citrine Solution Pte Ltd. to BHL. Please refer to the Company's announcement dated 1 June 2017.

Save as disclosed, BHL is an independent and unrelated party to the Company and has no other business, commercial or trade dealings with the Company.

2.2 DDSL

DDSL was incorporated in British Virgin Islands on 24 July 2007 as a private company limited by shares and its principal business is trading of electronic consumer parts. DDSL had ceased operations and became dormant since the financial year ended 30 June 2015 ("**FY2015**"). To facilitate the Disposal, DDSL has waived the amounts due from DiSa and a fellow subsidiary hence resulting in a loss before tax attributable to DDSL amounting to S$2,390,951 as of 31 January 2018. As at the date of this announcement, DiSa holds 100% of the equity interest in DDSL and the issued and paid-up share capital of DDSL is US$1 comprising 1 ordinary share.

3. PRINCIPAL TERMS OF THE SPA

Purchase Consideration. Pursuant to the terms and subject to the conditions of the SPA, DiSa shall sell to BHL and BHL shall purchase from DiSa the Sale Share free from all encumbrances and together with all rights, benefits and entitlements attaching or accruing thereto, in exchange for the aggregate purchase consideration of S$2,913.

The Purchase Consideration shall be fully paid by BHL to DiSa in cash and the Sale Share of DDSL will only be transferred to the Purchaser upon receipt of the Purchase Consideration.

The Purchase Consideration was arrived at after arm's length negotiation between BHL and DiSa, and on a 'willing-buyer and willing-seller' basis after taking into consideration the aggregate net tangible assets and net asset value attributable to the equity holder of DDSL of approximately S$2,913 as at 31 January 2018.

The Purchase Consideration represents a price-to-book multiple of approximately 1.0 times based on the aggregate net assets attributable to equity holders of DDSL of approximately S$2,913 as at 31 January 2018. There is no open market value for the Sale Share as it is not publicly traded. No valuation on DDSL has been carried out in connection with the Disposal.

Gain on disposal of DDSL upon completion of the Disposal by DiSa is expected to be S$2,911 based on the Purchase Consideration of S$2,913 and DiSa's investment in DDSL of US$1 as at 31 January 2018.

4. RATIONALE FOR THE DISPOSAL

The Disposal is part of the restructuring exercise of the Group to focus more on its technology segment. The Disposal is in line with the disposal of the Company's entire shareholding interests in Equation Recycling Pte Ltd, Citrine System (S) Pte Ltd and Citrine Solution Pte Ltd in May 2017. The Disposal is intended to streamline the Group's businesses for better utilisation of available resources, as carried out through its subsidiary, Disa Digital Safety Pte Ltd. The Company intends to utilise the net proceeds from the Disposal for DiSa's general working capital purposes

The Group believes that the Disposal will improve the future operational performance and financial prospects of the Group as DDSL is loss making. Furthermore, the Disposal will save some administrative expenses for the Group.

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

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Disposal and based on the latest announced unaudited financial statements of the Group for the period ended 31 December 2017 ("**1H2018**") are as follows:

(a)	Net asset value of the Entities to be disposed of, compared with the Group's net asset value	0.01%[1]
(b)	Net loss attributable to the Entities to be disposed of, compared with the Group's net profits	42.17%[2]

(c)	Aggregate value of the Purchase Consideration, compared to the Company's market capitalisation as at 21 February 2018, being the last market day preceding the date of the SPA	0.00%[3]
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	No equity securities will be issued for the Disposal
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate to the Group's proven and probable reserves	Not applicable to the Group's industry

Notes:

[1] Computed based on the unaudited net asset value of the Group as at 31 December 2017 of approximately S$32,461,000 and the unaudited net asset value of DDSL as at 31 December 2017 of approximately S$2,999 on the assumption that the amounts due from DiSa and a fellow subsidiary had been waived.

[2] Computed based on the unaudited net loss before tax of the Group for 1H2018 of approximately S$5,625,000 and the unaudited net loss before tax of DDSL for 6 months ending 31 December 2017 of approximately S$2,371,905 on the assumption that the amounts due from DiSa and a fellow subsidiary had been waived.

[3] Computed based on the Purchase Consideration of S$2,913 and the Company's market capitalisation of S$120,464,201 (being its issued ordinary share capital of 10,038,683,403 Shares and the volume weighted average price of the Shares on Catalist of S$0.0120 on 21 February 2018, being the market day preceding the date of the SPA).

Based on the above figures, the relative figures computed under Rule 1006(b) exceed 5% and is below 50%. As such, the Disposal constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE DISPOSAL

6.1 Bases and Assumptions

The proforma financial effects of the Disposal on the share capital, earnings, net tangible assets ("**NTA**") per share and gearing of the Group have been prepared based on the audited consolidated financial results of the Group for the financial year ended 30 June 2017 ("**FY2017**") and the unaudited financial information of DDSL for the financial year ended 30 June 2017.

The proforma financial effects of the Disposal are for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Group following the completion of the Disposal.

For the purpose of illustrating the financial effects of the Disposal, the financial effects of the Disposal are computed based on, *inter alia*, the following assumptions:

(a) the financial effects on the Group's earnings and earnings per Share are computed assuming that the Disposal was completed on 1 July 2016;

(b) the financial effects on the Group's NTA and gearing are computed assuming that the Disposal was completed on 30 June 2017;

(c) the analysis takes into account a gain on disposal of DDSL of S$2,911 had the Disposal been completed on 1 July 2017;

(d) the analysis does not take into account any dividend or distributions that may be declared by the Company in respect of FY2017; and

(e) the expenses incurred in relation to the Disposal are negligible.

6.2 **Share Capital**

(S$'000)	Before the Disposal	After the Disposal
Issued and paid up share capital	37,140	37,140
Less: Effects of Disposal	-	-
Resultant issued and paid up share capital	37,140	37,140
Number of shares in issue ('000)	7,326,139	7,326,139

6.3 **NTA**

(S$'000)	Before the Disposal	After the Disposal
NTA	6,655	6,655
Less: Effects of Disposal	-	(40)
Resultant NTA	6,655	6,615
NTA per Share (cents)	0.091	0.090

6.4 **Earnings**

(S$'000)	Before the Disposal	After the Disposal
Loss attributable to Shareholders	(16,029)	(16,029)
Less: Effects of Disposal	-	(12)
Resultant Loss attributable to Shareholders	(16,029)	(16,091)
Loss per Share (cents)	(0.219)	(0.220)

6.5 **Gearing**

(S$'000)	Before the Disposal	After the Disposal
Total borrowings	12,033	12,033
Shareholders' equity	28,619	28,579

Gearing (times) [(1)]	0.42	0.42

Note:
(1) Gearing is determined based on total borrowings divided by shareholders' equity.

7. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective interests in the issued shares in the capital of the Company (as the case may be), none of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct, or indirect in the Disposal.

8. DIRECTORS' SERVICE CONTRACTS

There are no persons who are proposed to be appointed as a Director in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's business office at 1001 Jalan Bukit Merah #06-11 Singapore 159455 for a period of three (3) months from the date of this announcement.

10. 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 Disposal and the Group, and the Board is 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.

11. CAUTION IN TRADING

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

CHNG WENG WAH
Managing Director
22 February 2018

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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.

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