



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

PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

PROPOSED CHANGE OF AUDITORS FROM CROWE HORWATH FIRST TRUST LLP TO BAKER TILLY TFW LLP

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of the Company is pleased to announce a proposed share consolidation of every ten (10) existing issued ordinary shares in the capital of the Company ("**Shares**") held by shareholders of the Company (the "**Shareholders**") as at a books closure date to be determined by the Directors ("**Books Closure Date**") into one (1) ordinary share (collectively, referred to as the "**Consolidated Shares**" and each, a "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**").

The Board also wishes to announce the Company's intention to undertake a change of its auditors from Crowe Horwath First Trust LLP ("**Crowe**") to Baker Tilly TFW LLP ("**Baker Tilly**") for the current financial year ending 30 June 2020 (the "**Proposed Change of Auditors**").

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

2.1 Overview of the Proposed Share Consolidation

The Proposed Share Consolidation is subject to Shareholders' approval being obtained at the Extraordinary General Meeting ("**EGM**") to be convened. Under the Proposed Share Consolidation, every ten (10) existing Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with each other, and will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded without compensation to the affected Shareholders. All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their sole and absolute discretion, deem fit in the interests of the Company. Notwithstanding the above, Shareholders should note that the Proposed Share Consolidation is subject to such approvals and conditions as described in the paragraph 2.3 below.

Shareholders whose shareholding, as at the Books Closure Date, is less than ten (10) existing Shares or multiples of ten (10) existing Shares should note that the Proposed Share Consolidation may result in (i) such Shareholders being no longer Shareholders or (ii) rounding down to the nearest whole Consolidated Share with any fractions of Consolidated Shares (arising from the Proposed Share Consolidation) being disregarded. Accordingly, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. They may, subject to such advice on actions that they should take and their own investment policies and risk/return requirements, consider the possibility of

purchasing additional Shares so as to increase the number of existing Shares held to multiples of ten (10) existing Shares prior to the Books Closure Date.

As at the date of this announcement, the issued and paid up share capital of the Company is S\$58,680,000 consisting of 10,038,683,403 Shares (excluding treasury shares and subsidiary holdings). Assuming that no new Shares will be issued by the Company during the period from the date of the announcement to the Books Closure Date, the Company will have an issued share capital of 1,003,868,340 Consolidated Shares (subject to rounding), following the completion of the Proposed Share Consolidation. Based on the last trading price of S\$0.002 for trades done on the Catalist board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 February 2020, the theoretical trading price of each Consolidated Share after the Proposed Share Consolidation will be S\$0.02.

As at the date of this announcement, the Company has unexercised share options pursuant to the DISA Employee Share Option Scheme 2010 (“**ESOS**”) in respect of 1,406,000,000 new Shares which have yet to be allotted and issued (“**Options**”). As a consequence of the Proposed Share Consolidation, and pursuant to the terms of the ESOS, adjustments will be made to the number of Shares to be issued upon exercise of and/or exercise price of the outstanding Options accordingly. Such adjustments must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. Further announcement(s) may be made by the Company in respect of such adjustments as and when appropriate.

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders’ funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of the fractional entitlements.

2.2 Rationale for the Proposed Share Consolidation

The Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the following reasons:

(i) Reduction in volatility of the Share price

The absolute price of the Shares of the Company traded on Catalist has also been closing at a low level, with the last traded Share prices ranging between S\$0.001 and S\$0.003 in the past 6 months before the date of this announcement.

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, low traded share prices are generally more prone to speculation and market manipulation, which may result in excessive Share price volatility. The Directors believe that the Proposed Share Consolidation serve to reduce short-term Share price volatility and off-set the effects of short-term Share price speculation, reduce fluctuations in the Company’s market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

(ii) Increase in the market interest and attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding. It is expected that, all other things being equal, the theoretical trading price and net tangible asset (“**NTA**”) of each Consolidated Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation would be higher than the current trading price and NTA of each existing Share.

In addition, the Proposed Share Consolidation may also increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thus providing a more diverse Shareholder base. Accordingly, the Directors believe that the Proposed Share Consolidation would be beneficial to the Company and the Shareholders.

However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results described above or benefit all Shareholders, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 APPROVALS AND CONDITIONS

The Proposed Share Consolidation is subject to, *inter alia*:

- (a) the receipt of the listing and quotation (“**LQN**”) from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist board of the SGX-ST; and
- (b) the approval of Shareholders by ordinary resolution at EGM to be held in due course.

An application will be made, through the Sponsor, to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the Catalist board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

3. PROPOSED CHANGE OF AUDITORS

Crowe was re-appointed as the Company’s auditors at the last Annual General Meeting of the Company (“**AGM**”) held on 30 October 2019, to hold office until the conclusion of the next AGM. As part of the Group’s ongoing strategic and corporate governance review and initiatives to improve operational efficiency, the Board is of the view that it would be appropriate and timely to effect a change of auditors, subject to Shareholders’ approval by ordinary resolution at an EGM to be convened. The Board believes that a change of auditors would enable the Company to benefit from the fresh perspectives and views of another professional audit firm, thereby enhancing the value of the audit.

Accordingly, the Board is of the view that it would be in the interests of the Company and the Shareholders to appoint Baker Tilly as auditors of the Company in place of Crowe in respect of the current financial year ending 30 June 2020.

In this regard,

- (a) the scope of audit services to be provided by Baker Tilly will be comparable to that of Crowe and the audit fees proposed by Baker Tilly are competitive. Baker Tilly had, on 21 January 2020, given its written consent to be appointed as the Company’s auditors and had on 26 February 2020, confirmed that it has not withdrawn its consent to act as the Company’s auditors, subject to Shareholders’ approval being obtained at the EGM, and
- (b) by mutual agreement between the Company and Crowe, Crowe had, on 28 January 2020 applied to the Accounting and Corporate Regulatory Authority (“**ACRA**”) to seek ACRA’s consent to resign as the Company’s auditors before the end of their term of office, as required under Section 205AB of the Companies Act (Cap. 50) of Singapore (“**Act**”). On 26 February 2020, Crowe received a letter (“**ACRA Letter of Consent**”) from ACRA consenting to the resignation of Crowe as the Company’s auditors. On 27 February 2020, Crowe provided the Company with its notice of resignation dated 26 February 2020 (“**Notice of Resignation**”) as the Company’s auditors, stating their reasons for resignation, a copy of which is annexed to this announcement.

The Board, in consultation with the Company’s Audit and Risks Management Committee (“**ARMC**”), after evaluating several proposals by different audit firms and having considered various factors, *inter alia*, all the Audit Quality Indicators Disclosure Framework issued by

ACRA, the adequacy of the resources, the independence and experience of the audit firm and the audit engagement partner assigned to the audit, that the audit engagement partner has not been subjected to ACRA's Practice Monitoring Programme review, Baker Tilly's other audit engagements, the size and complexity of the Group's operations, the number and experience of supervisory and professional staff and Baker Tilly's proposed audit arrangement for the Group, is satisfied and of the opinion that (i) Baker Tilly is well suited to meet the existing needs and audit requirements of the Group; and (ii) the appointment of Baker Tilly would be in compliance with Rules 712 and 715 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Act, the appointment of Baker Tilly as the Company's new auditors must be specifically approved by Shareholders at a general meeting. The appointment of Baker Tilly would therefore take effect upon the approval of the Shareholders at the EGM and, if appointed, Baker Tilly will hold office until the conclusion of the next AGM.

In accordance with Rules 712(3) and 715 of the Catalist Rules:

- (a) the Company has received a copy of Crowe's professional clearance letter dated 26 February 2020 to Baker Tilly that it is not aware of any professional reasons why Baker Tilly should not accept appointment as the Company's auditors;
- (b) as stated in the Company's announcement of 4 October 2019, notwithstanding the disclaimer of opinion issued by Crowe on the audited financial statements for the financial year ended 30 June 2019, the management and the Board are of the view that the Group has neither control nor significant influence over EIKA (Singapore) Pte. Ltd. ("**EIKA**") and its subsidiary, PT. Engineering Indonesia Karya ("**PT Karya**"), and accordingly EIKA and PT Karya have neither been consolidated nor equity accounted into the Group's consolidated financial statements since its acquisition in FY2013. Save for the foregoing, the Company confirms that there were no disagreements with Crowe on accounting treatments within the last twelve (12) months up to the date of this announcement;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed above. The Proposed Change of Auditors is neither due to the dismissal of Crowe nor Crowe declining to stand for re-appointment as the Company's auditors; and
- (e) the Company confirms that it is in compliance with Rules 712(3) and 715 of the Catalist Rules in relation to the proposed appointment of Baker Tilly as the Company's auditors.

The Board wishes to express their appreciation for the past services rendered by Crowe.

4. CIRCULAR TO SHAREHOLDERS

In connection with the Proposed Share Consolidation and Proposed Change of Auditors, a circular containing, *inter alia*, the notice of the EGM and the details of the Proposed Share Consolidation and the Proposed Change of Auditors ("**Circular**") will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Chng Weng Wah
Managing Director and Chief Executive Officer
27 February 2020

*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.*

The contact person for the Sponsor is Mr. Ong Hwee Li (Registered Professional, SAC Capital Private Limited). Address: 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.

Notice of Resignation



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26 February 2020

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Attention: Mr. Toh Hock Ghim

Dear Sirs

DISA LIMITED
DISA DIGITAL SAFETY PTE. LTD.
EQUATION ENERGY PTE. LTD.

We refer to your letters dated 14 January 2020 informing us of your decision to change auditors.

We have today obtained the consent from ACRA. This letter serves as our notice of resignation as auditors, which is to take effect at the General Meeting when another auditor is appointed.

Yours faithfully

A handwritten signature in black ink, appearing to read "Crowe Horwath First Trust LLP".

CROWE HORWATH FIRST TRUST LLP