



DISA Limited
(Company Registration No. 197501110N)
(Incorporated in the Republic of Singapore)
("Company" and together with its subsidiaries, the "Group")

THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING INTEREST IN EQUATION RESOURCES PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of DISA Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company had, on 7 November 2019, entered into a conditional sale and purchase agreement ("**SPA**") with Mr Tan Hsien Yoong ("**Mr Tan**", and together with the Company, the "**Parties**"), in relation to the Company's proposed disposal of its entire shareholding interest of 11,659,335 shares in Equation Resources Pte. Ltd. ("**ERPL**") to Mr Tan, (the "**Sale Shares**"), for an aggregate cash consideration of S\$1 (the "**Purchase Consideration**"), on the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").

Upon the completion of the Proposed Disposal, ERPL will cease to be a subsidiary of the Company. The Group's core business will be that of the technology business, which the Group diversified into in 2010.

2. INFORMATION ON MR TAN AND ERPL

2.1 MR TAN

Mr Tan is an acquaintance of Mr Chng Weng Wah (Managing Director and Chief Executive Officer of the Company), and was introduced to the Company by Mr Chng Weng Wah. The Company confirms that none of the Directors or substantial shareholders of the Company has, to the best of their knowledge, any connection (including business relationship) with Mr Tan.

2.2 ERPL

ERPL was incorporated in Singapore on 18 November 1992 as a private company limited by shares, and is primarily involved in the business of supplying and trading of construction materials. ERPL's business has been discontinued since 30 June 2014. As at the date of this announcement, the Company holds 81.6% of the equity interest in ERPL, and the total issued and paid-up share capital of ERPL is S\$13,907,143 comprising 14,287,143 ordinary shares.

3. SALIENT TERMS OF THE PROPOSED DISPOSAL

A summary of the salient terms of the Proposed Disposal as set out in the SPA is as follows:

- 3.1 **Purchase Consideration.** Pursuant to the terms and subject to the conditions of the SPA, the Company shall sell to Mr Tan and Mr Tan shall purchase from the Company all the Sale Shares free from all encumbrances and together with all rights, benefits and entitlements attaching or accruing thereto, in exchange for a nominal purchase consideration of S\$1. The Purchase Consideration shall be satisfied wholly in cash on the date of completion of the Proposed Disposal of the Sale Shares ("**Closing Date**").

The Purchase Consideration was arrived at based on arm's length negotiation and on a 'willing-buyer and willing-seller' basis, after taking into consideration (a) the aggregate net liabilities

attributable to the equity holders of ERPL of approximately S\$44,921,876 as at 30 June 2019; and
(b) the nature and future prospects of ERPL's business.

As at 30 June 2019, based on the audited financial statements of ERPL, both the net tangible liabilities and net liability value of ERPL amounted to S\$44,921,876. The profit before tax attributable to ERPL amounted to S\$288,929 for the 12 months ended 30 June 2019. The profit is mainly due to the disclaiming of net trade payables of S\$140,701, unrealized net exchange gain of S\$73,812 arising from the translation of the inter-company loans extended by the Company as well as trade and non-trade receivables and payables which were denominated in foreign currencies and reversal of S\$164,960 being previous provision for legal liabilities. The Purchase Consideration represents a net gain on disposal of S\$44,921,877 over the audited book value of ERPL of S\$44,921,876 as at 30 June 2019. No valuation was undertaken on ERPL.

Loss on disposal of ERPL upon completion of the Proposed Disposal is expected to be S\$11,402,554 based on the Purchase Consideration of S\$1 and the Company's investment in ERPL of S\$11,402,555 as at 30 June 2019.

3.2 **Conditions Precedent.** The sale and purchase of the Sale Shares and completion of the Proposed Disposal shall be subject to and conditional upon, *inter alia*, the fulfilment and satisfaction of all the conditions set out below ("**Conditions Precedent**"):

- (a) the approval of the Company's Directors for the entering into of the SPA, all the transactions envisaged under the SPA and any related transactions as may be required in relation thereto;
- (b) all licences, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant Regulators (as defined in the SPA), third party contractors, counterparties, financing or facility providers of the Company and/or ERPL as may be required for or in connection with the sale, purchase and transfer of the Sale Shares, and all the transactions envisaged under the SPA, having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being acceptable to the Parties and are fulfilled on or before the Closing Date;
- (c) the irrevocable and unconditional waiver by each and all other shareholder(s) of ERPL and/or any third party (as may be so entitled), of any restriction or right of pre-emption on the sale and transfer of the Sale Shares, if any such restriction or right shall be applicable;
- (d) ERPL having repaid all amount owing by ERPL to the Company in full to the Company;
- (e) there being no unpaid debts due from ERPL to the Company as at the Closing Date;
- (f) the Company's liability under all and any arrangements pursuant to which the Company has agreed to guarantee certain obligations of ERPL to certain lenders (further details of which are set out in the SPA), having been finally and irrevocably released and discharged in full;
- (g) no proceedings, applications, petitions or summons having been started or threatened, nor any steps taken thereto by any person with a view to the winding-up of the Company or ERPL or for the appointment of a receiver, trustee or similar officer over any of them or their respective undertakings, properties or assets; and
- (h) the sale and purchase of all the Sale Shares (i) not being prohibited, restricted or qualified by and (ii) being in compliance in all respects with, all laws, rules, regulations, directives and orders that are applicable to Mr Tan, the Company and ERPL and in their respective jurisdictions.

If any of the Conditions Precedent are not fulfilled on or before 30 November 2019 ("**Long Stop Date**") or such later date as the Parties may agree to in writing (save that that Company may, but shall not be obliged to, expressly waive the requirement for fulfillment of the Conditions Precedent in paragraphs 3.2(d) and 3.2(e) above in the Company's sole and absolute discretion), the SPA

shall be deemed to be rescinded and of no further force or effect save for such rights and remedies as shall have accrued in favour of the respective Parties.

Provided always that ERPL is not in the process of being liquidated/wound up (whether voluntary or involuntary), or the subject of judicial management, receivership, scheme of arrangement or similar or analogous types of action of proceeding or any striking out action, the Company shall be entitled to all outstanding receivables of ERPL as at the date of the SPA.

- 3.3 **Representations and Warranties.** Pursuant to the SPA, the Parties have furnished representations and warranties typical for transactions such as the Proposed Disposal.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is intended to streamline the Group's businesses for better utilisation of available resources in the technology segment, as carried out through its subsidiary, Disa Digital Safety Pte Ltd.

The Board believes that the Proposed Disposal will improve the future operational performance and financial prospects of the Group as ERPL is dormant and in a net liabilities position. The Proposed Disposal will save some administrative expenses for the Group, as the annual cost of keeping ERPL as a dormant company is approximately S\$4,066 and the current expenses for ERPL amounts to approximately S\$90,545 for the financial year ended 30 June 2019 ("FY2019").

The Proposed Disposal is in relation to the disposal of a non-core asset of the Group, and is not expected to have any material impact on the Group's risk profile and core business of technology.

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 Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules") in respect of the Proposed Disposal and based on the latest audited financial statements of the Group for FY2019 are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of ERPL, compared with the Group's net asset value	(370.25)% ⁽¹⁾
(b)	Net profits attributable to ERPL, compared with the Group's net profits	(1.55)% ⁽²⁾
(c)	Aggregate value of the Purchase Consideration, compared to the Company's market capitalisation as at 6 November 2019, being the last market day preceding the date of the SPA	0% ⁽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	Not applicable to disposal of assets
(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 audited net asset value of the Group as at 30 June 2019 of approximately S\$12,133,000 and the audited net liability value of ERPL as at 30 June 2019 of approximately S\$44,921,876.

(2) Computed based on the audited net loss before tax of the Group for FY2019 of approximately S\$18,698,000 and the audited net profit before tax of ERPL for FY2019 of approximately S\$288,929.

(3) Computed based on the Purchase Consideration of S\$1 and the Company's market capitalisation of approximately S\$10,038,683 (being its issued ordinary share capital of the Company ("**Shares**") of 10,038,683,403 Shares and the volume weighted average price of S\$0.001 per Share on 6 November 2019 being the last day on which the Shares were traded on the SGX-ST preceding the date of the SPA).

As the relative figure calculated under Rules 1006(a) and 1006(b) of the Catalist Rules involve negative figures, the Company has consulted SGX-ST via the Sponsor in accordance with Rule 1007(1) of the Catalist Rules on the treatment of the relative figure for Rules 1006(a) and 1006(b) of the Catalist Rules. The SGX-ST has confirmed that the Proposed Disposal constitutes a discloseable transaction as defined in Chapter 10 of the Catalist Rules and accordingly the approval of the shareholders of the Company for the Proposed Disposal will not be required.

As the Purchase Consideration of the Proposed Disposal is only S\$1, it is not meaningful to discuss the use of proceeds from the Proposed Disposal.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

The proforma financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**") and gearing of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2019 and the audited financial statements of ERPL for FY2019.

The proforma financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and of the Company following the completion of the Proposed Disposal.

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

- (a) The financial effects on the Group's earnings and EPS are computed assuming that the Proposed Disposal was completed on 1 July 2018;
- (b) The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Disposal was completed on 30 June 2019;
- (c) The analysis takes into account a gain on disposal of ERPL of S\$35,975,000 had the Proposed Disposal been completed on 1 July 2018;
- (d) There are no expected material expenses in relation to the Proposed Disposal that may be incurred by the Company; and
- (e) The analysis does not take into account any dividend or distributions that may be declared by the Company in respect of FY2019.

6.2 NTA

(S\$'000)	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ of the Group	21,792	21,792
Less: Effects of Proposed Disposal	-	(44,922)
Resultant NTA	21,792	66,714
NTA per Share (cents)	0.22	0.66

Note:

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

6.3 Earnings

(\$'000)	Before the Proposed Disposal	After the Proposed Disposal
Loss ⁽¹⁾ attributable to owners of the Company	(16,962)	(16,962)
Less: Effects of Proposed Disposal	-	289
Resultant Loss attributable to owners of the Company	(16,962)	(17,251)
EPS (cents)	(0.17)	(0.17)

Note:

⁽¹⁾ Loss refers to the loss before income tax, non-controlling interests and extraordinary items.

6.4 Gearing

(\$'000)	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings	178	178
Shareholders' equity	21,792	83,292
Gearing (times) ⁽¹⁾	0.01	0.00

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 Proposed Disposal.

8. DIRECTORS' SERVICE CONTRACTS

No person will be appointed as a director of the Company in connection with the Proposed 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 registered office at 438A Alexandra Road #08-12 Alexandra Technopark Block A Lobby 3 Singapore 119967 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 Proposed 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 and potential investors are advised to exercise caution in trading their securities in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

CHNG WENG WAH

Managing Director

7 November 2019

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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