



Digimatic Group



HELPING BRANDS CONNECT

## ASX Announcement / Media Release

For immediate release – 20 August 2018

### Sale of Digital and Marketing Businesses

Digimatic Group Ltd (ASX:DMC) (**Company**) is pleased to advise the conditional sale of four of its subsidiaries, Digimatic Media Pte. Ltd., Digimatic Creatives Pte. Ltd., WEWE Media Group Pte. Ltd. and Webbynomics Pte. Ltd (together, '**Digital and Marketing Business**') to Mr Ivan Ong Shao Kuang ("**Mr Ong**"), former CEO of the Company.

Upon completion of the transaction, the remaining business in the Company will be its Education business, 8VIC Global Pte. Ltd.

The Company has signed a conditional share swap and buy-back agreement for the sale of the Digital and Marketing Business to Mr Ong. The sale is in consideration of the Company buying back from Mr Ong and then cancelling 3,031,974 shares.

Following the sale the Company's capital structure is anticipated to be as follows:

Shares (CDI's) on issue 20 August 2018	43,577,445
Cancellation of shares resulting from transaction	(3,031,974)
Shares (CDI's) on issue post transaction	40,545,471

The sale of the Digital and Marketing Business is subject to shareholder approval pursuant to ASX Listing Rule 10.1, and shareholder approval of the buy-back of shares from Mr Ong. The Company is targeting completion of the proposed transaction for 31 October 2018.

#### Rationale

In November 2017, the Company acquired 8VIC Global Pte Limited, an Education Business to expand its growth plans.

In February 2018 the Company announced it was undertaking a strategic review to assess the synergies between the Company's Digital and Marketing Business and Education business for optimal business performance. Following that review, management have determined that the expected synergies have not materialised. The review outlined that there are significant management and operational model differences between the 8VIC group and the Digital and Marketing Business.

In addition the Digital and Marketing Business was operating at minimal profitability with a business plan that required significant future cash injections to compete in what the board considered a high risk, low margin, and extremely competitive marketplace.

The board has therefore determined that it is in the best interests of the Company to focus all its resources in expanding the Education Business, both physically and digitally, in Asia Pacific.

#### **DIGIMATIC GROUP LTD** (ASX: DMC)

82 Ubi Avenue 4, #06-04 Edward Boustead Centre, Singapore 408832

T: +65 6385 5576 • F: +65 6385 7292 • [enquiry@digimaticgroup.com](mailto:enquiry@digimaticgroup.com)



[www.digimaticgroup.com](http://www.digimaticgroup.com)



Digimatic Group



HELPING BRANDS CONNECT

As a result, the Company shall sell its Digital and Marketing Business so as not to drain the Company's time and resources, and an agreement with Mr Ong was reached for the disposal by the Company of the Digital and Marketing Business. Mr Ong and the Board acknowledged their differences and agreed to pursue growth paths that suit these diverging needs.

The Company expects the disposal to reduce the Company's net assets by approximately 20%.

#### Future Plans

The Board believes this proposed transaction will strengthen the Company's fundamentals as well as provide greater clarity in pursuing a strategy that focuses on its core strength of financial education, creating greater value in the Company's endeavours moving forward.

Further details of the transaction, together with a report from an independent expert opining on the fairness and reasonableness of the transaction to unassociated shareholders, will be contained in the Company's notice of meeting, expected to be dispatched to shareholders before the end of the month.

ENDS

#### About Digimatic Group Ltd

Further Information:

##### Singapore

Investor Relations

Email: [info@digimaticgroup.com](mailto:info@digimaticgroup.com)

##### Australia

Zane Lewis

Non Executive Director

Ph +61 40000 7900

[zane@smallcapcorporate.com.au](mailto:zane@smallcapcorporate.com.au)

**DIGIMATIC GROUP LTD** (ASX: DMC)

82 Ubi Avenue 4, #06-04 Edward Boustead Centre, Singapore 408832

T: +65 6385 5576 • F: +65 6385 7292 • [enquiry@digimaticgroup.com](mailto:enquiry@digimaticgroup.com)

 [www.digimaticgroup.com](http://www.digimaticgroup.com)